

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

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ANGLO-AMERICAN RELATIONS

EVER since the Treaty of Paris in 1783 it has been an axiom of British statesmanship to keep on friendly relations with the United States of America. The motives for this policy have varied from time to time. In the earlier days the reasons were partly sentimental and partly the fact that, in the event of war, Canada would be extremely vulnerable. Later there was added the reason that the United States had herself become an international Power of the most formidable kind. The policy of friendship was put to a severe strain during the Napoleonic era, when it broke down for a time in 1812, and again during the American Civil War. It has by no means always been a popular policy in Great Britain, for often the so-called ruling classes have had but little sympathy with either the international manners or the domestic methods of the eldest daughter of their own civilisation and stock. None the less, with a singular persistence, uncommon in the foreign policy of any nation, Great Britain has remained faithful to the tradition that war with the United States must be ruled out of the category of contemplated possibilities, and that her own policy must be regulated accordingly.

Never was the policy of friendship pursued more faithfully than by Sir Edward Grey during the difficult blockade controversies which preceded the entry of the United States into the great war, and by Mr. Lloyd George during the Peace Conference at Paris and the negotiations which later led to the Washington Conference and to the treaties

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concluded there for the limitation of naval armaments and for the regulation of the Pacific. The case for such a policy had been immensely strengthened by all that had happened in those eventful years. On the one hand, a war between Great Britain and the United States would not only put the British Commonwealth to such internal and external strain that its existence might be seriously impaired, but it would probably draw half the nations of the world into the struggle and destroy Western civilisation itself. On the other hand, co-operation between the English-speaking nations of the world in supporting the League of Nations or some similar organisation for the settlement of international disputes by sensible means would bring a political experience and an amount of financial and naval power to the support of world law and world peace which would probably ensure that mankind would never again have to suffer from so protracted a disaster as the world war of 1914-18. To every thinking mind it was obvious that if the English-speaking nations quarrelled among themselves they would be guilty of a political crime of the first order, while if they failed to work together for world peace they would miss an opportunity such as Providence has never before put within the reach of the great nations of the world.

None the less, few will deny the plain fact of to-day that, while the official policy of friendship remains unchanged, the underlying attitude of mind in Great Britain, which is essential if the policy is to be made effective, has greatly altered and that there is serious danger of a rift unless the growing tendency towards hostility and resentment against America is stopped in time.

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II

THAT the attitude of public opinion in Great Britain towards the United States has greatly changed during the last four or five years needs no proof. It is a commonplace, which is familiar to every traveller and to every thinker. While individual Americans are regarded as they always have been, there is everywhere to be found a widespread and vigorous criticism of the policy of America as a nation.

That change, viewed from the British standpoint, has been due to three main causes. There is first a genuine and deeply felt disappointment that the United States should have failed "to play the game" after the war. To the British mind, accustomed for centuries to the assumption of international responsibilities in all parts of the world, it seems axiomatic that having come into the war on the side of the Allies, having applauded the speeches of their own President, having allowed President Wilson to head the delegation which drew up the various draft treaties and agreements of the Paris Peace Conference and especially the Covenant of the League of Nations, the United States was under the moral obligation to co-operate in the difficult and trying task of gradually creating real prosperity and real peace out of the chaos left by the war. People in Great Britain could have understood the United States refusing this or that feature of the peace settlement; they could have sympathised with an emphatic declaration that co-operation in liquidating the aftermath of the war could only be conducted on the basis that it would involve no sort of permanent entanglement in Europe; they would probably even have welcomed the reservations to the Covenant of the League which were drawn up by the Opposition in the Senate to safeguard this point and to make it clear that the League was in no sense a super-State. What they could not understand was

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the callous and inhuman way in which, as a nation, the United States just abandoned co-operation altogether in 1920, wrecking the delicate balance of the Reparations Commission, making almost inevitable the whole episode of the Ruhr and the collapse of the mark, and rendering a thousandfold more difficult the task of European recovery, while she at the same time secured for herself all the advantages which were hers under the Treaty of Versailles. Though but a tiny minority of Americans understand it, the immense slump in the moral prestige of the United States in Great Britain has been largely caused by the disillusionment due to the contrast between the high moral professions of the war and peace conference era and the reckless, irresponsible reaction into complete non-co-operation in 1920.

The second cause of the change in the British attitude to America is more familiar—it is the American policy towards inter-allied debts. Part of the resentment under this head is caused by a natural and human dislike of having to assume the formidable burden of paying the United States an average of about £38,000,000 a year for 62 years, while few people expect to get the equivalent from Germany in reparations or from the other allies in repayment of their debts to ourselves. This, however, is now regarded as a *chose jugée*, and the overwhelming mass of British business opinion probably now supports Mr. Baldwin in his decision to honour the bond in the spirit and the letter. What has caused a deep and lingering resentment has rather been the manner in which the United States is collecting her debts and the policy which prompts her action. The European debtor, and the term includes Great Britain, feels that from the standpoint of justice and fair play he has not had a square deal from the United States. Speaking broadly, he thinks that from the date when the United States entered the war the European allies were spending blood in the common cause while the United States was lending dollars, and that justice required

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that these two ought in some way and to some extent to be set off against one another. The ordinary Briton thinks that there should have been some kind of impartial examination of all the elements in dispute with regard to international indebtedness left over by the war, from loans for munitions, or advances for food, or post-war advances, to colonies gained, rent charged for trenches, a comparison of lives lost, and some kind of fair balance struck. Of late, too, he has become more and more convinced that if such an examination were made, it would lead to the conclusion that the best thing for everybody would be that the larger part of all war indebtedness, German reparations, Russian debts, and inter-allied debts, should be wiped out. A proposal for all-round cancellation, indeed, was made the official policy of Great Britain by the Balfour note of August 1922. But this examination of the moral as well as the financial case is the one thing which the United States has officially refused to allow. She has insisted on treating the whole of her advances as a commercial debt, extracting an admission of liability from the debtor, and then fixing conditions of payment of varying degrees of generosity, according to her own estimate of the capacity of the debtor to pay. There lies the root of the trouble over inter-allied debts.

But there is another cause of a different kind which it is well to face. For two centuries, ever since the Treaty of Utrecht in 1713, Great Britain has occupied a position of almost unchallenged supremacy on the seas, and has been by far the most important international Power beyond the confines of the continent of Europe. Since 1918 she has lost that position. By that time the German challenge had been repelled. But the years 1917 and 1918 had demonstrated that the United States, which for a century and a half had been steadily increasing in wealth, territory and population, but which, under the earlier interpretation of the Monroe doctrine, had completely disinterested herself in the non-American world, had now

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become a world Power of the first magnitude, potentially far richer and more powerful than Great Britain, and that she was in a position to win the permanent mastery of the seas if she chose to put the money and energy which she undoubtedly possessed into the task. Fortunately she had at the head of the Department of State a statesman of vision in Mr. Charles Evans Hughes, and in 1921, while refusing to tolerate a superior, she decided upon a policy of equality with Great Britain. The British Government responded in a similar spirit, and the result was the series of treaties negotiated at the Washington Conference of 1921, a series destined perhaps to have a more far-reaching influence on the future of the world than any of those drafted two years earlier at Paris.

But though the agreement for naval equality between Great Britain and the United States and the substitution of the five and nine-Power Pacific treaties for the Anglo-Japanese Alliance were highly statesmanlike acts, they implied an abrupt termination of the paramount position enjoyed for two centuries by Great Britain in the non-European world, an event which has not unnaturally perhaps caused resentment and chagrin among certain of the traditional ruling classes at home. And this annoyance has steadily increased as the paramount position of the United States in the financial and economic sphere has become more and more obvious, and as her indifference to the rest of the world and her invulnerability to criticism or attack came to be more clearly recognised. Jealousy and animosity are not propensities confined to individuals. Every discerning student of international affairs sees that they are often dominant factors in the attitude of nations towards one another. And in this case it does not require a great deal of penetration to recognise that there are many signs that the old complex which the people of the United States used to have about Great Britain before the war is crossing the Atlantic and becoming an anti-American complex among certain classes at home.

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III

SO much for the rift in the lute of Anglo-American relations as far as Great Britain is concerned. What has been going on on the other side of the Atlantic?

Though it is a difficult matter for the untravelled Briton to understand, the American point of view about the events of the past decade and a half is entirely different from the British. It hardly touches it at a single point. The United States, as a nation, simply has none of that sense of international reality and international responsibility which in Great Britain is axiomatic as a result of her having occupied the premier international position for two centuries. America was founded by people who wished to escape from Europe in order to enjoy religious freedom, or to found new forms of society of their own. Her country was filled up by vast masses of immigrants who sought in the United States refuge from political or economic oppression or the opportunity to make their own lives for themselves. From the days of Andrew Jackson she has been wedded to democracy, to the idea that her institutions and her policy existed not for the sake of the defence or prosperity or glory of the entity known as the United States, but so as to enable her people to work out their own salvation for themselves, free from interference or oppression or intolerance. America is a vast hive of individuals, each stimulated to an intense individual activity by the spirit of the Declaration of Independence, and bent on working out a civilisation different from and better than that of Europe, because it is completely democratic in its basis and because it is freed from the traditional hatreds which divide Europe, and have made it the most militarised continent on the earth. Modern America thinks of her world mission in different terms to ourselves; not as bringing peace and order and

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progress out of the chaos caused by the impact of civilisation on Africa or Asia or Polynesia, as Great Britain tends to do, but rather as demonstrating to mankind that it is possible for millions of human beings of no special training or experience and drawn from all the races of Europe, to form a society which gives a higher standard of living, more personal freedom and more opportunity to the average man than has ever been achieved elsewhere, and yet in which the people themselves absolutely control the laws and policies under which they live.

America, therefore, starts, in her outlook on the rest of the world, from a very different standpoint to that of Great Britain. It is easy to criticise that attitude as limited and parochial. But America's reply is that she has made her contribution to the progress of the world in her own way, by making a success first of the federal system, and then of democracy, and that in the economic sphere she is now blazing the trail to an industrial system under which every citizen will be able to reach the level of economic independence and where poverty and unemployment will be unknown to those who are willing to work. Moreover, the United States is a territory as large as the whole of Europe, fronting on the Pacific as well as on the Atlantic, and containing some 120,000,000 souls. When we add to this the immensely powerful influence of the Monroe doctrine and of Washington's farewell address on foreign policy, we have the explanation why the United States took so long to come into the war and how it was possible for her to withdraw again so abruptly in 1920. The whole of the experience of a century and a half had accustomed her to the idea that she was working out a problem of her own, apart from the warring strife of the rest of the world. The events of the years 1914, 1915, and 1916 forced her to intervene in Europe partly in self-defence against German submarines and partly to save democratic civilisation. But the act was so unusual that it was not difficult after a combination of errors of judgment on the part of President

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Wilson, coupled with the exigencies of party politics, for the Republican party to swing the nation back to the policy of isolation in 1920 by the largest majority ever cast in a Presidential election. Moreover, owing partly to ignorance of the facts and partly to party propaganda, the average American voter has almost no comprehension either of the effect of his nation's conduct in 1920 on Europe nor of why Europe thinks as she does about that conduct.

To the overwhelming mass of Americans the part they have played since 1914 seems perfectly honourable and public spirited. They feel that in entering the war in time to send 2,000,000 men to Europe and in spending some \$30,000,000,000 for the common cause, they had made all the contribution which a nation situated 3,000 miles away could be expected to make towards the solution of Europe's difficulties and that they were perfectly within their rights in withdrawing as and when they liked after the war was won, and in insisting on being repaid the loans they had made to their allies in proportion to their capacity to pay. This feeling was strengthened by all sorts of secondary considerations. The Allies were generally believed to have taken immensely valuable assets for themselves in the shape of German and Turkish possessions. The Treaty of Versailles came to be represented as the triumph of the cynical and selfish diplomats of the old school over a guileless and benevolent American delegation. The fact that six seats on the League were to be possessed by the nations of the British Commonwealth was used to inflame the ancient anti-British complex. Before 1920 was through, that strain of moral self-righteousness which has always been characteristic of the Anglo-Saxon people had been exploited to the full. The American people—not unlike other nations—is convinced that it is dedicated to a higher and nobler purpose than its neighbours, that it is morally superior to them and that it ought not to contaminate its skirts by too close contact with them—a conviction held with hardly less intensity by Great Britain during the

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Victorian era, and one which, as all history shows, tends to show itself quite as much in a condemnation of others as moral inferiors, as in the effort to assist them to rise to a higher level of righteousness.

Though this attitude is naturally peculiarly exasperating to others, especially when expressed in the form of pressure for payment of debts the justice of which is contested on the ground that the pressure is exerted for no selfish ends, but solely in the interest of the debtor himself, to save him from spending the money on such riotous kinds of expenditure as armaments or war; it found some justification in the not very edifying picture which Europe presented after the war. In any case all the factors mentioned on the previous pages combined to confirm in the popular opinion of the United States the conviction that they had done their duty in the war, that it was Europe's business to work out her own salvation for herself, and that they had been well advised in 1920 to decide to mind their own business and to leave Europe and the rest of the world to mind theirs.

IV

OF late, however, a sensible change has begun to manifest itself. There is, first of all, a remarkable alteration in the attitude towards Great Britain. It is not too much to say that up to the great war the dominant elements in the United States suffered from a complex about her. It was a complex which had its natural origin in the War of Independence—the commencement of American national life—in the fact that until 1914 Great Britain had been America's only first class opponent in war, and that in her dealings with her, America, still a young and growing country, had some of the self-conscious diffidence of the provincial doing business in a metropolitan city. The old-fashioned attitude was conspicuous in Senator Lodge,

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who combined a deep reverence, indeed affection, for England, her history, institutions and literature, as a subject for study, with a suspicion and jealousy of her as a neighbour and an international Power, which was almost an obsession. To this tradition of political suspicion, which was found among the finest elements in American public life, there was added the constant propaganda of the Irish patriot exploiting the grievances and hatreds of his race for political purposes. Speaking broadly, before 1914, Great Britain—as a world Power—was to the average American the great tyrant of other peoples, the arch-imperialist and land grabber, the upholder of peerages and monarchies as against popular rights and popular government, the one great Power against whose blandishments every good American had to be on his guard.

That attitude, though still in existence, is rapidly changing. The war revealed Great Britain in a somewhat different light, as the champion of freedom against military autocracy. The aftermath made her character and conduct contrast favourably not only with the character and conduct of Germany and Russia, but even of certain of the Allied peoples. The natural affinities between Anglo-Saxon minds and their difficulty in understanding the Latin, the Slav, or the Oriental mind, made themselves felt. A far better comprehension of the world problem began to manifest itself among editorial writers, in university circles and even among the politicians. The old legend about Britain began to fade. The wise action of Mr. Baldwin in settling the British debt on the nail made an immense impression. America found that you could trust Great Britain as a business man in money matters, perhaps the most universal and searching test of character for a fellow "nation of shopkeepers." Finally, and possibly most important of all, the United States had "found herself" as a nation during and after the war. She was no longer a provincial, self-assertive, but secretly uncertain of herself and her position. She had done an amazing piece of

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military organisation during the war, her forces had been able to hold their own among the ancient armies and navies of Europe, she was one of the "big three" at Paris, and her financial and economic leadership in the post-war world became more and more obvious. The "inferiority complex" among the governing classes suddenly ceased to exist—for its foundation had gone!

At the same time, another process set in. Though the people of the United States, in the Presidential election of 1920, officially "banged, bolted and barred" the door on political co-operation with Europe and the League of Nations, a decision that they are not likely to reverse until great changes have come about in the general international situation, they are becoming more and more interested in the rest of the world for financial and economic reasons. Mr. Hoover has made it clear to everybody how rapidly the United States is growing dependent upon the outside world for the supply of vital raw materials, and that process is bound to increase, because she is becoming more urbanised and industrialised every year. The great industries, such as the motor-car industry, the electrical industry, the moving picture industry, the iron and steel trades generally, are to an increasing extent coming to recognise the importance of the foreign market for the development of their own methods of mass production. The banks and financial houses of New York are as alive as those of London, Paris or Berlin, to the fact that the United States must, in her own interest, not less than in the interest of world prosperity generally, play her part in helping to maintain stable financial conditions throughout the whole world. Finally, as the price of money in the United States falls, as the high rates offered by foreign investments become known, and as confidence in their security rises, the individual investor has begun to invest abroad. The United States is now investing more than £200,000,000 annually in foreign investments and bonds. And once a man has investments in another land, he takes a more active and

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more real interest in its fortunes than he usually does on purely political grounds.

Moreover, a marked change is coming over American opinion even in the matter of inter-allied debts. The unpopularity of America in Europe to-day has come with something of a shock to American public opinion. While Americans, as individuals, are what is often called men and women of the world, in their national capacity they are exceptionally sensitive and naïve. While they abuse their own Government for its misdeeds with a ferocity not surpassed in other lands, they are inclined to think that as a nation the United States can do no wrong. It is a failing, of course, common to all nations. The manifest unpopularity of their country has made many Americans, especially in the Eastern States, consider for the first time whether there is not something more in the European criticism of its policy than a vehement but by no means unusual determination on the part of a debtor to escape meeting his obligations. Many Americans, and among them people of the highest standing, are now openly supporting the European view. There is probably a majority of the better minds in the financial and banking world, especially in the Eastern States, which considers that the whole policy of debt collection has been a profound mistake. Economists are continually pointing out the difficulty of combining a policy of collection with what is perhaps the highest protective tariff in the world, and the superior advantages to America and everybody else which would follow from a policy which had as its object the cancellation of all international war indebtedness, reparations included. Though the change of attitude about debts has not gone very far it would probably not be far out as a prophecy to say that within two years public opinion in the United States will be in favour, if not of all-round cancellation, at least of a root and branch revision of all existing debt settlements.

It is easy to exaggerate the immediate importance of the

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two factors just mentioned, the alteration in the attitude towards Great Britain and other foreign Powers, and the growing interest of the United States in the economic life of the rest of the world. They have modified the outlook of the intelligentsia and the university world. They have affected the leaders of finance and industry in the East. They have influenced the permanent officials in Washington. But, as yet, they have produced hardly any effect on the general mass of the community or on the policies of the great political parties. It will take time and some crisis which will force everybody to stop and think how far and fast the outside world has moved since 1920 to bring about any radical change in the general policy of the United States in international affairs. What is important to realise is that a change is taking place, that the true facts of the modern world are becoming more and more understood by thinking people, and that the United States is quite as likely, at some future date, to surprise the rest of the world by the vigour of her intervention in international affairs as she did with her wholehearted entry into the war in April 1917, when everybody thought that she had decided, at the election of November 1916, to stay out for good.

V

THE main conclusion to be drawn from the foregoing paragraphs is surely this—that for British public opinion to allow itself to be drawn into a general antagonism to the United States, because of her policy since 1920, would show a lamentable want of statesmanlike instinct, and would only serve to prevent a country which is becoming increasingly friendly to Great Britain, and which is now for the first time beginning to think about its international obligations, from making steady progress towards supporting effectively the fundamental ideals to which Great Britain gave her adherence in 1921.

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The simple truth is that it is very difficult for Great Britain and the United States to understand one another. Great Britain has long been well educated in international politics. One of her main characteristics is a high sense of public duty both in domestic and international affairs. Her instinctive judgment that the peace and political progress of the world depend upon an intelligent co-operation by the English-speaking nations with the rest of the world in a league of all nations is indestructibly sound. The United States, on the other hand, has for 150 years been educated in exactly the contrary idea, that it is her duty to keep the rest of the world at a distance—under the Monroe doctrine—so that she can work out her own contribution to the political and social life of the world free from interference. The whole notion that she has a duty to co-operate actively with the hardened sinners of Europe in securing world peace still seems to her traditionalists to be contrary to the Monroe doctrine, and it will clearly take time for a nation of 120,000,000 people to realise the new responsibilities which power and modern invention have thrust upon them—they are really the logical outcome of the Monroe doctrine—and to make up their minds how they are to discharge them.

These differences make understanding difficult. For instance, to the American, who is dedicated to the idea that it is the primary duty of man to govern himself and support himself economically, and who knows nothing about the conditions of Asia or Africa, Great Britain appears to be incurably imperialistic, as proved by the vast amount of territory and peoples she has brought under her control all over the world. To the Briton, who is dedicated to the idea that the performance of public duties must come before the attainment of personal success, America appears incurably selfish as a nation and wedded to the sordid pursuit of the almighty dollar. Yet to the first charge the Briton replies that he does not seek empire for the sake of bossing his neighbours, but because

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the substitution of political order for chaos is the first and necessary step towards liberty and self-government, as well as towards better trade. And to the second charge the American replies that he is far more interested in developing an economic system which will abolish the slums and poverty which still disfigure Britain, and will create order out of economic chaos, than in accumulating dollars for himself. The truth is that there are mixed motives on both sides, that Great Britain is mainly busy about politics while America is mainly concerned with economics, and that the solution both of the political and the economic problem is essential to the peace and prosperity of mankind.

None the less it is becoming more and more obvious every day that it is only a question of time for the United States to play her full part in the international world. That she is slow in making up her mind to act may be annoying to the rest of the world. But it is not reasonable to expect a nation of 120,000,000 people, utterly inexperienced in international affairs and with a century and a half of tradition in favour of isolation, to plunge into almost unlimited international responsibilities at President Wilson's command. No doubt, too, when she does emerge once more from her isolation, as she emerged in 1917, her policy will differ in emphasis and detail from Great Britain's, just as President Wilson's definition of war aims differed from Mr. Asquith's. But there is not an atom of evidence to show that in fundamental moral or political purpose the policies of the two peoples will not run just as much on parallel and sympathetic lines as they did during the great war and the Peace Conference. Great Britain will, for instance, always be actively interested in Europe. The United States, on the other hand, like the Dominions, will probably insist that her active co-operation must be confined to problems which are real world problems and that Europe must manage her own internal problems for herself. Again, the American approach to international problems

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will be mainly economic, while the British approach is mainly political.

But these are matters of detail. The fundamental thing is that the hope of world peace depends upon the English-speaking nations co-operating actively with the other nations in establishing order, justice and reason where international chaos now largely reigns, and that public opinion in the United States is steadily moving in that direction, though she will probably make the Washington Treaties rather than the Covenant of the League of Nations the foundation of her policy. If only Great Britain can show her traditional patience, sagacity and good humour, it is simply a question of time for the ideals which the whole allied world held in 1919 to be realised, though probably in a somewhat different form than was then expected and hoped. The real danger is not that America will not eventually play her part, but that animosity and bad feeling, perhaps over legitimate grievances, in Great Britain may delay that day or deflect the movement from its natural channels. But hatred and resentment are proverbially bad counsellors. The task of statesmanship is to allow plenty of time for the logic of events and the merciless pressure of facts to continue to carry on that process of education which is bound, sooner or later, to carry the United States into a foremost position among the Powers which work actively for the unity and peace of all mankind.

THE WORKING OF THE 'IRAQ PARLIAMENT

I. PRELIMINARY MISGIVINGS

THE setting up of parliamentary government in 'Iraq was the inevitable corollary of the acceptance by Great Britain of the mandate for that country, and of the Anglo-French declaration of November 7, 1918. "The Allies," it was declared, "have no other desires than to assure, by their support and by an effective assistance, the normal functioning of the governments and administrations which the populations have given themselves." Whether a parliamentary government was that which the people of 'Iraq desired was a question which was never definitely put; it was answered before it was asked. 'Iraq was accustomed to being represented in the Parliament of the Turkish Empire, and the thought that any other form of government was possible for her in the state of independence which the Allies had achieved for her, and which they had promised to perpetuate, never even crossed the minds of her politicians.

Inevitable as it was, however, the experiment was looked upon with the greatest misgiving by most of the British officers who had been associated with the administration of the country since the occupation of Baghdad. The results of parliamentary government in the Ottoman Empire were scarcely of a nature to encourage them to hope for its success in one of the most remote and neglected

Preliminary Misgivings

provinces of that Empire. They were accustomed to the speedy and efficient, if not always sympathetic, methods of government by an army of occupation, and, while they realised that efficiency and speed must in the future be subordinated, in the endeavour to educate the people to govern themselves, they feared that the introduction of a parliamentary system would result in delays so great, and inefficiency so glaring, that the new government would be not only administratively futile, but also educationally useless. They felt, in fact, that we were trying to teach 'Iraq to run before she had learnt to walk, and that failure was bound to result. Nor were these fears by any means dissipated by the working of the provisional Government set up by Sir Percy Cox on his return to the country in October, 1920. That Government consisted of a Council of State, exercising both executive and legislative functions, presided over by an 'Iraqi, but whose decisions were inoperative until approved by the High Commissioner. The Council did its work as well as, perhaps better than, might have been expected. But it was a nervous body; the local officials appointed by it were inexperienced, chosen too frequently for political reasons rather than for their administrative capacity, fearful of responsibility and inclined to subordinate their proper duties to political intrigue; and the immediate fall from the previous high standard of efficiency was considerable. It was naturally feared that the deficiencies of this Government would be greatly magnified by the setting up of a separate legislative body of considerable size.

It was also feared, and not without reason, that the election of a body, which by any stretch of imagination could be termed "representative," would prove impossible. In 'Iraq, as in most other Oriental countries, the politically vocal section of the population is very small. The large majority of the people have little if any interest in the progress of the country as a whole, and care little for the political complexion of their Government so long

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as it refrains from over-taxing them and enables them to pursue their ordinary vocations with that degree of security to which they are accustomed. So used are they to a Government which is not of them but merely above them, not chosen by them but imposed upon them, that it was felt that any attempt to make them realise that they were free to choose their own representatives would be futile; that the elections would be farcical, and that Parliament would be crammed with carpet-baggers who would represent anything rather than the ideas and aspirations of those who would be supposed to have elected them.

Further difficulties were foreseen in the probable lines of political cleavage. Two such lines presented themselves prominently, Sunni versus Shiah,* and townsman versus tribesman. More will be said of these opposing interests later, but it was feared either that the time of Parliament would be largely taken up with futile bickerings between these two sets of opponents, or that the weaker party in each case would be practically unrepresented, and that the consequent neglect of its interests would produce a spirit of active discontent which an impartial Government imposed from without had been able to avoid.

Such were a few of the reasons which led the majority of British officials in 'Iraq to fear that the introduction of parliamentary institutions was a premature experiment, foredoomed to failure. The first 'Iraq Parliament has now completed two sessions, and we are in a position to judge how far those fears were justified.

* The two Mahomedan sects.

The Parliamentary Machine

II. THE PARLIAMENTARY MACHINE

BEFORE considering how far the 'Iraq Parliament has succeeded in avoiding the pitfalls that appeared to beset its path, it would be as well to describe briefly the parliamentary body and the manner of its election. The upper House, or Senate, consists of 20 members, selected by the King, who hold office for eight years, one half retiring at the end of every four years, subject to the possibility of their being again selected. The first ten to retire will therefore have held office for four years only, and will be selected by lot. The King's choice is in no way hampered by the organic law, but the Prime Minister and the High Commissioner were fully consulted in the first instance, and it may be presumed that the former will always be consulted, and the latter so long as special treaty relations between Great Britain and 'Iraq continue. No provision is made for sectarian or minority representation, but the present Senate contains one Christian and one Jew and a fair proportion of Shiahs. It is interesting to note that the two most prominent instigators of the insurrection of 1920, a Sunni politician and a Shiah divine, are both in the Senate, the former being President. Both are instances of a phenomenon common in 'Iraq, and not unknown elsewhere, of an extremist firebrand becoming a sober and useful servant of his country upon appointment to a position of responsibility. The President and Vice-President are elected by the Senate, subject to the approval of His Majesty, for a period of one year. Senators are paid at the rate of 5,000 rupees a session. A Senator must be not less than forty years of age, and the usual disabilities are held to be a disqualification. The Senate has so far sustained the traditions of "another place" by "doing nothing in particular, and doing it very well." No occasion has yet arisen upon which strong action on their part might

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have been expected and, while they have given sound and sober consideration to the measures laid before them, no serious collision between the two Houses has taken place. Provision for such collision exists. If any measure is twice rejected by one House, after being twice passed by the other, a joint assembly of both Houses is held, in which a two-thirds majority is necessary.

The lower House, or Chamber of Deputies, consists of 88 members, on the basis of one to every 20,000 male 'Iraqis. It holds office for four sessions, unless previously dissolved by the King. Deputies are paid 4,000 rupees a session, and must be not less than thirty years of age. The session begins on November 1 and lasts for four months, which may be extended to six. It may be adjourned by the King three times in one session, for periods not exceeding two months altogether, and such adjournments are not taken into account in computing the period of the session. Except therefore in the case of an extraordinary session following a dissolution, Parliament cannot sit between the end of June and the beginning of November, a wise provision considering the average temperature in Baghdad during the excluded months.

The system of election deserves special attention. There is adult male suffrage, every male 'Iraqi of twenty years of age or over being entitled to vote (subject to the normal disabilities). Election is indirect, on the basis of one secondary elector to every 200 primary electors. The country is divided, for election purposes, into four sets of units. The largest of these is the circle, of which there are three, corresponding roughly to the old Turkish vilayets of Mosul, Baghdad and Basra, which are, however, no longer administrative units. Every candidate must be a native of the circle in which his constituency is situated, a provision specially designed to guard against the overcrowding of Parliament by Baghdadi carpet-baggers. The next unit is the *liwa*, the present largest administrative unit, of which there are 14. The *liwa* is the constituency,

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and there is therefore a number of representatives for each constituency. Consequently every secondary elector has to vote for the total number of members by which his *liwa* is to be represented. This state of things not only has its effect upon the considerations which affect the secondary electors in their choice, but it also makes it possible for candidates to be of considerable assistance to each other. Zaid and Omar (the Mahomedan John Doe and Richard Roe), for example, may each have a predominating influence in a different portion of the same constituency, and can mutually promise each other support in the sphere of that influence. I say "promise" rather than "give," because in the last elections an instance occurred where the promise was not fulfilled. Zaid promised Omar and others to secure their election by the secondary electors in his own sphere, on the understanding that he would receive similar treatment from them. He kept his promise, but they did not keep theirs, with the result that Zaid did not get his seat! The next unit is the *qadha*, of which there are from four to eight in each *liwa*. These are mere polling centres, the votes being taken there, and subsequently collated in the *liwa* headquarters. The smallest, and in some ways the most important, units are the *nahiyas* and *mohallas*. The former are villages, groups of villages, or tribal areas, and the latter quarters of towns. They are the units for the primary elections, and it is in them that the greater possibility of fraud and collusion exists. The primary elector, in the same way as the secondary, usually has to record a vote for more than one candidate, as there is seldom only one secondary elector for a *nahiya* or *mohalla*.

The Working of the 'Iraq Parliament

III. THE ELECTORAL SYSTEM

HAVING given this brief description of the parliamentary machine, the writer proposes, before describing the functioning of the machine itself, to devote some attention to the electoral system and to endeavour to suggest in what way and to what extent it succeeds in producing a representative body. The most important point is the indirect nature of the election. Direct election, in the case of a poorly educated and imperfectly developed people like the population of 'Iraq would obviously be susceptible of so many abuses as to be quite unworkable. But, as it is, with one secondary elector to every two hundred primary, and with a very small "primary constituency," the primary elector knows a good deal more about the man for whom he votes than does the elector in England, and is consequently less likely to be deluded into voting for someone who is really completely out of sympathy with him. In the same way, the colleges of secondary electors, being small bodies of comparatively educated and intelligent men, should be capable of exercising a wise discrimination. There is undoubtedly far less scope for catch-vote electioneering than there would be in the case of a direct election. In the present state of development of the country it is inevitable that, in the primary elections at any rate, a man will be chosen more for what he himself is than for what his political opinions are, and a dissolution and general election would probably produce an extraordinarily small percentage of changes among the secondary electors. In the event of a bye-election only the secondary stage is repeated, the secondary electors remaining unaltered. It may be said without fear of contradiction that the latter are truly representative, not perhaps of the political opinions of their electors, but of the electors themselves. Very

The Electoral System

few of the primary electors have any conception of the larger political issues. A development of party organisation may result in an increase of organised canvassing among them and in attempts, possibly successful, to sway them by high-sounding promises of lower taxation or attractive reforms in land tenure and the like; but for the present, and, the writer ventures to think, for some time to come, the average primary elector will be influenced more by his personal knowledge of the man for whom he votes than by anything else, and will vote for the man he knows and trusts without bothering to think in favour of what deputies that man will record his vote, and what political line those deputies will follow.

Up to this stage the result achieved by the indirect system is entirely satisfactory. In the earlier years of its life the one essential for the 'Iraq Parliament is, not that it should represent public opinion upon large political issues—for there is no such thing—but that it should consist as far as possible of sensible and intelligent men, representative of the different classes and interests of the community, and the present system, allowing for a certain amount of chicanery and corruption in the primary stage, does produce a body of secondary electors of the required type.

It remains to be seen how far the secondary stage is satisfactory, and by what considerations the secondary elector is guided in recording his votes. Here the entire absence of any real political parties is a factor of very great importance. Political parties exist in name; but not one of them has any really coherent policy. They are more of the nature of political clubs, centred round one or more individuals than of genuine parties, and it is literally impossible to think of any measure of importance of which it could be said that it would, in principle, find a place in the programme of any one party, or be opposed by any other. The so-called parties which now exist will be dealt with more fully later; but in considering

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the elections, it is of the greatest importance to bear in mind that there is no such thing as party principle, and that the secondary elector, in recording his vote, is entirely uninfluenced by what one is accustomed to regard, in more developed countries, as the determining factor, namely, a general adherence to a political theory or set of principles, held and accepted by an organised party which is officially represented by a certain candidate. He is largely influenced, in the first place, by personal considerations. The tribal secondary elector will invariably record his first vote for the sheikh of his own tribe (if a candidate), or for the sheikh of a tribe with which his own is on good terms. The townsman will vote for a man with whom he is on friendly terms, the villager for his landlord, and so on. If the constituencies were smaller, and each secondary elector had to record one vote only, he would probably have little difficulty in making a selection. A second or even a third selection may in many cases be comparatively easy on similar grounds to the first. When, however, the factor of personal interest ceases to operate the secondary elector has to find some other reason for his choice, and the question he will almost invariably ask himself will be: "For whom would the Government like me to vote?" And this, not with any conscious idea of ingratiating himself with local officials—the ballot is, of course, secret—but simply because, when it is not inconvenient or unpleasant to do so, he is in the habit of doing what he is told to do. We are accustomed to regard Orientals as turbulent and ill-disciplined; whereas the fact is that the majority of them have a far stronger natural instinct for obedience than the average Westerner. The 'Iraqi has not yet reached the stage at which he looks upon the Government as his servant, created by and representative of him, and susceptible of being removed if it persists in following a course of action which he dislikes. It is something above him which he will naturally obey, even to his own inconvenience, unless it

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is clearly so weak that he can disobey with impunity. The secondary elector, therefore, having exhausted his own ideas on the subject of desirable candidates, will naturally record his remaining votes for those whom he knows the Government to favour. And by the "Government" he does not mean a party that is, or has just been, or probably next will be in power. He means the impersonal something which takes taxes from him and, more or less, safeguards his legitimate interests. The expression "change of Government" would mean, to the average 'Iraqi, not a shifting of the balance of power from one party to another, but an overthrow of the existing constitution—not, in fact, a general election, but a revolution. Local officials are strictly prohibited from canvassing, or in any way influencing the electors; but it is so certain that they will be freely consulted by electors that it is absolutely necessary for the Ministry that is in power at the time of a general election to inform them, unofficially, of the names of the candidates of whom it approves, and it may be taken as practically certain, in the present state of the development of the country, that at the very least 75 per cent. of those candidates will be elected. In spite of every determination not to lay itself open to an accusation of rigging the elections, the Government is, in fact, forced to indicate its wishes, and any party in power at the time of a dissolution could with ease ensure its return to power with a large majority. The Cabinet that was in power at the time of the last general election exercised a very wise discretion in this regard. They realised that to exclude their most able opponents from Parliament would greatly weaken that body as a whole, and also that such opponents would probably be more dangerous out of Parliament than in it. They therefore deliberately included in their unofficial list of acceptable candidates quite a number of their most bitter opponents, and their action has been fully justified. The intrigues of their more capable opponents have been confined to more or less

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legitimate lines, and very much of the criticism in which they have indulged has been of a useful and helpful nature. The indirect system of election results then in the production of a secondary electorate, which is sound, in that it fully represents the various communities and interests, and in the election by them, firstly of men whom they know and trust, and secondly, of men who have been selected by the Ministry in power as suitable to take their seats in Parliament.

Before turning to the working of Parliament, it would be as well to deal briefly with the question of communal and minority representation. A fixed number of Jewish and Christian representatives is prescribed by the electoral law for the three constituencies of Baghdad, Mosul and Basra. They are elected, not by their own community, but by the whole body of secondary electors of the constituency. If, for example, there are four Mahomedan seats and one Jewish and one Christian, the Jew and Christian with the highest number of votes will take precedence over the fifth Mahomedan in the poll, though the latter may have secured more votes than they. It has been already indicated that possible lines of cleavage between Sunni and Shiah, townsman and tribesman, were foreseen; but the indirect system of election has resulted in the adequate representation of all these four classes. The first electoral law, under which the constituent assembly—which framed the constitution—was elected, contained provision for a certain number of tribal members. This provision was not repeated in the final electoral law, and experience has shown it to be unnecessary.

The Parliamentary Machine at Work

IV. THE PARLIAMENTARY MACHINE AT WORK

THE actual working of the parliamentary machine follows normal lines with few exceptions. Every Bill, before being laid before Parliament, is approved by a formal Cabinet resolution, to which the assent of the King is obtained. Under the constitution the royal assent at this stage is not strictly necessary. All that is laid down is that "The Prime Minister will communicate to the King the decisions come to and will ascertain his wishes in regard thereto." As to what is to happen if the wishes of His Majesty run counter to those of the Cabinet, the organic law is silent. But under the present practice, if the King dissents, the matter is not pressed, and it is thus possible for him to veto a Bill before it goes to Parliament, instead of exercising his constitutional power of veto after the Bill has been passed by both Houses. Little is laid down as to what matters are within the competence of the several Ministries and what must be referred to the Cabinet, but the invariable tendency is for individual Ministers to throw responsibility on the Cabinet as a whole, and a mass of matters which in other countries would be decided departmentally are, in 'Iraq, referred to the whole Cabinet.

Every Bill is, as a matter of course, referred upon its first reading to a standing committee, of which there are several, financial, judicial, political, and so on. The Bill is then laid before the House with the report of the committee, and debated in full House. Every Minister has the right of speaking in both Houses, but votes only in that of which he is a member. A Minister may be a member of either House, and can hold office for a maximum period of six months without being a member of Parliament at all.

There were, during the last session, three so-called parties in the Chamber of Deputies; the party of Progress,

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led by the Prime Minister; the Premier party, led by a former Prime Minister; and a nondescript body which chose the rather unfortunate name of the Middle party which was formed under the ægis of a leader who was at the time Speaker of the House, but who subsequently resigned that position, not, as might have been imagined, because the position of leader of a party was felt to be incompatible with that of Speaker, but on account of differences with one of the Ministers. None of these groups is a political party in the recognised sense of the term. None of them can point to any definite programme, any political theory, any set of definite political principles, which differentiate it from its rivals. They are merely groups of individuals who follow different leaders. Secessions from one party to another are not infrequent, and one of the greatest difficulties which the present Prime Minister has had to contend with is the knowledge that the "tail" of his party is only attached to the body by the hope of reaping some personal benefit, and will, unless he fulfils its personal aspirations, transfer itself gradually to the Opposition. It is greatly to his credit that he has kept his party together in all important issues without paying undue regard to the demands of wavering individuals.

Another great difficulty with which he has to contend is the fact that the standing committees by whom the work of the House is done are, without exception, packed with members of the Opposition. There are two reasons for this, one fortuitous and temporary, the other likely to continue for some time. The first is that on the occasion of the election of the committees, which are chosen afresh each session, the Prime Minister and several of his colleagues had left the House under the impression that the election had been postponed until the next sitting. The second is that the number of members who are capable of doing really good work on a committee is strictly limited. Of such members, most of those who belong to the Government party are Ministers and have no time to serve on com-

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mittees, while those who belong to the opposite party are free. When the next session meets the Government will presumably exercise more control over the selection of the committees than it did last time, and it will be faced with the alternatives of either packing them with more or less useless members of its own party or, if they are to be really useful bodies, allowing them to contain a majority of the Opposition. It is to be hoped that the latter course will be chosen. The fact that the committees are so strongly packed by the Opposition does not hamper the work of the Government to the extent that would naturally be expected. In this connection it is necessary again to emphasise the entire absence of any co-ordinated set of party principles. If all measures produced by a Conservative Government were at once handed over to a committee consisting chiefly of members of the Labour party, the Conservative Government would obviously soon cease to exist. But in 'Iraq, the Opposition element in a committee has no definite set of principles to uphold, and consequently deals with a Government measure not from the point of view of any preconceived policy in the particular matter with which the measure deals, but merely under the impetus of a general desire to pick holes in anything put forward by their opponents. The result is that, as a general rule, the measure is considered more or less on its merits, meets with little opposition if it is sound, and is helpfully criticised if it is unsound. The Government, on the other hand, having no definite principles which it is pledged to support, shows an accommodating readiness to submit to criticism and to accept amendments suggested by its opponents.

The fact that the Opposition opposes, not on any definite principle, but merely because it is the Opposition, might at first sight appear likely to paralyse the Government altogether. Occasionally, it is true, the results are rather ridiculous. When the Anglo-'Iraq treaty of January 1926 was laid before the 'Iraq Parliament, the

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Opposition was determined at any rate to delay its passage, and moved for its reference to a committee. The Prime Minister was determined that it should be passed without such reference, and had the strong backing of the whole of his party. The Opposition, when they saw that they were bound to lose the day, left the House. A British journalist who happened to be in Baghdad subsequently interviewed a leading member of the Opposition and asked him what would have happened if they had been in power when the treaty was negotiated. The unhesitating answer was that they would have accepted it and pushed it through Parliament. They had not opposed it but endeavoured to delay its passage merely because they were the Opposition and felt that they must fight the Government.

There are two factors which prevent this state of affairs from being as harmful as it might be. The first is the readiness of the Government, unhampered as it is by pledges to its constituents, to accept suggestions from the Opposition. The second is the very considerable strength which the power of the King to dissolve Parliament for any reason places in the hands of the Prime Minister. For reasons which have already been mentioned, the Opposition are fully aware that, in the event of a dissolution, it would be simple for the Ministry so to control the elections as to secure the return of their own party in greater strength than before. Paradoxical therefore as it may appear, the Opposition fear a dissolution more than the Government, and will always hesitate to face one until they are assured of the support of both the King and the British High Commissioner. What they want is a change of Ministry without, or before, a dissolution, and such a change is constitutionally possible. Their aim is, therefore, not to force the Prime Minister to ask the King to dissolve Parliament but to cause the King and the High Commissioner to lose confidence in him and his colleagues. And that they know they can only do by sound and effective criticism of the Government.

The Position of Great Britain

V. THE POSITION OF GREAT BRITAIN

A QUESTION that will inevitably be asked is how it is possible for Great Britain to fulfil her obligations under a parliamentary system of government. The British Government relies in the first instance upon the British advisory officials. These are all servants of the 'Iraq Government, paid by and responsible to it, and not under the control of the High Commissioner. They are, however, in constant and close touch with him, a state of affairs which is not only realised by, but in accordance with the wishes of, the 'Iraq Government. In the case of a difference of opinion with their advisers, 'Iraqi Ministers have so far shown great readiness to seek the advice of the High Commissioner. In questions of larger policy, however, the High Commissioner must himself take the lead in proffering the advice of his Government. Under Article IV of the original Anglo-'Iraq treaty, the King of 'Iraq "agrees to be guided by the advice of His Britannic Majesty tendered through the High Commissioner on all important matters affecting the international and financial obligations of His Britannic Majesty," and "will fully consult the High Commissioner on what is conducive to a sound financial and fiscal policy and will ensure the stability and good organisation of the finances of the 'Iraq Government so long as that Government is under financial obligations to the Government of His Britannic Majesty." In some matters, therefore, the High Commissioner's advice must be accepted; in others he must be consulted. Clearly he must be given an opportunity of judging whether any matter comes within either of these categories. It has been already explained that all measures which go before Parliament are first approved by a formal resolution of the Cabinet and that, under the present procedure, no resolution of the Cabinet becomes operative until it has been

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approved by the King. The agreed procedure is that minutes of Cabinet proceedings are sent to the High Commissioner as well as to His Majesty, and that the latter does not record his assent until the High Commissioner has signified what comment, if any, he has to make upon the resolution. As, however, Bills approved by the Cabinet may be, and frequently are, amended in Parliament, it is necessary for the High Commissioner to have an opportunity of commenting upon such amendments, and this opportunity is afforded by a practice under which the Prime Minister consults the High Commissioner before asking for the royal assent to any Bill which has been passed by Parliament. If the High Commissioner has any comment to make he conveys it both to the King and to the Prime Minister. Thus, there are three stages at which the High Commissioner can intervene. He can, through the medium of the British advisers, make known his opinion upon administrative matters or give his advice upon proposed legislative measures before they are laid before the Cabinet. He can comment upon measures which the Cabinet approve before the King has given his assent to their being laid before Parliament, and he can again comment upon measures which have passed both Houses before they receive the royal assent. The system has at present worked almost without a hitch. Its success is due in great measure to the readiness which 'Iraqi officials have shown to seek and benefit by the advice of their British colleagues and the accredited representative of the British Government.

VI. SOME CONCLUSIONS

IN conclusion, there are three main questions that may be asked in connection with the 'Iraq Parliament :

- (1) Is it in any sense a representative body ?
- (2) How far does it succeed in carrying out its work with reasonable efficiency and without undue delay ?

Some Conclusions

- (3) How far does the existence of a Parliament hamper Great Britain in carrying out her international obligations in respect of 'Iraq ?

The answer to the first question is, as this article has endeavoured to show, that the 'Iraq Parliament does not represent public opinion upon matters of general policy in the sense that the British Parliament does, for the simple reason that no such public opinion exists. It does, however, consist of individuals who fairly represent the different classes and interests of the community, and it is hard to see what more could be expected of it at this stage.

The answer to the second question is a little more difficult. Annoying and petty delays are not infrequent, and Ministers have, on the whole, displayed more fear of accepting responsibility than they did before they had parliamentary criticism to fear. Instances have not been unknown where the Cabinet has asked the High Commissioner to press strongly an unpopular measure which they themselves desire to pass, in order that they might in Parliament excuse their own attitude by explaining that they were acting under such pressure. But that the Government is capable of accepting responsibility and putting important measures through rapidly has been proved on more than one occasion, and Ministers are, in general, more ready to accept responsibility than was expected. The parliamentary committees take their duties very seriously. The first Budget Committee, in fact, went far beyond its scope, and produced a monumental essay upon the general administration of the country. King, Cabinet and Parliament are all genuinely enthusiastic over their work and determined to do it thoroughly. The British official occasionally sighs for the rapid methods of military administration, but the administration is reasonably efficient and reasonably cheap. We have tried, deliberately, to teach 'Iraq to run before she had learnt to walk. Her stumbles have proved to be fewer and her average speed greater than the most ardent exponents of our present policy would have dared to pro-

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phesy six years ago. And the reason is, in the opinion of the writer, not that the measure of control has been tighter than was envisaged, but that the people have shown themselves more enthusiastic over the experiment, more determined to make it a success, and more capable of so making it, than could have been anticipated.

The setting up of a Parliament has hampered Great Britain but little in the discharge of her international obligations. Differences of opinion between the High Commissioner and the 'Iraq Government naturally receive more publicity than before, but Parliament is fully ready to accept its treaty obligations, and no occasion has yet arisen upon which it has been necessary for the British Government formally to invoke Article IV of the Treaty. Now that the Cabinet have a Parliament to contend with there is a tendency for them, through the Prime Minister, to keep in even closer touch with the High Commissioner than before. The form of government makes but little difference to Great Britain, provided it is one which satisfies the aspirations of the people and makes them contented with the established régime. And that is the great achievement of British policy in 'Iraq; not that it has produced a parliamentary machine that works with moderate efficiency, but that it has succeeded beyond expectations in preserving that spirit of co-operation without which no Power can ever hope to fulfil a task such as that which we have undertaken in 'Iraq.

GENEVA

GENEVA,

September 17, 1926.

MY DEAR R—,

I am in Geneva again. Last time it was early spring. An icy wind met one at every corner, and the lake was the cruel cold blue of the Polar seas. The promise was there—there were primroses and violets in the hollows—but you had to look for it. To-day there is fulfilment. The lake is still blue, but it is now a genial turquoise—almost the Muizenberg colour—as I see it beyond bright cannas and geraniums, from where I am writing in the shade of the mall. There are vines on the hills and mealies in the valleys. Geneva repels some people. Conrad found it “comely without grace, hospitable without sympathy.” For one of his heroes the lake was just an oleograph. But Conrad was thinking of refugees—and there are still Russians here, white not red this time. He had clearly no experience of the League's Geneva, and as for the landscape, in this delicious weather, who could be captious? To me, fresh from misty Donegal, it is the true Hippocrene.

In politics, too, there is fulfilment. In 1924 we came to see Austen stamp on the Protocol. It was with our blessing that he did it, and they cursed us here for it. But people were already beginning to turn to Germany's new plan of a triple pact, and last Friday I saw her admitted to the League.

I got here just in time for the ceremony. It had a poor setting: an old concert hall with wooden galleries and roof and, to hide the *coulisses*, a piece of flimsy sack-cloth behind the President's chair, which itself would not have

Geneva

attracted notice in a second-hand furniture shop. The acoustic properties were wretched and the atmosphere intolerable. But the people were the real setting. The galleries crowded with ladies were a brilliant patchwork of colour. Even the delegates below for the most part wore light clothes. It was a very different show to a Council meeting. The Assembly literally buzzed with life.

I looked down on a sea of heads. Alphabetical order leads to odd combinations. Haiti first caught my eye against the Nordic background of the Scandinavians, with the ruddy face of a huge New Zealander close behind. Ethiopia occupied the same bench as Finland. Her delegates made a great impression at their début last year in native dress; but they have caught the dread we all have of eccentricity. This time trousers veiled their unaccustomed limbs, and one could safely bet that a Savile Row tailor's name would be found in the inside pocket of their smart brown suits. Their rank is now only distinguishable by their girth. But neither their clothes nor their complete ignorance of the two languages in which the proceedings are carried on impaired their dignity. One of them looked an *ἄναξ ἀνδρῶν* every inch of him, as he strode up the gangway to his seat. Their hair is woolly, and they are very dark, but there the resemblance to the Kaffir stops. They have beautiful straight noses and Greek mouths and brows. Their startlingly black pupils, indeed, were strangely like some primitive Greek paintings I remember in the National Gallery. Their contribution to the proceedings has been of a rather passive kind. It consists of a single speech in Abyssinian delivered last year; but this must seem a fault on the right side to many people here. This time, too, they have brought a grievance of their own, and they are experts on one of the burning questions of the hour. I spent an afternoon listening to the Sixth Committee discussing the problem of slavery. The Indians sat just behind France in the Assembly. The delegates were all

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bareheaded' except one or two ladies and Prince Arfa, the Persian, who might have stepped out of the *Arabian Nights*. He was conspicuous in an astrakhan tarboosh, which made me think of the Turks and their new bowlers. Is there anything, I wonder, in the rumour that they are thinking of joining the League? Latin America and the Islands were represented by eleven States and a variety of shades. "We don't know what they do in their primæval forests," said a European delegate to me, "but we can't compete with their lofty sentiments." In one of the front seats, the second facing the President, were four little Chinamen. I wish you had seen the smile which stretched each bland mouth in a continuous line after China's election to the Council. Perhaps you will join in the smile. The Germans were welcomed by a Serb President—a dignified figure, too. Their credentials were reported upon by a Cuban.

I have gone rather out of my way to notice exotic types in order to emphasise one important purpose that the Assembly serves. It is possibly the best treatment yet discovered for the inferiority complex.

But you may be sure that I noticed the others, especially the Dominions, and Ireland, which later tried for one of the Council seats and got ten votes—I wonder whose. The Norwegians and Swedes, "the conscience of the League" as they are now called, were in the far right aisle, with Nansen conspicuous among them ready, as someone remarked to me, at any time to break a head in the cause of peace. They both use English in the debates, though the Danes, and indeed the delegates from everywhere outside the British Empire, except China, Japan and Siam, while I was there, spoke in more or less intelligible French. Even Ireland started, I hear, in that language. The United States was not, of course, represented down below; but where I sat I might have been in New York. The galleries were crammed with Americans. They and the Germans seem to have bought

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Geneva. The latter, it appears, turned up in force last March in the same way. The first thing I noticed was men in livery selling the *Berliner Tageblatt* and the *Frankfurter Zeitung* outside the Assembly. Chance had placed the great Powers of Europe more or less together. The German, British and French delegations formed a sort of echelon converging on the President's chair. There is always a hush when one of them rises. It was marked when Austen got up one afternoon, and I was all agog. It was to ask if the word, "aye," used in a translation of some voting instructions from the chair, would be counted as "yes." This and a proposal that the speeches of Stresemann and Briand should be published in the *Official Journal* was his only interjection while I was present. Sartorially he was supreme.

It is time, however, that I came to the speeches. The Germans had a great reception. They have not, someone who remembered their pre-war diplomacy remarked, made a single mistake this year.* Their bearing was both dignified and modest, and they lost nothing by a little nervousness. It made us think of March. My seat was just opposite, and a carmine pencil at his lips brought out Stresemann's pallor. But he warmed up as he worked off his speech—a carefully prepared but most effective statement. The impression left was certainly not one of weakness. The Assembly clearly saw in him the spokesman not of a conquered people but of a mighty Power. It was interesting to notice the benches from which the applause started before it spread like a ripple through the hall. But inferences are dangerous. At a gathering like this so many people clap what they don't understand, and the translation afterwards is a cold-blooded aftermath. I heard later, for instance, that only one of the French delegates, whose applause seemed rather flabby, knows a word of German. Naturally, the speech was more remark-

* This was before the Geneva *Bierabend* speech.

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able for what it left out than for what it said, but no one has any illusions. We all know what demands Germany is going to press here later, and her case lost nothing by its restraint. It is always easier to reply, but Briand made an artist's use of his advantage. They say that he dreads the atmosphere of the Assembly. However that may be, his performance can have rarely been excelled. He spoke *ex tempore*, and before he sat down he had the Assembly in the hollow of his hand. The climax came with the words, "C'en est fini," which he repeated twice after a dramatic reference to the age-long duel. As he left the rostrum the chief Canadian delegate leapt from his seat in the front bench as he passed to grasp his hand, wildly leading the resumed applause with the other arm. Amid the turmoil giant cameras crept out of unexpected corners and shamelessly converged on the defenceless Germans. I saw one emerge like a great cockroach from behind the President's chair, a shocked official vainly clinging to the pressman's coat-tails as he advanced remorselessly towards his prey, his head hidden in the usual black cloth. A huge searchlight for a cinematograph film was turned full on to Stresemann.

But the thing that fascinated me was Stresemann's face during the French speech. Briand strode backwards and forwards as he spoke, continually turning to him to emphasise a point. One onlooker thought, indeed, that it was making the thing too much of a duet. After all, he was addressing the *orbis terrarum*. Stresemann himself, no doubt, had this in mind when he later on told our Press that the industrial entente he hoped to see established with his old foe contained no menace to ourselves. But if he set out to persuade us that a duet is better than a duel, he spoke to the already convinced. We vastly prefer the rôle of a *tertium quid* to that of a "second." One could indeed call us a *tertium gaudens*. At first Stresemann only broke his reserve to clap what politeness demanded. Then some witticism got home and raised a smile. The next

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sally, if I remember, an insinuation that the novice was hardly as innocent as he claimed to be, and that his speech showed that he had "feelers" (*antennes*) which enabled him to gauge the spirit of the League, evoked a genuine chuckle. Before the speech was over Stresemann was leaning back laughing and applauding like a school boy at a play. The pencil no longer showed. There were, of course, points one missed at the moment, the form, for instance, of the response to the German advance. "And as for the delegate of France," it ran, "I may say that the German delegation can be sure of finding in him a loyal collaborator." Someone asked afterwards whether he only spoke for himself.

The contrast between the two protagonists was striking. Stresemann, a typical square-head, with the shaven poll, the colourless eyebrows, and the fleshy folds at the neck that the French caricaturist loves, a squat rotund figure with little outward sign of the intuition Briand was quick to detect, but with plenty of force. Briand, a Celt of the Celts, with the imaginative qualities of an ancient race that had felt Teutonic pressure before France was even a geographical expression. It took one back to Cannes and I heard a voice behind me ask, "Where is the other wizard, the Welsh one?" The spell remained till one got outside, when the critical faculty gradually revived in the brilliant sunlight. A German, whose acquaintance I made at Berlin last year, thought the performance too theatrical. "We don't admire that sort of thing in my country," he said, as we sat in the ferryboat on our way back to our respective hotels, though a friend told me that his compatriots in the secretariat were delighted. I confess that emotional oratory always makes me uncomfortable. Perhaps it is the fear of being carried off one's legs. Possibly early Bar associations make one resent being treated as a Common Jury. But that is only a matter of style. There were definite assurances in the speech which remain on record.

Yours ever,

Geneva

GENEVA,

September 19, 1926.

MY DEAR R—,

In my last letter I gave you my impressions at the admission of the Germans. I have since spent my time listening to committees and renewing old acquaintances. Other things may have changed, but the hospitality of League people remains the same, and a very charming same it is. Yesterday I went over the new International Labour Office. You should have seen the decorations, the gifts of different nations. The German contribution is a huge stained glass window. It gave a new sense to the old line *Danaos timeo*.

But I did not come here for shows or buildings. I must get on to politics. Not Franco-German relations, for that would be mere speculation, and speculation is always dangerous in a place with an atmosphere. Geneva's is as insidious as Ireland's. Perspective goes with the sense of humour, and they say that the air here is bad for the latter, though after seeing *Arms and the Man* selected for the special League performance by the English Players at the theatre on Saturday night, I have my doubts. Possibly it was to make sure, that Briand took Stresemann 50 kilometres into France for a talk, the occasion when he pointed to the snows of Mont Blanc and assured the open-mouthed journalists of the world that they were no whiter than his heart and Stresemann's. People will differ as to whether Thoiry was a success or a failure as a "cure." The thing that matters is that it has been followed by a definite step. The Poincaré Cabinet has decided to continue the conversation. No doubt, French opinion will have to move a long way to get anywhere near the minimum demanded by German. The Germans expect trust now to take the place of armed occupation and inquisitorial commissions. What, they ask with undeniable force, is the League for if it doesn't? Last week the *Paris Journal* had a picture of Stresemann dusting out the words, "le Traité de Ver-

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sailles," from the blackboard, with some words from his speech, "Effaçons le passé," underneath. One hears doubts about Poincaré. People remember his "happy Sunday afternoon talks" of two or three years ago, and wonder what use he will make of his kudos if he saves the franc, for he would, I suppose, in that case be looked upon in France as the saviour of society. If he doesn't save it, the economic side of the *rapprochement* will surely be difficult.

It was the League, however, that I came to see, and it has changed a good deal since we were first here. There was jealousy even then of the Council, but it was underground. The trouble at that time was not that Foreign Ministers got together in a corner, but that they hardly ever came, preferring to conduct their external policy through other channels. The League felt that it was being side-tracked. It prided itself in those days on its freedom from intrigue. There was, I remember too, a good deal of sympathy between the small nations, especially the Scandinavians, and Great Britain. Perhaps it was our detached position, or it may have been that we think alike on many subjects, and Cecil's whole-hearted work for League ideals, no doubt, helped. Whatever the explanation, the little Powers at that time looked to us for a lead.

All that has gone. Intrigue has now found a footing. But there is no reason to be depressed on that account. The old purity was like the innocence that has never known temptation. There is intrigue because things that matter are now handled at Geneva. The League has become the regular channel for European diplomacy.

The second change I find is a wider gulf between the Assembly and the Council. No doubt, the same reason partly accounts for that too, as it also helps to explain another change. We have lost our old lead with the small nations. But there is more than that behind. For the real explanation one must go back to the muddle over the Council. Other causes were mentioned to me. One

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was the generally second-rate quality of our delegates when Labour was in office, another the line taken towards the Mandates Commission because of a questionnaire which was considered inquisitorial. The lecture was administered by Chamberlain at the Council meeting early this month; but he was backed by France, Japan and Belgium, and some people thought that Briand, who was feeling uncomfortable about Syria, advisedly left him to start the talking. It is not the only time, they say, that he has been left with the baby. The newspapers have drawn attention to the rift between the big and the small nations, and our own motives in particular seem nowadays to come in for misinterpretation. A resident told me yesterday that we no longer carry the same weight here even with the Dominions. They used readily to accept our lead because they trusted our experience. Latterly, however, there have, he says, been doubts. He himself was surprised, as he put it, "to see England occupying France's place and Sweden England's last March." And though no one could fail to be struck by Cecil's admirable attitude here, he too is said to have lost ground simply by coming as one of the official British team. It is difficult to see why. Nations come to Geneva for what they can get, and surely, whatever else the long view means, it means the realisation that, in the end, more is to be got by studying the standpoint of others than by mere grab, for we are all in the same boat. Are protagonists of this principle to refrain from opportunities of giving practical effect to it? Lastly, some of the bitter fumes left by the line we took over the Protocol still hang about.

To return, however, to the muddle. The idea of increasing the Council is not new. The original scheme was to have the great Powers as the permanent and four small ones as the temporary element. In 1922, however, nine new members having joined the League, it was proposed to raise the Council to ten. The increase was opposed

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on several grounds. A small number was considered better for a body which had to be unanimous, and a Council with too many little States on it seemed likely to lessen the importance of the Assembly. The great Powers would also, it was felt, be less inclined to use the League, or, if they did, they would set up an inner circle. They themselves, it was argued, ought in any case to be in a majority, because the real responsibility was on them. The democratic idea, however, prevailed, and the increase went through, only one State, when it came to the point, voting against it. A new principle was thus introduced. In future there would be a majority on the Council of small States elected every year by the Assembly to temporary seats.

A stranger with no knowledge of the past few months would naturally suppose that the same reason accounts for the new increase. The election went through again without a hitch, and no State voted against the proposal. He would never have guessed the crisis through which the League has passed. There are now five permanent and nine temporary members. On this occasion three had to be elected for three years, three for two, and three for one.* Poland has the right to stand again, though the other temporary members, when their term is up, will have to wait before they do so. The motive, however, this time was not a democratic one, but expediency. The increase to fourteen was proposed in the hope of satisfying everybody, and especially of keeping Spain and Brazil in the League. Brazil is the largest country in both Americas. The Argentine has never formally ceased to be a member, but her representatives no longer come to Geneva, and Mexico does not belong at all.† Brazil's defection, there-

* This disparity is, of course, only to cover the transition period. Afterwards the period of membership will be three years for all.

† Since these words were written, a statement has appeared in the Press that the Argentine intends to come back to Geneva.

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fore, would leave the League with a comparatively small Latin American following, and the risk of its degenerating into a purely European institution would be greater. Spain, too, counts from this standpoint; for, like ourselves, she has a foot in the new as well as in the old world, though in her case the tie is no longer political, only cultural and racial. Before the election took place, however, these two States had both resigned. You may ask why the scheme was not abandoned there and then. The *Journal de Genève* put the question in a leading article just before the meeting. It was not as if there were a plethora of suitable candidates. From all accounts, they were hard to find. The answer given me was that a reduction in the Council's number is only possible by means of a long and complicated procedure, and it had already been increased to fourteen by the Assembly before Spain went. Her withdrawal, moreover, was only announced at the last minute, and there was then no time to get the members of the League to agree on a fresh change of plan. No doubt, too, it was hoped that the concession of three of the temporary seats to Latin America would help to tempt back the lost South American States. Whatever the reasons, the new members are now elected.

At Geneva one gets in the way of seeing the bright side of things. One friend thought mere size made no difference from the point of view of unanimity. I found another complacently regarding the new Council at its opening meeting, Colombia, Salvador, and the rest sitting side by side with our Austen and the "big four" (now five). It was so good for them, he felt, to be there as a political education, and he justified the increase on the principle, I suppose, of the more the merrier. But I am not concerned here with the effect on the efficiency of the machine. If it works, as no doubt it will if the vision is there, any resentment left by the feeling that the scheme was forced on the Assembly by events for which they were not responsible will disappear. But as the change in the attitude

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of the small States is a direct result of those events, it is perhaps worth while inquiring what they were.

For this I must take you back to the spring. As far as I am concerned, the story is pure guesswork—I have never seen an official explanation, and I have no personal knowledge. I can only give you what was told me. What people think, however, has an importance of its own in an atmosphere like this. But before giving the story, it is fair to remind you that this is not the first time that claims like Poland's have been put forward. Brazil and Spain have had temporary seats on the Council from the start. They were both regularly re-elected every year, and their demand for permanent seats was as regular as their re-election. In 1921 Great Britain put Spain up for one and France seconded her. Brazil, however, whose own claim had been turned down, vetoed the proposal. Poland is different. She had never asked for a permanent seat before. She had stood for three years for a temporary one, but never got more than 17 votes—the last two years only two—as against 30 and 40 or over received year after year by Spain and Brazil. I found these figures in Rappard's article in *Foreign Affairs* last July. As he points out, Poland's claim, therefore, came as a surprise. With it the events which concern us begin.

The story as I heard it is, of course, only inference from the known facts. Some of it appeared in the Press at the time. It is as follows. There were three blunders. First, on the well-established principle of "nothing venture nothing win," the Polish Foreign Minister asked Briand early this year if he would back Poland for a permanent seat. Briand had to consider Franco-Polish relations and replied, "Certainly if England agrees." He probably did so with his tongue in his cheek, being sure that we should turn the thing down. Perhaps he even hoped so. Shortly afterwards he put the thing up to Chamberlain on his way through Paris. It was not turned down; Austen merely stipulated that Spain's claim should

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also be brought up. This was mistake number one, and it put the fat in the fire. Apart from the effect on German public opinion, other claims were now certain. There was, however, still time to withdraw. Opinion in England—and also, it was said, in the Cabinet—was against allowing any other claim till Germany was on the Council. Chamberlain, however, with what is considered exaggerated scrupulosity, for his arrangement with Briand must, they say, have been subject to the concurrence of his colleagues, insisted on going on. This was mistake number two. The third was the March decision which put off consideration of the German application till this month. This was looked upon as a stab in the back for the Assembly. For it is believed that Brazil would have come into line when it came to the point. The other Latin American States had all agreed to try to persuade her, and the event, they say, showed that Italy would not, after all, have made trouble. If, therefore, Brazil had persisted she would have had to go on alone. The Assembly, people felt, should anyhow have met for the German business. It could always have been held back at the last moment. If, on the other hand, Brazil had relented, a discreditable delay would have been avoided and the League spared the loss of two States. Some people believe that postponement suited Briand, who had taken alarm at the unpopular reception which the suggestion that Czecho-Slovakia might give up her seat to Poland had had in France. Such is the tale.

I said that there was no democratic idea behind this increase. A condition has, however, been tacked on to it which may have far-reaching consequences. Sweden was the champion of the opposition in the Council, and the Scandinavians only agreed to the scheme on condition that the Assembly retained a right to recall temporary members of the Council. If, therefore, any such member does not give satisfaction he can be removed. Indeed, they all can. This condition may, as people say, be already implicit in the Covenant; but its express re-enact-

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ment gives it additional force in a body which has usually erred on the side of timidity.

This brings me to the future. The Council elections, which put Czecho-Slovakia and Belgium on again for another year, and Poland and Rumania for three, with a right to Poland to stand again without a break, went well for France. Holland, too, it is thought, may be less difficult than Sweden whose place she has taken. But I have heard hardly a reference to this side of the matter. When people talk of the future it is generally to contrast the natural strength of Germany's position with any temporary combinations.

It is, however, of the Assembly that I wish to speak. There was a time when its relations with the Council reminded one of the Walrus and the Carpenter. But the little nations are no longer oysters. They have found their tongues, and the interesting thing at the moment is how this new-found habit of self-assertion is going to work out. I cannot, of course, answer the question, but the composition of the League gives some guidance. Tags rarely correspond exactly with facts, but the man who divided the League into interested, disinterested and uninterested members was not far from the mark. The "interested" include the great Powers and smaller ones like Poland and the Little Entente States whose attitude is determined by peculiar difficulties. The "disinterested" are the neutrals, especially Norway and Sweden. The ideal side is perhaps stronger with them than with other people. The "uninterested" are the South American States and some of the other exotic countries. Latin America, however, stands by itself. It is too far away to know much of, or care much for, European affairs. There is no direct tie such as connects the British Dominions with Europe, and at the same time the Monroe doctrine prevents any effective intervention by the League in the affairs of Latin American States. A somewhat unreal character is thus inevitably given to their membership, and that is why

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they are labelled "uninterested." Their distance from Geneva, too, makes it difficult for them to send special delegates here, and they have for that reason generally used their Paris ambassadors. Mello Franco, the Brazilian, was an exception. Suspicious people sometimes place them, in consequence, in the first category—no doubt often very unjustly. It is, however, in any case an unsatisfactory position. There is, besides, the enormous slice of Latin America which still keeps away from the League.

To return, however, to the point. The new strength, which the increase in the number of elected members and its power of recall brings to the Assembly, gives a special importance to the question of leadership. Some people fancy the Scandinavians. Sweden refused to stand this time for the Council, but she will not have lost by that. Both she and Norway—though possibly at times unpractical—enjoy the respect that courageous outspokenness always wins. Some back Germany. She has come in at a psychological moment, and the circumstances of her admission predispose people to sympathy. I see that Stresemann has told the Press that the Locarno Powers are not going to form an inside bloc. There was some anxiety lest the League should be made to fit into Locarno rather than Locarno into the League. But everything, as far as I can see, really depends on how the rest of us behave. The hole-in-the-corner methods which Chamberlain is believed, possibly quite erroneously, to favour are out of date. I will come to our own policy, however, in a minute.

First a word about a wider question, the future development of the League. Can it ever be a real world-association under its present form, or will it have to split up into regional bodies with some super-league to settle matters of universal interest? THE ROUND TABLE thought the latter, so I was interested to hear Geneva's comments. The anomalous position of Latin America is obvious, and Asia is beginning to complain that she gets too little attention.

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That Europe takes up most of the time cannot be denied. While the main breeding ground of wars is here, as well as the power on which the League in the last resort depends, one could hardly expect anything else. The existence of a regional problem is, however, recognised. The debates on the Council's constitution brought that out, but at present the League is feeling its way. Its first step has been the grant of the three temporary seats to the Latin Americans. This raises two awkward questions. The first is, can the thing stop there; the second, is it a move in the right direction? During the debate grave doubts were expressed about the second question, by the Uruguayan delegates among others. Regional representation was felt to introduce a new and lower principle. In the past, States were supposed to be elected to the Council on their merits. In future, three of them would be on it because they represent a certain piece of the earth's surface. And, to return to the first question, Latin America is not the only group. What about Asia and, to look further ahead, the Russians—the last a world in themselves, and at present completely unrepresented? Sooner or later, groups like these will surely demand similar treatment. I myself heard Prince Arfa ask for two seats for Asia. There is another complication. Groups are not always geographical. There is one on which the sun never sets—the British Empire—for which the first Canadian delegate claimed as much right to special privileges as any other group if it came to a balance of merits. It reminds one of the communal problem in India. And yet if the principle of the representation of groups on the Council is extended, and we are not treated as one, our position will be hardly less peculiar, for we should form part of most of the other groups. You will no doubt say that this is equally applicable to the regional league plan, and so it is.

Would it be better to adopt that plan? I will content myself with giving you the answer that was given me. With one or two exceptions, people here are against it.

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The subject had already come up for discussion. One man I met had written a memorandum on it. The formidable difficulties in the way of a single league are frankly recognised, but the drawbacks of more than one are considered greater. Any special association for the Western hemisphere must, for instance, be dominated by the United States, and the Latin American republics would not willingly put up with that. On the other hand, although America has admittedly rarely seemed less like joining the League, people here do not despair of a change of feeling, and they believe that if she comes in some day she will modify the Monroe doctrine and permit the Covenant to be applied to both the Americas. I wonder. I find Americans I talk to here divided. One or two agreed with the above view. Others scouted it. Anyhow, here in Geneva, the regional plan is looked upon as a very second best one, to be avoided as long as there is any hope for the original. As much importance, indeed, is attached to universality as ever Newman attached to catholicity. It is felt to be an indispensable note without which the idealism which supplies the drive would disappear, and leading statesmen—unless, of course, the League were to degenerate into a mere concert of Europe—would no longer be seen here. One man even disapproved of one of our English League enthusiasts attending the Pan-European Congress at Vienna. In his eyes, particularism, even on a continental scale, was a heresy, almost indeed apostasy. Then there is the colour problem. It would, someone else suggested, be more intractable than ever if Asiatics, for instance, were to have a league of their own. But the objections to regional leagues do not apparently apply to regional committees, provided that the League itself never gives up the last say. The knowledge that it has such a say under the present system is said to have more than once had a healthy effect on the work of committees occupied with regional problems.

But all this is looking ahead, and the matter that concerns

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us at the moment is our own policy. I am not referring to special problems like disarmament or economic *rapprochement*, but generally. You may care to hear what friends here think. Experience itself, they say, suggests the answer. The old sympathy is not lost beyond recall. It was too fundamental for that. If we avoid cabals and work with the League as a whole it will come back. That should be our policy. This does not, of course, mean no confidential talk. Everyone knows that negotiation would be impossible without it. There is, however, a happy mean, though it is hard to define. People draw the line in different ways, but on one thing they are emphatic. After confidential negotiations, the League must be taken into the confidence of the parties at the earliest possible moment. Otherwise an atmosphere of suspicion is sure to arise and to defeat its main object. It is believed, too, that publicity may effect agreement in cases where negotiation has come to nothing. It should certainly, they urge, be tried before failure is admitted and made irrevocable. If, however, the great Powers get together in a corner, sooner or later they will find themselves talking across instead of round the table, and that means sides again in Europe and entanglement for ourselves. What was suggested is not that we should aim at leadership, but at genuine team work. It is not really a question of policy at all—few people credit us with evil intentions—but of method. It is perhaps easier to put people's backs up by doing the right thing in the wrong way than by doing the wrong one in a tactful way. There is, we know, a quality against which the gods themselves fight in vain.

Another point. I have not myself heard any Dominion delegate criticise our conduct of affairs—more than one of them, indeed, has told me how much the free hand our various delegations enjoy is appreciated. No doubt we are more ready to come together on essentials in consequence. The old British Empire Delegation plan

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is still apparently followed. But there is considerable doubt if, in the long run, any other line than all-round co-operation in the League would fit in with the ideas of the Dominions.

Not so long ago few people troubled much about what was done at Geneva. But the times have changed, and an old saying points to the wisdom of changing with them. There are things that make one smile here. Church at times has the same effect even on religiously minded people. There have been humiliating incidents enough lately to crush a sensitive plant. But the League has come out of it all stronger than it went in. Whether its ideal will be realised or not it is too early to say; but the adhesion of Germany is, at any rate, an essential step towards the universality to which our friends aspire.

Yours ever,

The Early Days

used. This, coupled with the fact that the schools have promoted a sense of national solidarity among Filipinos, has doubtless given an impetus to the demand for independence, though the appreciation Filipinos feel for the benefits education has brought them would, no doubt, tend to reconcile them to permanent retention by the United States, if Americans should ever make up their minds that this were desirable. When the Philippines fell to us, we were somewhat overwhelmed with the sense of responsibility, and just a little fearful that imperialistic motives would be ascribed to us. It was evident that the Government wished to do everything possible to promote the advancement of the Filipino people. Education would naturally occur as the one great boon we could offer, one that would not only serve to promote the general welfare, but would ensure a democratic system, whether the country should become independent or remain a part of the United States. The belief that schools would allay enmities was well founded, for in practice this is exactly what happened. There has never been compulsory education in the Philippines, and from the beginning the success of the teacher depended upon his ability to secure the confidence and cooperation of the people with whom he worked. The successful teacher entered into the social life of his town, made a study of customs and habits of thought and carefully avoided the slightest appearance of disrespect for the social and religious institutions which the people cherished. The teacher has never been given full credit for the willingness with which Filipinos accepted American rule. Questions have since arisen that have served to embitter certain sections of the public, but the wounds left by the war in which the Philippine insurrection against American authority was put down almost completely disappeared years ago, and the American teacher did much to bring about this result.

It must not be supposed that the new educational system was accepted everywhere with enthusiasm at the start.

THE EDUCATION OF THE FILIPINO PEOPLE

(By one who took part in the work)

I. THE EARLY DAYS

THE faith Americans have in their own institutions and especially their almost passionate devotion to their public school system made it a foregone conclusion that popular education would figure largely in any scheme for the government of the Philippine Islands after their acquisition at the close of the Spanish-American War in 1898. Just what specific things education was expected to accomplish is not so clear, as we consider the matter in retrospect, but education was looked upon as a good thing that could always be relied upon to aid in the rational solution of any questions that might arise. We naively assumed perhaps that the sincerity of our motives could never be questioned, and that we should always so deport ourselves that such rational solutions would at all times be entirely convenient.

The establishment of the Philippine public school system was not a part of any deep-laid plan to hold the Philippines forever subject. As a matter of fact, the Government of the United States has never at any time indicated any desire to use this system for any specific ends. The schools could easily have been used as a powerful instrument to promote American imperialism, but, certain interested critics notwithstanding, they were never so

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For the most part the people were indifferent to education as they are to other public questions. Many feared that the public schools would weaken the position of the Catholic Church, corrupt the morals of the young and destroy the foundations of Philippine civilisation. Among the few who from the outset manifested real enthusiasm there were many who felt that education was a short process and hoped to get all that the schools had to give within a very few months. Their enthusiasm was short lived. Many doubted the sanity of men who worked so feverishly at their jobs, who tramped miles to inspect schools when the mails would have brought them more optimistic reports of their condition, and who spent their leisure hours playing baseball and tennis under a tropical sun. The insane are believed to enjoy the special favor of Providence, and perhaps some Filipinos thought it unseemly to interfere with these more or less unbalanced foreigners. After some years, however, the schools had made such progress that the people saw clearly that a new force had come into their lives, a force that meant intellectual, social and economic betterment. From then onwards the school system commanded the support of the whole country, and the very first act of the Philippine Legislature, established in 1907, was a Bill providing funds for an island-wide program of schoolhouse construction. Nearly a quarter of the revenues of the Philippines is devoted to public education and, were it not for the eternal vigilance of officials interested in other governmental activities, this percentage would be greatly increased with the full approval of the people. Very large sums have been raised through voluntary contributions for the construction of buildings and for running expenses.

The New School System

II. THE NEW SCHOOL SYSTEM

ONLY one definite objective of the new school system was determined upon at the beginning—English was to be taught, although it was not so certain at first that it would be the language of instruction. All the rest was to be left to the natural process of evolution. For a time it seems to have been the plan that there should be American classroom teachers of English in schools administered by Filipino principals. But whoever contemplated this had little understanding of the American teacher. He at once showed a decided disposition to assume full charge. The plan was discarded almost before it was tried, and the American employed as a teacher of English (his official title) soon became a supervising teacher and school administrator.

The organic law establishing the department of public instruction was a brief one. All educational work was to be under the general supervision of the Secretary of Public Instruction, but the administration of the system was entrusted to the Director of Education, who was at the head of the Bureau of Education. The Director was given wide powers, which included every phase of educational administration, such as curriculum making, appointments and transfers of teachers, schoolhouse construction, the purchase and distribution of school books and supplies, finance—in fact, every department of school work. With the passing of the years these powers have on the whole been increased. For purposes of administration the country was divided into some fifty divisions, administered by divisional superintendents of schools, and each division is divided into districts presided over by supervising teachers. The system is, as may be seen, a highly centralized one, but the inherent dangers of centralization have been largely avoided by holding general meetings of superintendents,

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supervising teachers, and high school principals and teachers, at which all are free to discuss matters relating to educational policy. Very few matters of importance are ever decided until they have been carefully considered by committees of teachers qualified to offer opinions of practical value. It may be noted in passing that under this system there is not found the same divergence between theory and practice as exists in other countries. It often happens in the United States that accepted ideas have to wait twenty or thirty years before they can be put into actual practice. In the Philippines the moment ideas are accepted as sound, there is no reason why they should not be tried at once unless they require an expenditure that cannot be authorized.

The new school system began to function on a large scale in 1901, when nearly eight hundred American teachers arrived in army transports. The organization had not then been completed and courses of study were in a nebulous state. Those in charge knew so little about the country and were so vague as to the objectives, that they were not in a position to impose their own ideas at the outset. The teacher was given some general directions and left very much to his own devices. In a general way he was expected to open a primary school and as soon as possible to organize classes for those who were capable of being rapidly prepared to become teachers. These native teachers were sent out to open schools in neighboring villages when they had had a minimum amount of preparation and they came into the towns for instruction every day, or when their villages were too far away, at the end of the week. Thus the teacher literally taught one day what he had learned the day before, but there was not infrequently this compensation, that we often teach best what we have freshly learned. Still, at best, these early days were full of trials and disappointments and the enrolment figures were more encouraging than the quality of the school work done. It was not long before special interests began

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to occupy the minds of the teachers, such as schoolhouse construction, special methods of teaching English, industrial instruction, agriculture, athletics, and so on.

It was fortunate indeed that the organization of the school system was so lax in the beginning, for it gave teachers the opportunity of making hundreds of experiments. Gradually, as the organization was perfected, the results of these experiments were studied and the best incorporated in the general plan. Had the organization been completed too soon, it would have been little more than a stereotyped copy of the American school system instead of one based upon a study of the social and economic conditions of the country and upon hundreds of individual experiments conducted by people in the closest and most sympathetic touch with the people. When the time was ripe for a strong administrative organization, the men who had had this invaluable field experience were either already in power or else close advisers of those who were.

It may seem a little thing, but it was soon recognized that the aim of the schools should be to produce good Filipinos and not good Americans. This required a careful and sympathetic study of all that made up Philippine life, not the mere imposition of American ideas and ideals. The new culture would be fundamentally Philippine, but with certain defects eliminated and with the addition of the best that Americans had to offer.

The first matter to be decided was the language of instruction. It could not have been Spanish, for at the time of the American occupation not more than one hundred thousand people spoke Spanish well. Among the native dialects there was none that was in general use throughout the archipelago. There was no literature worthy of the name in any of the dialects and not even an adequate vocabulary for the simplest treatment of the sciences, history or mathematics. The expression of abstract ideas in these dialects is a difficult process. Furthermore, the use of the various dialects would have made effective

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administration impossible and the cost much greater. It would not have been possible to transfer teachers from one place to another and few, if any, of the administrators could have known what was going on in the schools. Not only would the preparation of half a hundred different series of texts in the various dialects have been very expensive, but the effective standardization of some of the dialects would have been a tedious process and aroused bitter prejudices and animosities. The work of building up a system of popular education had devolved upon Americans and this was in itself an added consideration in favor of English. Nobody is entirely satisfied with the instruction in English, for much of it has been in the hands of people who themselves are not well grounded in it. This has been particularly the case since the rapid extension of the school system in later years. English has, however, proved effective as a general language for business and culture and will remain so whatever the future status of the country. It is especially worthy of note that a great enrichment of the native dialects has accompanied instruction in English. In some cases English words have been taken over bodily and in other cases old words made to serve new uses. The native literature shows a vast improvement in style, in accuracy of statement, and in the value of its contents. Tests have shown that children who have studied English in the public schools speak, read and write the dialects more correctly than those whose education has been limited to dialect schools. Public schooling has developed enthusiasm, curiosity and a desire for improvement which the children are quick to apply to their own native dialects.

Academic instruction was at first largely a counterpart of similar instruction in the United States. The only books available were those used in American schools, but their inadequacy was at once apparent to all. As rapidly as possible books were prepared for the special needs of Philippine children which dealt with familiar phases of Philippine life. From this time on the authorities

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thought of nothing but the adaptation of education to the social and economic needs of the country and did not hesitate to discard methods and ideas which, however acceptable they may have been in the United States, did not contribute to this end. It became clear that the vast majority of the children could not be expected to attend school for more than four years and that few could stay even as long as that. It was, therefore, decided to organize a complete four year primary course which would definitely prepare the child for the humble life which he would certainly follow after leaving school. At the same time it was hoped that within the limits of this course much could be done for the child who could not attend for the full four years. Into the first four years there were therefore pushed certain subjects considered to be essential for simple village life, such as civics, "good manners and right conduct," hygiene and sanitation, practical agriculture and handicrafts, sewing and cooking, and wood-working, although in some cases they might have been taught much more effectively later on. Along with these subjects were taught reading, writing, arithmetic and geography. The pupil who completed this course left school with a certificate and without any sense of failure at not being able to pursue his studies further. On the contrary, he had reached a definite objective and felt the pride of successful achievement, a thing that does not often happen in systems where the only goal is the high school or the university. There is no evidence, moreover, that this has tended to destroy the ambition to continue study where economic conditions have made it possible.

The same principle of organizing courses, rather for the benefit of the pupil whose schooling will stop at their conclusion, than for the one who may continue it, was followed in framing the three year intermediate course which was to succeed this primary course. Agriculture, handicrafts, wood and iron work, lace and embroidery, basketry, housekeeping, the care of children, and animal

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husbandry were particularly emphasized. In the high schools as many practical courses were organized as our resources permitted, so as to avoid unduly fixing the attention of the student on the university. Wood work, iron work, seamanship, pottery, automobile repairing, nursing, surveying, forestry, stenography, bookkeeping, printing and domestic science, all found their place in the scheme.

III. AGRICULTURAL AND INDUSTRIAL TRAINING

AT the outset it was obvious that agricultural and industrial instruction must occupy a large place in the program, but it had to be worked out with care. Filipinos were accustomed to think of education as a way of getting a sort of immunity from manual, if not indeed from all, labor, and if practical courses had been introduced too abruptly they might easily have alienated the sympathy of the people who were not always clear as to what the aims and purposes of the American teachers were. As it was, some thought that industrial instruction was devised to exploit the children for the benefit of the teachers. Much of the work in the beginning was crude and aimless and in a general way it resembled the manual training which was then having a great vogue in the United States. It soon became clear that an intensely practical basis was essential and that the much vaunted training of the hand and eye by itself would fall far short of what was wanted. The country was backward industrially and needed a new generation with the skill to create the commodities that would make higher standards of living possible. The diet of the people was meagre, the homes were for the most part lacking in ordinary conveniences—the Filipinos in many cases indeed lived on such a narrow margin that a few days of illness brought untold misery and at times broke up the

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family—medical care was beyond the reach of all but a few, and few even hoped for better things. It was clear that something must be done directly and courageously to improve conditions. It was the custom at that time in countries which had manual training classes, for articles made in such classes to be generally thrown away. We decided that in ours articles should be produced which, after a certain time had been allowed for practice, would be worth keeping. It seemed logical to say that things worth keeping had a commercial value or else helped directly to improve the standard of living. The hand and eye, moreover, would be trained just as well in making useful objects as things which only served to adorn the junk pile. Instruction on these lines was made universal in both primary and intermediate schools. With the exception of a few hundred boys in the larger centers, all were taught agriculture and gardening. In 1924 things were produced in school gardens and farms to the value of half a million dollars, but, of course, the value of the product in money expresses only the merest fraction of the value of the instruction given to the country.

Products of industrial instruction fall into one of three classes. First, there are things that directly improve standards of living, including articles of furniture that go directly into the home, garden products which are consumed in the family, garments made for the family, etc. Little or no difficulty is experienced in disposing of these. The second class consists of things which tend to displace imported articles. The Filipinos use many imported hats, although they can make their own. Much furniture is imported, although the graduates of an intermediate trade school could make it better for a fraction of the cost. Filipino women buy cheap lace from China when the local product would serve as well or better. The list could be extended. This second class of articles is more difficult to dispose of than the first. The third class consists entirely of articles made for the market, and generally for export.

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They include lace and embroidery, a good deal of the basketry, a certain proportion of the woven cloths, etc. The disposal of this third class of articles raises somewhat serious problems, and to ask pupils to make them in any quantity without a hope of their being sold would lead to serious discouragement. Schools are often situated in districts where there are no markets and where commercial concerns are unable to establish branches. It was necessary therefore for the Bureau of Education itself to arrange to handle the products of these schools for the time being. This was done on the understanding that the business would be handed over to private enterprise as soon as proper facilities were provided. At one time the Director of Education was asked to dispose of fifteen thousand baskets that had been made in a distant province. The baskets were sold within a week at a fair profit to the pupils, who in all cases receive the profits of their labor.

Filipino women have long known how to make exquisite embroidery and lace, but the manufacture was confined to the families of the well-to-do. These lines of work were undertaken at an early stage in the public schools. In the first place it was desired that the industry should become general, and then it was necessary to study the foreign demand, especially in the United States. It was, of course, useless to make lace or embroidery that was not in fashion, but should we make the finest or be content with the cheaper grades? An investigation of market conditions showed that while the finest lace and embroidery commanded a very high price when a buyer could be found, the demand was very small and a business could not be built up with the high priced goods. To supplement the instruction given in the primary and intermediate schools a school of household industries was established at Manila with purely commercial aims. In this school technique was perfected, the markets were studied, students were taught how to select materials and how to organize and conduct a small manufacturing business, including a simple

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accounting system. Patterns were carefully worked out and blueprints sent broadcast over the country. The Bureau of Education undertook to buy the materials needed which were sold at cost price, and it fostered the business in every way. As a result, embroidery is exported to the amount of about six million dollars a year. In the development of the lace and embroidery business the school authorities had a definite social aim in view. The rate of infant mortality is very high, largely owing to the difficulty in providing children with suitable food. The Filipino woman is a good mother and ready to make any sacrifice for her child; but she often lacks money at the critical period to buy canned milk. It was felt that handicrafts like lace making and embroidery would help to solve this problem. For they can be carried on at home and the mother can work in the cooler hours of the day resting when she wishes. Her earnings, small though they may be, mean life to her child. We calculated at the start that perhaps the woman could make twenty cents a day, but in practice good workers have earned about five times as much. The young unmarried woman in this way attains economic independence and is no longer a liability to her family. She is not rushed into an early marriage but given time to mature mentally and physically, and the necessity for making a living in immoral ways has been almost eliminated.

In the same way hat making has been given a tremendous impetus through the introduction of the art into the school program. In the beginning the making of a particular kind of hat was limited to a single town and often to one family in that town. The schools made the instruction general and, where materials were lacking, the plants which supplied the necessary fibre were introduced, if soil conditions were favorable, from other sections. Thousands of homes a few years ago were without chairs and other conveniences. If they now have them, it is probably because a son of the family has learnt chair making and other arts at school. In certain sections the boys were so proud

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of the chairs they made that they hung them on the walls of their houses, though we venture to hope that they have long ago been put to a more utilitarian use. Space does not permit the mention of many other lines of industrial instruction, but it may be said that, with the exception of lace and embroidery, the line selected for any particular locality was determined by the available raw material. In this way the cost of labor represented nearly the entire cost of production. Designs taken from old death blankets, baskets and other articles of native manufacture have been made extensive use of in decorations for baskets and other woven articles and on embroideries as well.

At the San Francisco Exposition, the embroidery, lace and basketry of the Philippine schools were entered as commercial exhibits, and not in the school section. They took 70 prizes in competition with the products of Switzerland, France and Germany.

The staple diet of the Filipinos is rice, fish and green vegetables. While a great deal of rice is grown in the Islands, much is imported from Siam and Saigon. When the local rice crop fails (as often happens when weather conditions are not entirely favorable) the people are brought to the verge of starvation. If an epidemic follows the result is widespread misery and death. Now, maize is a much surer crop than rice and will yield produce whether the weather is exactly favorable or not. Certain sections of the Philippines have long used it as a substitute for rice, but others regard it as only fit for hogs. To meet this problem two things were necessary—the people had to be taught to eat maize; new varieties had to be developed and the cultivation improved. Hundreds of demonstrations were therefore organized. Booths were erected and at each dishes prepared from maize were served by school girls in uniform; there were gay decorations, a band played, and there were probably games and speeches afterwards. People ate maize dishes who never dreamed of doing so and once they had eaten them they were never

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again quite free either to say or think that only hogs ate maize. Besides the dishes were delicious; a dietary revolution had been worked. New varieties were developed to displace the miserable little ears of the native plant. Contests were arranged throughout the country. Those who produced the most maize on a hundred square meters were declared local, provincial or national champions as the case might be. The prizes were in one case a buffalo and in others useful agricultural implements of considerable value. Contests were also arranged for those who produced the best ears of maize and prizes awarded in the same general way. The steady increase in the production of maize since 1912 when these contests were started is very largely due to this campaign by the Bureau of Education. In fact the increased production would very nearly meet the annual cost of education for the whole country.

IV. PHYSICAL AND MORAL IMPROVEMENT

ALMOST immediately after their arrival some of the American teachers began to introduce athletics and physical training. The Filipinos had almost no games and one missed the shouts and laughter of children at play. It was a virgin field. Highly specialized and competitive sports were naturally the first to be started, as group athletics had then received very little attention. In any case, spectacular sports were the most likely to interest the people and lent themselves best to the development of rivalry between towns and villages. At times this rivalry passed the bounds of decency and fair play, but gradually more sportsmanlike ideals prevailed. By 1909 the country was thoroughly organized for the conduct of school athletics. There were inter-provincial "meets" at which several provinces would compete and the champion teams came to Manila to compete for the national championship. The organization of the Far Eastern Athletic

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Association, which includes China, Japan and the Philippines, put before every athlete the hope, if he won a national championship, of representing his country abroad. It is safe to say that no other country has ever organized athletics so thoroughly as the Philippines. A great development of the play spirit in the schools had, of course, accompanied the growth of specialized sports, but the authorities began to see that something more must be done to give the great mass of the children the benefits of physical training. The above-mentioned sports were fit only for a few—hardly ten per cent. of children can hope to make creditable records in them. A program of group games was therefore introduced. It included volley ball, indoor baseball (played out of doors), and games of various sorts that lent themselves to general participation. These games gave scope for the display of many qualities, such as speed, endurance, strength, persistence and quick thinking. Any normal boy or girl could hope to make a creditable show at them if they did their best. When one class competed against another, attendance counted heavily so that teachers were not tempted to enter only scholars who were the best athletes. The program as finally worked out may be said to have brought the benefits of physical education to practically every boy and girl in the country.

What have been the results? In the first place, nothing has done so much to engender enthusiasm among the Filipinos, who a quarter of a century ago were almost without it. Play has come to have an important part in the life of all children, and the mental awakening is fully as important as the physical improvement. In the beginning the amount of tardiness and absence was simply appalling. Athletics solved this question. Truancy and tardiness meant the loss of opportunities of play, and might easily cost the pupil his place in the team. The development of sportsmanship, the sense of fair play, fortitude, personal cleanliness, and cooperation has been remarkable. Several years ago, there was a meet in the Mountain province,

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in which some three hundred athletes from uncivilized tribes who would, under ordinary circumstances, have fought each other at sight, took part. Much to the amazement of warlike chieftains, whose sports were of a sterner sort, the meet was conducted in an orderly fashion. The physical betterment has indeed been carried so far that it seems more fitting to say that a new race has been created than an old one improved. The athlete cannot sleep with his windows battened down, as is customary to keep out evil spirits, he must have proper food, the bath becomes a necessity, he learns to take care against infection of every kind, and the necessity for moderation. All of these habits, combined with physical exercise, have produced a new and more efficient physical type. A few years ago the superintendent of the medical division of the Philippines Constabulary recommended the adoption of a new table increasing the height, weight, and chest measurement for enlistment. In making his recommendation, he said:

I firmly believe that the Filipino is a much larger man physically than he was eight or nine years ago, due no doubt to the athletic training the younger generation is receiving in the primary, intermediate and high schools of the Islands.

But the program of physical betterment was not limited to athletics and physical training. Personal hygiene and home sanitation were carefully taught in the most practical manner. The nature, prevention, and cure of disease were brought to the attention of pupils. School premises were in most cases kept so clean that they served as examples to the entire community. A national "clean-up" week was organized by the Director of Education, and is now continued from year to year by proclamation of the Governor-General. Filipino school children twenty-five years ago suffered greatly from tropical ulcers and skin and eye infections. These have almost entirely disappeared. It is only fair, however, at this point to say that the

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Bureau of Education owed much to the cooperation of the Bureau of Health and other governmental agencies for the success of its program.

Social divisions have always been rather marked in the Philippines, and a quarter of a century ago the better classes hardly thought of the lower ones as being of their own race. They did not figure at all in the scheme of society. Then came the establishment of the American school system with its ideal of universal popular education. Hundreds of thousands of the children of the underprivileged classes, who had counted for little more than beasts of burden, suddenly found themselves at school. Ignorance and squalor reigned in their homes, and they lacked the background for this new experience. They were often dirty, uncouth and unmannerly—matters of no consequence a short time before. The better classes, comparing these children with their own, forgot the former's heritage of ignorance and degradation, and felt that the schools were in some way to blame for their crude manners. Imagining that there had been a deterioration of manners when there was merely an exposure of what had always existed, many critics thought that there had been a deterioration in morals as well. It was easy to explain what had happened, but something more than explanation was required. The schools could not rest under the charge, however unjust, of having corrupted manners and perhaps morals.

A rather hurried study of the question, an investigation of the instruction given in Japan and other countries, was then made and a committee appointed to work out a plan for intensive instruction in manners and morals. As a result, a teacher's manual was published, and other texts on the same subject followed for use in the intermediate grades. They were so successful that criticism soon subsided, and later on the books were adapted for use in Porto Rico and in many sections of the United States. Much of this material has, indeed, been incorporated in

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courses of study in some of the States. The Philippine courses are based on the theory that manners are not so nearly equal in importance to morals as certain people seem to believe, but that they definitely react on morals, just as morals react on manners. Lessons in personal cleanliness, consideration for others, respect for parents, the aged and those in authority, orderliness and self-discipline, were taught along with the cardinal virtues, by means of interesting stories, maxims and dialogues. At the same time, the rules of polite conduct were impressed upon the children in the most direct and practical way. Much of this material was of so interesting a character that it was used for public programs, much to the delight of the parents. Copies of famous pictures were hung in the schoolrooms and discussed in such a way as to inculcate the lessons of beauty, gentleness and goodness. The success of the plan is, however, its best justification. The more or less submerged classes have, as a result of this special instruction and the general influence of the school, acquired manners and habits comparable to those of the better classes. This in itself tends to close the gap between the classes.

In the Philippines, the number of people who read newspapers is still very small, and was much smaller a few years ago. It was therefore necessary for the various governmental agencies to find some way of disseminating information. The public schools were made use of. When the Bureau of Health feared an outbreak of cholera, the Bureau of Education was asked to have the methods of preventing and treating cholera taught in all its schools. Careful explanations were made to the children who were asked to talk with their parents. Fortunately, Filipinos are disposed to take seriously what their children bring from school, and so within a few days the necessary information could be spread throughout the length and breadth of the country. In a similar way, the prevention of smallpox, dysentery and other diseases was taught.

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When coconut palms were menaced by beetles, the schools undertook to advise the people of the danger and tell them what to do. The Bureau of Public Works found the schools very useful in informing the people of the value of good roads. Months before Halley's Comet made its appearance, teachers throughout the country had been instructed to prepare the people for it, so that there should be no anxiety when it appeared. Other agencies also found the Bureau of Education a most useful organ when they wished to convey messages to the public. To supplement this work, the Bureau of Education organized civico-educational lectures. They were given on holidays, and treated of the cause and prevention of disease, the production of maize and rice, animal diseases, coconut beetles, the value of permanent schoolhouses, and the rights and duties of citizens. Thousands of people attended.

V. THE BACKWARD ELEMENTS

THERE are among the eleven million inhabitants of the Philippine Islands perhaps a million who, for want of a better name, are classified as non-Christian. The term includes both pagans and Mahomedans. Among these, there is no uniformity of culture. At the bottom of the scale stands the Negrito, perhaps the most primitive of men, while other tribes have reached a relatively high stage of development. Schools were opened at once among some of these peoples, and the teacher pushed out into districts where Spanish arms had never secured more than a perilous foothold. Today schools have reached practically every section and the most primitive and isolated tribes are given educational advantages. It was necessary, of course, to adapt courses of study to their special needs, but this has been done with great success.

In Bukidnon, in the island of Mindanao, a certain tribe formerly lived in the tree-tops of the wooded uplands.

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Lower down there were fertile plains covered with a stiff grass that defied their simple implements. The Government decided to bring these people into the plains. They were furnished with ploughs and animals and little by little they came down, as they gained confidence in the Americans in charge. The Bureau of Education was called upon to establish schools, and a new type of school soon grew up. Each one was given a considerable tract of land for agricultural purposes. An American was placed over a large number of them, and Christian Filipinos were employed as teachers. The pupils spent half the day working on the farm, and half at their studies in the schoolroom. The farm was planted with crops which could be used by the people and were so devised that the children could take home a considerable amount of grain, fruit and vegetables. Some schools gave the children their mid-day meal as well as food to take home. Thanks largely to the schools, which were very popular among the people, it was possible for these transplanted colonies to be continued. After they had been in session for several years, the writer had occasion to inspect one of the schools where the teacher was himself a member of the tribe. He found at the door a very excited old man, who said he must speak to him before he went in. When they stepped aside, he said, "The teacher is my son, and you must be very patient with him. You know, I lived in a tree, and you cannot expect too much of the son of a man who lived in a tree." So successful have these so-called settlement farm schools become that hundreds of them have been established in parts where agricultural conditions are very primitive.

The public schools have found much favor among the Mahomedans of Mindanao and Sulu, and hundreds of teachers have been imported there from the more advanced provinces of the north. For the most part, these teachers are graduates of agricultural schools and bring practical knowledge which is much needed in these sections.

In the Mountain province there are a number of pagan

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tribes, some of which used to be head-hunters. They lived under very primitive conditions and their women were mere beasts of burden. They work in the sweet potato patches and carry heavy loads to the towns and villages in their neighborhood. They are soon worn out by excessive toil, have little time to give to the care of their children and lead lives of extreme wretchedness. The teachers set to work to correct this state of things. An appeal to the gallantry of the men would only have met with intense opposition. Their self-interest had to be touched, and the teachers saw that they must find some way of making the woman's labor so valuable at home that there would be no desire to send her to the harder work of the fields. Weaving and other household industries solved the question for such women as the schools were able to reach. Among the Ilongotes, a fierce tribe which lives near the Mountain province, the children have been taught to weave cloth and to make their own clothes. Thus weaving, which has been such an important line of work among the more advanced tribes, has also proved most valuable among the primitive peoples, by its direct contribution to the solution of social questions.

Conditions are by no means uniform in the Philippines, and certain sections are much more advanced than others. It was the aim of the educational administrators to do everything possible to establish uniform levels of culture. The method that proved most effective was to transfer teachers from the more privileged to the less privileged provinces. On one occasion more than a hundred teachers were moved from the north to one of the southern provinces. On another, one hundred and fifty teachers were sent to Mindanao and Sulu. Other transfers were made amounting to several hundreds. The success of this plan was remarkable. It not only greatly improved education in the more backward sections, but it helped to develop a sense of nationalism throughout the country. The annual national athletic meets and the insular normal

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institutes at Manila, the teachers' assemblies at Baguio and the meets of the Far Eastern Athletic Association, as well as various national contests, have also all helped to give Filipinos a feeling of solidarity which they did not have years ago.

The Philippine public school system, although night schools have been set up in Manila and other centers, has not had funds to do much with adult education. A study of educational achievements will, however, the writer feels sure, show that the older generation has been powerfully affected. The passionate enthusiasm of the child for his school has served to enlist the interest of his elders, who naturally want to know what he has read in his books. To many parents a new world has thus been opened up and an intellectual awakening of tremendous import has resulted. Much of the instruction on hygiene and sanitation, animal diseases, the rights and duties of citizens, the value of good roads, the disposition of public lands and schoolhouse construction has, as was originally planned, reached the parents through the children.

VI. CONCLUDING REMARKS

THE public school system of the Philippines is now the largest under the American flag in point of enrolment. New York City comes second, with eleven hundred thousand, as against the twelve hundred thousand pupils in the public schools of the Philippines. When one considers that this does not represent a mere extension of a school system, but the development of one, in the course of twenty-five years, that was created out of nothing the record is a truly marvelous one. The American teachers who began this work were almost without exception young men and women, unhampered by tradition or precedent and filled with a peculiar devotion to their native country and to whatever it set its hand to. No group of men ever

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took more seriously to heart the words of President McKinley to the Philippine Commission when he said :

I charge this Commission to labor for the full performance of this obligation, which concerns the honor and conscience of their country, in the firm hope that through their labors all the inhabitants of the Philippine Islands may come to look back with gratitude to the day when God gave victory to American arms at Manila and set their land under the sovereignty and protection of the United States.

Not all teachers have been a credit to their country, but those who gave the direction to education in the Philippines worked sincerely and devotedly for the good of the Filipino people.

A system of this magnitude must have many defects, especially as it has never had at its command the resources the task required. Of the twenty-five thousand teachers only about four hundred are Americans, and of the native teachers many lack adequate preparation. Much of the English spoken no doubt leaves much to be desired. Many children attend school only for a short time and learn little that can be retained. Some critics would say that it would be just as well if these last did not attend at all. But meagre as their schooling may be, the writer has a feeling that those who have merely gazed into the promised land will never be quite so willing again to leave their children the slaves of ignorance. If a child has done no more than learn to sign his name, he has acquired something of human dignity. It has been more difficult to control the direction that high school instruction should take, for this is the stronghold of the upper classes, and there has perhaps been too much in it that merely fits pupils for "high collar" jobs of which there are not enough to go round. This is a serious problem which the school authorities are now trying to solve. With all its faults, the fact remains that the Philippine school system represents a stupendous task undertaken with courage and exceedingly

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well performed. It has served not only to bring about an intellectual awakening hardly equalled in modern times ; it has stimulated business and has been the most important factor in an astounding improvement in living conditions. The American cannot but feel that, whatever may come of it all, his country has given to the Philippines the best she knew, generously and, on the whole, very wisely.

POSTSCRIPT

After repeated appeals from the educational authorities of the Philippines a Commission was appointed to make a survey of their work in the earlier part of 1925.

The Commission decided that it is not at present possible to measure the wider influences that the educational experiment has had upon Filipino society, and "being fully aware . . . of the magnitude of the task, (it) has confined itself to those aspects of the experiment which fall within the field of technical knowledge and upon which evidence could be obtained." While the findings will be of the greatest value to Philippine administrators, the report does not give an adequate idea of the tremendous social, economic and spiritual changes which have been brought about since the inception of the public school system. It is precisely with these changes that the above article has chiefly been concerned.

On the whole, the report of the Commission is very favorable. It cannot be said to reveal many things not already known, but the existence of certain well-recognised defects has been confirmed by the employment of modern tests. The quality of the instruction in English, for instance, has always disturbed those in authority, and the Commission finds here much ground for criticism. The lack of professional preparation on the part of teachers is also noticed, and the extension of normal school training strongly recommended. It is also suggested that American teachers should be concentrated in normal schools. This would necessitate the selection in the United States of teachers with special training.

The simplification of the paper work of the Bureau of Education is also recommended. Among other things, the use of modern tests and measurements, closer technical supervision and study in the schools are suggested. It is also urged that the Director of Education should be given increased powers as regards the assignment and promotion of teachers and the selection of textbooks. There has been a tendency on the part of the Legislature in recent years to make its appropriations so specific that the discretionary powers of the Director of Education have been very

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limited. Where formerly he selected text-books with the advice of committees of teachers and superintendents, he is at present merely a member of a commission which chooses these books.

The Commission was also disturbed by the rapid growth of a "high collar class" and suggested increased emphasis on industrial and agricultural education. It also produced a plan for restricting the use of high schools to those who possess superior ability.

Many other topics are discussed and, in so far as reforms can be carried out administratively, they will be accomplished. Many have already been set in hand. Those that must wait for legislation are not, however, so sure of favorable consideration. Attempts to limit higher education to exceptional students may not enlist the support of Filipino politicians.

THE GREAT NGAMI TREK*

(By one who took part in it)

I. THE SCHEME AND ITS BEGINNINGS

EVERYBODY has heard of the Pioneer Expedition which occupied Rhodesia in 1890. But who has heard of the great Ngami trek of 1894-8? Yet, for initiative, for adventure and hardship, the Ngami trek rivals the occupation of Rhodesia, and is as stirring an incident as is to be found in the development of Africa. True, the country it colonised is not as large as Rhodesia; the Ngami pioneers were not as numerous as the column that entered Rhodesia; but the Ngami trek had to cross a waterless desert, which was never the fate of the Rhodesia column, and it then had to struggle on for years without encouragement, without help, neglected and forgotten, a fate which never befell Rhodesia. It was the premature death of Mr. Cecil Rhodes which relegated to oblivion the Ngami expedition, the child of his originating brain, fathered by him and carried out with all his eager zeal and foresight. With his continued guidance and interest it would have been a triumphant success; even without him it has eventually made good, but through how many years of departmental neglect!

The colony of Ghansi is about 150 by 200 miles square, bounded on the north by Lake Ngami and the Batawana

* A map showing the country over which the expedition trekked will be found at the end of this article (p. 102).

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Reserve, on the east and the south by the Kalahari Desert, and on the west by Damaraland and Ovampoland. It is a plateau, with an unequalled climate, a country where no harsh, destroying winds blow, where there is no extreme of heat or cold, where there is no malaria, the curse of Africa—in short, it is a country which might well become a health resort for the Empire, and even for healthy South Africa, were it less inaccessible. But in the days of the war the mails to that secluded district took five months in transit, and even now, in these days of the development of Africa, they take about two months. But it may be that Ghansi is itself now on the eve of a great development, for it lies across the high road from Walfish Bay to the Wankie coalfields, and if the railway of which Rhodesia is talking so much, a railway to carry the coal and the cattle of her growing wealth, materialises, why then, at last Ghansi will come by its own. Or if, on the other hand, Professor Schwartz's scheme comes off, and the dried rivers of the Kalahari are made to flow once more, why then, Ghansi will equally come by its own. As I have said, the Ngami trek originated in the brain of Mr. Cecil Rhodes. His object in carrying it through was twofold. To extend the Empire was the aim for which he lived and died. He had extended it all over the wide territories of Rhodesia to the north. He now sought to extend its boundaries to the west, into a country little known and apparently unoccupied even by native races, except for a few untamable Bushmen of whom it had become almost the last resort in Africa. The Bushman of South Africa is no doubt a relation of the Pigmy of Central Africa, both the last remnants of a race now almost extinct. The great forests of Central Africa still harbour the Pigmy, because of their inaccessibility; and for the same reason the Kalahari Desert and its environs are a last refuge of the Bushman in the south. This emptiness of the land was the second incentive of Mr. Rhodes' scheme. He wished not only to extend the Empire; he

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wished also to try the experiment of "seeing how a country would thrive in Africa which was settled by whites and from which the natives were absent." Thus was born the Ngami trek.

Though the Ghansi district was occupied by none, it was claimed by all the surrounding tribes, and to secure some sort of title, Mr. Rhodes, through his agent Isaac Bosman, obtained a concession from Moremi, chief of the Batawana on the north, who was himself anxious to secure the protection of British rule. Moremi's claim to Ghansi was, of course, a shadowy one. Indeed, the last time he had crossed it had been as a fugitive; for about 1892 a fight had occurred between the Batawana and Damaras close to the homestead of van Zyl, a Dutch trader, who had prospered in his trade with the Batawana and had settled down in the Ghansi district. The result of the battle was the rout of the Batawana, and their chief, Moremi, sought refuge in van Zyl's house, clasping the Dutchman's knees as he sat at table with his wife and family. Quick as thought van Zyl dropped the end of the tablecloth over the fugitive, and when his pursuers arrived assured them blandly that no one was there. And so Moremi escaped with his life. Not so van Zyl, however. News of the deception seems to have leaked out, for shortly afterwards he was taken in ambush by the Damaras and shot, his widow escaping to the Transvaal with her children.

This was the extent of the ownership of Ghansi by Moremi, or by anyone else; but the concession from Moremi was sufficient for Mr. Rhodes' purpose. As a matter of fact he could have got the concession from any of the surrounding chiefs, for all were without exception anxious to come under the protection of Great Britain, rather than fall to the lot of Germany, who had already established herself on the coast. Indeed, the Damaras from what became German South West Africa had sent a deputation to Lord Kimberley begging him to take them over, and it was only the supineness of the British Govern-

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ment and of the Cape Government which hindered a far larger annexation. But the story of that mistake lies outside the tale of the great Ngami trek.

Having secured his concession from Moremi, Mr. Rhodes issued an advertisement through the *Patriot*, a Dutch newspaper, offering farms of 5,000 morgen (*i.e.* 10,000 acres) in the Ghansi district for the price of £1 as an application fee! Free farms were also promised for the eldest sons of those taking up land, as well as plant for water-boring. It was a tempting offer; and in spite of the waterless Kalahari which would have to be crossed before that inaccessible district could be reached, about sixty families all told, half of them of British descent and half of Dutch, mobilised for the adventure. They were all of them men in the heyday of their strength, and most of them were accompanied by their wives and children. They were men of some substance too, owners already of farms and stock; but in South Africa the land-hunger lies deep in the heart of all Dutchmen, and of many British, and the prospect of a new country and vast tracts of land was sufficient to stir them from their settled life.

II. FOUR YEARS OF WAITING AND FALSE STARTS

EARLY in June, 1894, then, these sixty families assembled, half at Maritsani under William Drotsky, and half at Pitsani Pothlugo, with more than a thousand head of cattle, great tented waggons, with horses, and other small stock and all the paraphernalia of a large expedition. At Maritsani, which is near Mafeking, the Drotsky party camped on the estate of Vryhof by an arrangement which Mr. Rhodes made with the owner, Mr. Julius Weil; while at Pitsani the other party grouped itself round a small grove of camelsthorn trees. In both places the great waggons were outspanned, little square tents set up in clumps, while in the centre large bucksails were stretched

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out as a sort of roof under which church services and other gatherings could be held. And here we halted, while a small party of pioneers went forward from Pitsani, under the leadership of Bosman, to dig wells along the route of 400 miles of waterless desert along which the whole expedition was presently to advance.

And now began the first of the series of reverses that were to dog the fortunes of the Ngami trek. The well-sinkers advanced for some time through the part of Bechuanaland which was owned by the chief Bathoen, and were successful in sinking a series of five wells along their route. But at the fifth well Bathoen took alarm. "You have come to take my land from me!" he cried. In vain Bosman, skilled in managing natives, urged that they were merely passing through his land to a country a long way beyond. In vain he pointed out that, though the white men would be gone, yet the wells would remain, and be a permanent source of benefit to Bathoen himself. "Black men do not need wells; it is only white men who need wells," retorted the chief; and, deaf to all persuasion, he insisted on the pioneers going back the way they had come. Thus failed the first attempt to pierce the desert.

Meanwhile we had entered upon 1895, that year big with fate for South Africa. Not only were the Ngami trekkers concentrated at Maritsani and Pitsani; the Chartered troopers were massed there also, preparatory to Dr. Jameson's raid into the Transvaal a few months later. It was known that the Chartered Company were negotiating with the Home Government for the transfer of a portion of the Bechuanaland Protectorate, so that a railway might the more easily be built through it to serve the growing town of Bulawayo. Now the Bechuana chiefs, unlike the chiefs on their further borders, knew that they were safe from German interference, but while they were glad enough to be under British protection, they were nervous of any big influx of white men into their lands. They grew restive. Assurances that no infringe-

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ment of their rights was contemplated met with scant belief. Were not the troops there to contradict such assurances? A rumour spread that the real intention of the Chartered Company was to attack Linchwe, the brother of Khama, to dispossess him and take his lands; and this rumour proved very stubborn. In these circumstances it was very difficult to gain the consent of the Bechuana chiefs to a passage for the pioneer party through their lands; but after much negotiation it was achieved, and for the second time a commission prepared to push into the desert, with orders to go right through to Ghansi, to locate and select the farms for the whole expedition and to return again for the main body. The Rev. Adrian Hofmeyr came up to wish the little party God-speed. He spoke to the whole trek of between 300 and 400 men, women and children, but his words were more particularly addressed to the exploring commission. To it he commended the 121st Psalm, advising its members to learn it by heart and to repeat it over on the first day of every month. Then he distributed a number of farewell gifts among the pioneers, chiefly books and other useful things of the sort. With that the small party pushed out into the wilderness and were lost to sight for many weary months.

Those who remained behind possessed their souls in what patience they could. Some who had sold large properties to provide funds for the trek grew disheartened, and returned to what was left of their homes, to await there the return of the commission. Two men joined the Chartered forces, and presently underwent a more exciting experience than even a trek into Ngamiland. The leader of the Vryhof party travelled down to Kimberley, where he bought a flock of sheep and took them back to his people. He travelled in a thunderstorm, but by the time he left the railway siding for the camp the weather had cleared, except for one small, solitary cloud which hung ominously over his outspan. Seeing him arrive,

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his young wife laid their infant daughter on the table at the tent door and ran to meet him. Even as they embraced the thunderbolt struck. Everybody came rushing to the spot, only to find them both quite dead, locked in each other's arms and much burned by the lightning; while on the table in the tent door the baby laughed and crowed, unhurt and unalarmed. Others of the trek took their waggons and oxen and rode transport to Bulawayo, a hungry young city whose wants could never be satisfied. But while they were there the rinderpest, that dread scourge which swept like a prairie fire over the country, leaving it covered with the corpses of dead cattle, broke out. The Ngami trekkers turned and fled, striving to get their oxen with all despatch beyond the reach of infection; but on their way they were met by the Bechuana cattle inspectors, bent on stamping out the disease before it could spread further. Their waggons were ordered to the side of the road, and there all their cattle, both sick and sound, were shot down. It was the only way in which the plague could be stayed; but the financial loss was severe, and the men arrived back at their base camp having lost the most valuable part of their possessions. Truly 1895-96 were trying years for Africa, and not least for the members of the Ngami trek. But men of that stamp are hard to beat, and most of them waited doggedly on.

In 1897, when the defeat of the Matabele had cleared the Bechuanaland border of a serious menace, and when the Ghansi commission had returned from their visit of inspection with glowing accounts of the country to which the trek was bound, a big meeting was held in Mafeking under the presidency of Major (afterwards Sir Hamilton) Goold Adams, Resident of Bechuanaland, and it was decided to open negotiations with Khama, paramount chief of the Bechuana, for permission to travel through his territories. The route via Palapye, Khama's capital had the drawback that it was more circuitous than the one originally decided on; but, lying more directly under

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the jurisdiction of the paramount chief, it was less liable to incidents such as had wrecked the first attempt to get through. Now to hurry an African, even an able African like Khama, is not possible, so it was not until May, 1898, that the negotiations were at last successful, permission obtained, and the whole route mapped out. By that time the trekkers were almost in despair; but, with the first whisper of an open road, their hopes revived on the instant, and though Khama had taken so many months to give as much as a promise, the Ngami trek did not take many days to profit by it. They were on the road before the month was out.

Not only were the trekkers all enthusiasm, Mr. Rhodes was all enthusiasm too. The endless delays had never damped his eagerness; nor had misfortune, nor other cares dulled his interest. His agent came with the certificates for the farms already parcelled out by the commission in the previous year, and bringing into the bargain a great consignment of gifts from Mr. Rhodes for every man, woman and child participating in the adventure. Nobody was overlooked, however insignificant. For the men there were knives, clothes, belts, pipes and tobacco; for the women needles and thread, linen, prints, pins, thimbles, and all sorts of haberdashery, and for the children suits of clothes. There were also orders drawn upon Julius Weil and Co. for 1,000 to 2,000 lbs. of meal for each family according to its size, to provision them on their long journey. And besides all this, with that almost royal munificence which bespoke his great mind, there was a gift of £12,000 to be divided among the heads of families. This amounted to £200 for each family, and the sixty men who drew the grant were summoned to the special train drawn up at the siding to receive the money and to sign the receipts. Some of them took the whole £200 in cash, but the more prudent of them left half or three-quarters of it in the care of the distributors, saying that they would know better what to do with it after they had seen the

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conditions in Ngamiland. The whole of this transaction about the money-grant was embodied in a document formally drawn up and signed by us in triplicate, and the three documents were to be bestowed in the separate archives of Mafeking, Pretoria and London. Everything seemed thoroughly in order and secure about this money, and we left it thus with confident hearts. Without a shadow of doubt, too, everything would have been perfectly secure had Mr. Rhodes lived, but the Boer War broke out next year. Before the close of that war he was dead, and from that day to this we have never seen a penny of that money, nor been able to discover any trace of it.

III. THE TREK

ON May 30, 1898, the whole column got under way. The great tented waggons, each with its team of eighteen oxen in the yoke, lumbered out from the camp where they had assembled for a few weeks, and spent four long years, and in slow procession plodded their way through Mafeking. Each waggon in turn pulled up before Weil's store, to present the warrant and receive the loads of meal, and then passed on to the northern outskirts, there to camp for the night. The whole of the little town turned out to do us honour as we passed through the market square, and loud and earnest were the expressions of goodwill as all and sundry pressed upon us the best entertainment the bars could provide. Next morning, not only the Resident Commissioner, but Sir Alfred Milner himself wished us God-speed, and under the escort of Major Panzera, Lieutenant Phipps, and twelve troopers of the Bechuanaland Border Police, we started in earnest upon the journey that was to take us seven weary months.

Our way lay along the Marico and Crocodile Rivers, and like a delightful picnic was this the first stage of our eventful trek, though we passed the decayed remains of

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derelict waggons and ash heaps of burnt bones, monuments of the fighting parties which had passed by there a few years previously on their way to fight Lobengula and his Matabele warriors. Near one of these piles of cinders I picked up a gold ring, dropped and lost, and never reclaimed. Perhaps the man it belonged to, who carried his life as well as this ring in his hand, lost the one as well as the other in the wild bush fighting of those days, for the ring is beside me as I write, and I have never traced its owner.

At Palapye, Khama received us cordially, and gave us all the information he could about the arduous way before us. From now on we were to enter upon the desert route where lack of water would be our chief danger. He counselled us, therefore, to travel in small parties of only two waggons each, because the water was too scanty to supply a larger number each day. He told us of a former trek to which he had given this same advice, but they, suspecting him of treacherous motives, had disregarded it, and travelled on five waggons abreast, only to meet with the inevitable disaster he had foretold. We passed their gruesome remains a few weeks later.

Well, we took Khama's advice, and went forward two by two, like the animals that went into the Ark. The first stage of our journey, after crossing the Lotsani River, took us over a rocky pass where the boulders were as large as beer barrels and it needed all our skill to negotiate them with our unwieldy waggons. It was an exciting experience while it lasted, and we quitted it only to fall into another. For a few miles ahead we came upon our first sand dunes, where the going was so heavy that the waggons sank into the sand almost up to their axles. Here the oxen refused, and in order to pass this clogging stretch we had to yoke both the teams to one waggon—thirty-six oxen in all—and pull it clear. We then had to go back with the same oxen and pull the other waggon through. We travelled like this for three days, making no more progress than 500 yards a day.

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Then we reached a deep ravine through which the Mesa River flows. I call it the Mesa River, but in reality it was only a tiny trickle of water in which it took hours of patient dipping to satisfy the thirst of our little party. Yet though the water was so scanty, the scene near the river was one of great beauty, for the rivulet runs in tiny cascades and clear pools among groves of *Macharachara* trees, which are like orange trees in appearance. For here, as in so many other parts of the Kalahari, though there is so little water on the surface, there is much below ground, and an enterprising policy of well-sinking would soon make this desert to blossom like the rose. It was strange to be short of water, and to see the remains of others who had been overcome by thirst in the midst of so much vegetation.

The next stage of our journey was pleasant and fairly easy until within twelve miles of Inknani Pan, when the sand again grew heavy. Here there is a precipitous hill, crowned by two aloes which from below look exactly like two human beings. This hill the natives hold in superstitious awe, for they tell a tale that in the long ago a Bechuana warrior, chased by a Matabele, assegai in hand, leapt from this precipice to the death below in order to avoid the death above. Those two aloes, they say, are the symbols of this tragedy, and to point at them is to fall under an unlucky spell. Some of our trekkers, quite unwitting of the superstition, did point at these two aloes, surprised at their extraordinary shape, and the story spread abroad that in consequence these people suffered a number of misadventures from which the rest of the trek remained entirely free!

At Inknani Pan the water in the two wells was so scarce that to dig up enough for the needs of every double waggon party took us a day each, turn about! Beyond Inknani our next water-hole was at Esephe. This is a Bushman's pit sunk zigzagwise in a limestone hollow. It is about two feet in diameter, with niches all the way down, in

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which the Bushman could deposit his water-pail, an ostrich eggshell, as he clambered down and up. Only forty pails can be taken out of this hole in a day—not much for two waggon parties and thirty-six oxen. But shall I tell of Ditowani, a limestone pan in the centre of a tangle of bush and trees, where lie the graves of those who succumbed to the hardships of this desert trek; or of Lithlakani, where our eyes were gladdened by three palm trees, telling of a fine flow of water, and where we dug ovens out of a limestone ridge, and baked our bread and road-rusks in them in turn; or of Sorongani, a little water-hole in a little grove, with just enough water to fill our waggon casks after three hours of dipping; or of Lake Chukutsa, a foul-smelling hole, for after several months of drought the lake had dried up, and was now a glittering expanse of salt over which the waggons drove, each one avoiding the other's ruts through the crackling crust, finding the lake's surface easier going than the heavy sand along its margin? Is it not all the same story of water, or rather of the lack of water? And so the dreary story went on until we reached the shores of Lake Kumadani.

Among the Ngami trekkers were a double party which used donkey transport instead of oxen. Now whether it was that these people had pointed at the two aloes on the Hill of Witchcraft, or whether it was that donkeys were less hardy than the more customary trek-ox, the fact remains that they suffered the most severely of anybody in the adventure. The poor, woebegone donkeys persisted in turning back to lick the iron of the waggon tyres polished by the dry sand to a high pitch of brilliancy, evidently under the impression that nothing but water could sparkle so brightly. At last, reaching an extra heavy stretch of sand fifteen miles from Lake Chukutsa, they were so spent with thirst that even a double team harnessed to one waggon could not get it through the sand. Disaster seemed imminent. The poor donkeys were at once unbuckled, and men, women and children, with the animals, started

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on foot to tramp the fifteen miles to Chukutsa, leaving one man on guard over the abandoned waggons, with the dregs of the water remaining in the casks to sustain him. The party reached the lake only to exchange the peril of death from thirst for the peril of death from poisoning, for the foul water produced such disorder in the transport donkeys that they swelled up to double their normal size, and lay for four days on the veld before they recovered sufficiently to move on again. Meanwhile the man abandoned with the waggons became desperately uneasy. His water gave out, and the utter loneliness of his surroundings, aggravated rather than broken by the incessant chirruping of the cicadas, got on his nerves. It was almost a relief on the third night when he was attacked by Bushmen covetous of loot. He did not use his rifle; but being something of a ventriloquist, he gave vent to extraordinary noises which seemed to burst in all directions out of the ground or the waggons. Now the wild Bushman generally believes that things belonging to white men are bewitched, so when they heard these appalling sounds they stayed not upon the order of their going, but fled incontinently to some bushes at a distance. Here apparently they fell out among themselves, those who had remained behind no doubt jeering at those who had run away. At any rate, when the besieged garrison reconnoitred the ground in the morning, he found patches of drying blood, and the spoor of a body that had been dragged, or had dragged itself, away. Words cannot describe his relief when in the afternoon of that day the young men of his party turned up with the donkeys and a supply of water. Again the animals were harnessed in, a double team to a waggon, and this time, being refreshed with water, they succeeded in dragging clear, first one vehicle and then the other, across the heavy belt of sand to harder ground, and so on till they reached the rest of the party encamped by that abominable water-hole which is called Lake Chukutsa.

Now it must be remembered that all this time, following

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Khama's advice, we had travelled two and two, with a day's journey between each party. The column therefore was strung out along a very lengthy line of country which, with the varying hardships of the road, had greatly increased, so that those in the rear were a long, long way behind the foremost waggons. But on reaching Lake Kumadani, a lake in reality as well as in name, the expedition joined forces once more, the leading waggons working round the lake by its west coast, while the hinder waggons cut off a great bend of many miles by crossing the southern end of the lake itself. This was an onerous feat to accomplish, for the lake where they crossed was thickly overgrown with tall reeds, higher than a man's head, and the water was a foot deep and a mile wide. But the dangerous crossing was negotiated safely, save by one great ship of the desert which toppled right over when within twenty yards of the shore, and the scene of bustle which then ensued, first to rescue its contents and then to right the waggon itself and get it to dry land, baffles description. This manoeuvre, though hazardous, therefore completely justified itself, and it was as a far more compact body that the trekkers now moved on.

The country by this time had completely changed. Gone were the sand dunes; gone the dreary lack of water. The column moved forward with Lake Kumadani, into which the Botletle River empties itself, on one hand, and on the other the thousand pools of the Great Makarikari swamp. Grass grew everywhere for the refreshment of our poor debilitated cattle; palm trees reared themselves along the river. Small kraals of river natives began to appear at more and more frequent intervals, perched on knolls among the pools, with mealie gardens in the depressions below. Giraffe wandered here, and thousands of springbok, while in the river reeds great hippos disported themselves, and crocodiles lay in wait for their prey. But what was most striking was the abundance of waterfowl, from geese to sandpipers. On tiny islets stood majestic scarlet flamingoes

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and blue cranes, and other long-legged birds in great companies. Along the river margin strolled parties of Lehututu birds, big sedate creatures as large as turkeys, continuously calling out "Lee-hoo-too-too! Lee-hoo-too-too!" to be answered by the Mahemyvogel, a bird of the same size which kept up a monotonous "Ma-hem-hem-hem!" All the travellers, and not least the dumb animals, revelled in these changed surroundings; but we pressed steadily forward all the time.

The expedition caused great excitement among the native tribes living in this sequestered locality. Everywhere we were received with kindness and with great interest. It was the first time that these natives had ever seen a donkey. But, what was a cause of far greater curiosity, it was also the first time they had ever seen white women and white children, and day after day they crowded round us with open mouths. It was the beautiful fair hair of the girls that attracted their greatest admiration, for the hair on the heads of the native African is short and frizzy, far more like wool than hair, and our girls with their silken tresses falling well below their waists impressed them profoundly. One chief's daughter, a chieftainess of one of the kraals herself, begged for just one hair that she might weave it into her necklace of charms.

At this stage of our journey, where every prospect pleased, it was not man alone that was vile; for at one palm-shaded kraal the villagers came down to beg us to take vengeance for them upon the teeming crocodiles which that morning had devoured one of their women when she was drawing water. We took our guns and went to a high bank overlooking the deadly pool, and found it reeking with evil odours, and about a dozen of the great saurians swimming about in its depths, their greedy appetite whetted by that morning's meal. After the battle that ensued not many were left alive, and the few survivors, that escaped by hiding in the mud among the reeds, had their larder replenished for a long while by their slaughtered companions.

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It was at Rekops Stad that the whole of the expedition joined together again, and leaving the pleasant plains behind us we plunged into the forests along the river, which is the real lion country. The route chosen ran through dense jungle, which here and there opened out into lighter, park-like stretches. Many were the beautiful vistas of sylvan scenery which refreshed our eyes—especially from the high banks of the drifts—they ran like narrow straths of emerald meadowland between the walls of woodland. These beautiful straths also afforded easy travelling, far easier than the heavy soil of the higher jungle country, though the steep descents that led down to them were troublesome to negotiate and the climb out at the further end was a tough job, often being as much as the utmost efforts of two span of oxen yoked to one waggon could accomplish. Some of these reaches were covered with dense reed and palmetto growths, with clear running water on one side or the other, and these in particular were the domain of all sorts of animal and bird life. Walking ahead of the waggons I have had wonderful glimpses of wild nature quite unconscious that it was being watched. On one occasion, round a bend of the river, I came suddenly right on top of a herd of hippos frolicking outside the reeds of a pool. The surprise and alarm were mutual. The hippos plunged headlong into the pool, raising positive waterspouts in their hurry, and commotion, while I sprang backwards into the jungle with what must have been a record leap. On another occasion I saw a lion with his mate and her little cub lapping water unconcernedly a hundred yards away. It was a thrilling sight, and it held me spellbound, though I hastened to make myself scarce as soon as the little party withdrew into the bush.

It must be remembered that all this time we were travelling through the authentic lion country, where every night the lions prowled round the camps, keeping the trek-oxen in a quiver of fright. Many precautions had to be taken. Each night, when outspanning, boughs had to

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be gathered to form a barricade around the camp, and great fires built inside, behind which both oxen and travellers sheltered. I remember once making camp rather late in the evening, and going out with my Ovampo driver to gather boughs for the fence. Dusk was falling, and objects were rather indistinct in consequence. I halted by a big bush to pick up some wood, and hearing a slight sound which I could not place but which suggested breathing, I called out to my driver to look out as I thought that there was a snake about. Nothing more transpired, however, and we both returned unmolested to the camp with our loads. But in the morning the man called me to come with him. There was something mysterious in his manner; but when I questioned him, he merely answered me, "Come and see." I followed him, and he led me to the bush where I had been standing the previous evening, and without a word pointed to the ground. There on one side of the bush were my own footprints, and on the other side the pugmarks of a great lion. "God must love you very much, baas," said the Ovampo lad simply.

No wonder precautions were taken in such an infested neighbourhood. Yet so inured to these nightly visitors and to that nightly serenade did we become that these precautions were in many instances neglected in the most foolhardy way. One day, on a heavy stretch of road, two spans of oxen had been used as usual to pull one waggon a certain distance, and then unyoked and taken back to fetch the other waggon. The first one was left standing on the high bank above the river at Minnekwana with the owner and his wife to guard it. Being tired, they neglected to make any fires, and went early to sleep under their tent-sail, quite undisturbed by the roaring that was beginning all round them. At midnight a young policeman on dispatch duty, and travelling through the bush equally regardless of the lions, stumbled upon the camp, and roused its occupants to their danger. He pointed out the

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glittering eyes in the bushes all round, and finally fired at one of those shining orbs. A great commotion ensued, a tearing and a snarling, and the three white folk instantly made all haste to build a good big fire, spending the rest of the night in a wrangle as to which of them had been the most foolish. In the morning it was found that one lion at any rate had been put out of action by that solitary shot.

To venture far afield from the expedition in such surroundings was risky in the extreme; but so alluring were those untrodden ways that there was no restraining the young men. Again and again one or another of them left the waggons to do a little exploring on his own account. One young fellow, following up the spoor of eland, was lost for three days, and spent the last of those nights in a tree while the lions kept watch and ward beneath, and there he had to remain till the searchers, tracking him by the firing of guns, rescued him from his predicament. More than once were these young men lost in the bush. The anxiety over their fate can better be imagined than described, and the huge bonfires which had to be lit to guide back their wandering footsteps. So bold was the wild life, ~~and that even in the daylight an outspan of waggons~~ ~~was not safe, and once a leopard sprang into the middle~~ ~~of a party of children, and seizing a little pig~~ ~~roasting near~~ ~~them, carried it off, although in the general hubbub which~~ ~~followed its raid it was glad to drop its prey to save its~~ ~~own skin. And yet another time, while a party was~~ ~~outspanned for their mid-day meal, a small duiker buck~~ ~~ran pitifully in among them, followed by a pack of wild~~ ~~dogs in full cry. The mix-up was complete; but the~~ ~~terrified duiker had judged well, for the dogs were driven~~ ~~off with their tails between their legs, and the little antelope~~ ~~was saved and set free. Our leader, too, had a narrow~~ ~~escape on one occasion, for going down to the riverside~~ ~~with some companions, he stepped upon a great log to~~ ~~get a better view. But the log came to life under him,~~ ~~and with a mighty heave shook him off into the water,~~

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from which he was with difficulty rescued by his companions before the crocodile whose equanimity he had disturbed could drag him under.

As I recall the incidents of that eventful seven months' journey, I prefer to dwell upon the beautiful sights and the stirring adventures rather than upon the hardships; but that is not to say that the hardships did not exist. There were many of them. True, we had left behind that dreadful expanse of parching sand; but even the pleasure haunts of the Botletle River had their hidden dangers. In their recesses lurked the mosquito, which wrought its deadly work upon many of us, until at last at Kushandi we halted; and dug the graves of a number of its victims, carving their names and the dates of their death upon the trunks of the great knoppiesdoorn trees under which they lie.

A little further on, at Zambos, while the rest of the column went straight ahead, the two waggons drawn by donkey teams outspanned to rest under a small grove of trees, unaware that it harboured the noxious tsetse fly, and the poor donkeys, which had survived the thirst land and the poison water of Lake Chukutsa, succumbed at last to that deadly fly. There must have been some evil spell after all in those aloe trees upon the Hill of Witchcraft! The loss of these two teams was a heavy blow to the expedition, which had to provide the transport for the otherwise derelict waggons, their passengers and stores; but still we pulled along, though our speed was somewhat impeded, and we touched at Lake Ngami as the first rain of the season fell.

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IV. THE PROMISED LAND

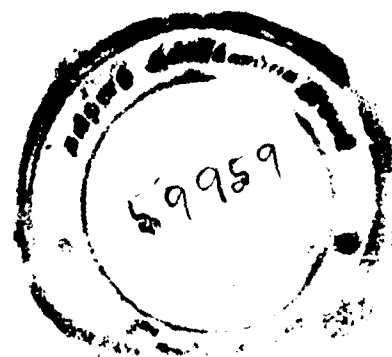
ONCE at Lake Ngami, the back of our journey was broken, for from the lake to the district of Ghansi was only a comparatively short distance of fairly easy going. Much of this lake, known since Livingstone's time, has now become mere swamp; but it still has wide stretches of shallow water dotted with clumps of reeds and palmetto, which are the haunts of hosts of aquatic fowl. At Machabing, on the lake, Lieutenant Phipps made a police camp, hoisting the Union Jack (which he flew from a palm tree), and claimed the country for the British Crown. Here we would gladly have lingered for a space, but the threat of the oncoming rains drove us to make all haste to reach our destination, and we left the lake at Bolebeng, its western end, turning south from that point. Leaving the lake and river system behind, we entered upon a drier country, undulating plains well suited to cattle, but at that time the happy hunting ground of every sort of game, including the predatory lion which lived upon their abundance. We left the lake and river system behind, and with that system we also left behind the mosquito—for Ghansi is free from all malaria—but not before a fresh outbreak of fever had struck us down, and again it was the hindermost parties who suffered the most severely, and, having lost their transport, they were now also in danger of losing their lives. Yet with the rains upon us we dared not delay, even for illness, and sick as the men were they struggled blindly forward in a last desperate effort to reach their goal before their strength gave out. And reach it they did. On Christmas Eve the last of the stragglers made port, and there around Ghansi Pan all the waggons and tents were again outspanned as they had been at Maritsani before the trek began, and we celebrated Christmas Day there in our Promised Land with as many

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of the traditional customs as we could command in the limited time and with the limited means at our disposal. It was a happy day, a day of achievement, a day of success, and the sense of victory outweighed all sickness, and suffering, and privation. Ghansi Colony was a *fait accompli*.

* * *

That was twenty-six years ago. Since then we have retrieved a country from the desert and turned it into a state that can compare favourably with any on earth. Our children have grown up around us as healthy and rosy-cheeked as any in an English village. We have made good. Since Mr. Rhodes' death we have been neglected, cast off, forgotten; but still we have made good. The promises made in the original offer of farms have never been kept. We were promised boring machines for water; we have never received them. We were promised free farms for our eldest sons; these have not been granted. That someone is to blame for these things is evident; but we lay the blame for none of it at Mr. Rhodes' door. Him we love and trust implicitly. Had he lived, he would have seen us righted; and though he is dead we are still his men, proud to have participated in an adventure he had so much at heart, prouder still to have carried it through to success in the face of neglect and indifference; and could we retrace our lives and in the light of our experience have the choice all over again, then still we would make the same choice, honoured to serve in our small degree the designs of the greatest man South Africa has ever seen.

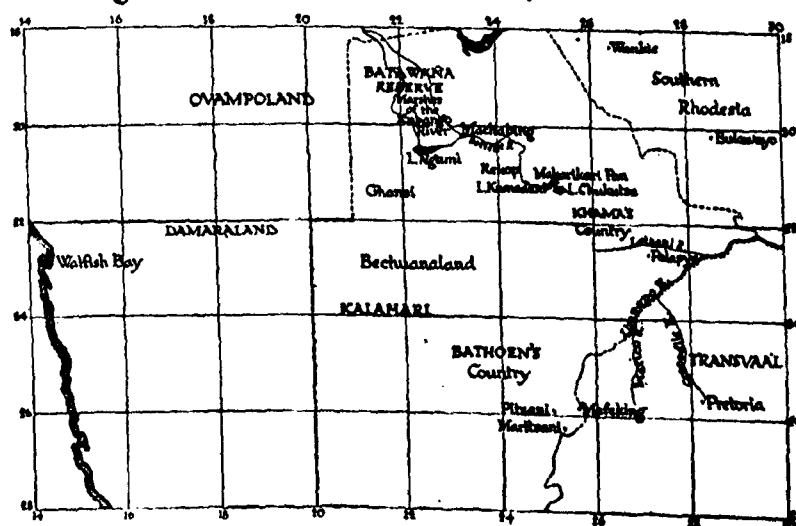


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The Great Ngami Trek

MAP OF BECHUANALAND

Showing the country over which the expedition trekked.



INDIA: POLITICAL AND CONSTITUTIONAL

I. POLITICAL

OUR last article was written from India shortly before the Simla session of the Legislature, when the political skies were dark with clouds of inter-communal animosity.* But, to continue the metaphor, there appeared to be some hope that these clouds might be dispelled by the genial rays of the sun of an All-India National party which seemed about to push its rim above the horizon. The hope has vanished with the disappearance, for the present, of the All-India National party, and the triumph of the forces of communal rivalry. For some weeks there was a distinct lull in the fratricidal strife between Hindus and Moslems, but for the past two months it has been proceeding with destructive vigour. There have been no riots on the grand scale as at Calcutta last April, but the area of strife has widened and clashes have grown more and more frequent until one looks almost instinctively, as one opens the newspapers, for a report of a Hindu-Moslem riot. Even more sinister and important, perhaps, than the extension in space of the ancient antagonism is the effect on the grouping of political parties for the forthcoming elections, for now the almost purely communal character of the latter can no longer be hidden. This,

* THE ROUND TABLE, No. 64, September 1926, pp. 778-784.

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however, will be discussed in due course. First the more important features of the Simla session of the Legislature may be briefly described.

The session was a short one, lasting only fifteen days. It was opened by Lord Irwin, who took this opportunity of forming an early acquaintance with the members both of the Legislative Assembly and the Council of State. His speech was noteworthy for the dignity of its language and for the certainty with which he treated the outstanding topics of the day in India. It was only natural that he should turn his attention to Hindu-Moslem conflict, and he emphasised the determination of his Government to protect the rights of all law-abiding citizens whilst holding the scales with absolute impartiality between the rival communities. A month earlier, in a speech made at a dinner given in his honour by the members of the Chelmsford Club, which is a club for Indian and European gentlemen, he had made an earnest appeal, in the name of religion itself, to the leaders of the communities to work wholeheartedly towards the achievement of unity. On those present, the speech made a profound impression and its effect on the whole nation, when broadcast by the Press, was hardly less remarkable. From end to end of India hardly a word of criticism was heard. The Government of India had been repeatedly asked by newspapers and public men for a moral lead. In Lord Irwin's speech they got it, and all who read his words recognised the fact with gratitude. The portion of his speech to the Assembly in which he dealt with the same theme repeated his former appeal and stressed the duty of the Government to maintain the conditions under which all religions should receive fair and equal treatment. He also spoke of the duty of Indian political leaders to guide their energies into channels in which they would be of true and lasting benefit to the country; he referred to the report of the Currency Commission and asked his hearers to deal with it so as to ensure the welfare of all India, not of any one section or

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class, and he promised that India's representatives at the forthcoming conference in South Africa would be chosen so as to ensure their acceptance by India and the adequate presentation of India's case.

Unquestionably the most important item of the Assembly's work during the Simla session was the consideration of the Currency Bill which the Government introduced to give effect to one of the main recommendations of the Royal Commission on Indian currency, namely, the stabilisation of the rupee at 1s. 6d. gold. The Commission's report was published at the beginning of August, and its recommendations need not be repeated here. It will be enough to remind our readers that the chief among them were the establishment of a Reserve Bank for India, the adoption of a gold bullion standard, and the stabilisation of the rupee as stated above. Now the Currency Commission was an exceptionally strong one and its recommendations were almost unanimous. In fact, there was only one dissentient, and he recommended the stabilisation of the rupee at 1s. 4d. and the elevation of the Imperial Bank of India into the position of a Reserve Bank. The reception given to the Commission's report in India demonstrates very clearly one of the most unfortunate features of public life in this country, namely, the utter irresponsibility of the extremist Press. The gentleman who penned the minute of dissent represents certain Bombay interests which would undoubtedly benefit from a 1s. 4d. rupee and he was committed to this ratio long before he joined the Commission, since he had already moved in the Legislative Assembly that it should be adopted by the Indian Government. It might have been expected that the Press would, at any rate, have given the report a fair hearing and have tried to form correct ideas on matters of such vital interest to India. The report dealt with highly technical questions on which hardly one Indian journalist in a thousand is qualified to write, yet with one accord the extremist Press broke into clamorous denuncia-

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tion, particularly of that part of it which recommended stabilisation of the rupee at 1s. 6d., and many of these denunciations appeared before the writers could have even read the report. Despite the fact that two of the signatories of the majority report are Indians whose patriotism and competence to adjudicate on Indian currency affairs are beyond any possibility of dispute, and despite the fact that the solitary dissentient represented the interests already mentioned and was committed in advance to a particular ratio, the extremist Press at once professed to believe that he represented Indian as against foreign interests and held up the majority report as another case of exploitation of the Indian masses. The more moderate newspapers and the Anglo-Indian Press took a sane view of the report, examined it on its merits and, on the whole, accepted its recommendations. Most Indian newspapers, it is true, expressed a preference for a gold currency, but all except the extremist organs acknowledged that the gold bullion standard is more tangible and comprehensible than the old gold exchange standard.

The report was published at the beginning of August and the Assembly met a fortnight later. Clearly the Indian Government could not introduce a Bill at that stage to give effect to all the Commission's recommendations, but it was vitally necessary that legislation should be introduced to fix the rupee exchange. In the first place, delay would certainly have given rise to an orgy of speculation in exchange which might have had catastrophic, and would certainly have had highly undesirable, results. In the interests of India, stability of the rupee exchange was vitally necessary. In the second place, the Government could not possibly ignore the sitting Legislature and continue their exchange operations on existing lines without giving it the opportunity of expressing its opinion on this subject. There were very few opponents of the 1s. 6d. ratio among the members of the Assembly, but very many of them wanted time to make up their minds on the points

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at issue. On the day when the Currency Bill was introduced into the Legislative Assembly, the Swarajists came back in order to oppose it. It is an open secret that the party leader, Pandit Motilal Nehru, did not want to bring his followers into the Assembly because their entry would only add to the ludicrousness of the position in which they found themselves as the result of their walk out last March. It was also rumoured that he was personally in favour of the 1s. 6d. ratio. However, strong pressure was brought to bear on him by certain important Swarajists in Bombay who warned him that, unless his party opposed the Currency Bill, not one of them would be returned for any place in the Bombay Presidency at the next elections. There were certainly a few Swarajists who were wholeheartedly in favour of the 1s. 6d. ratio, but the order was given that all good Swarajists should attend and fight tooth and nail against the Bill, so with many misgivings on the part of most of them the order was obeyed. If they had expected their reappearance to cause any excitement, they were grievously disappointed, for none of the other members either official or non-official made the slightest demonstration.

Sir Basil Blackett, the Finance Member, introduced the Bill in a speech which put the issues clearly before the members. A non-official member then moved that the Bill be postponed till the next session. The leader of the House, Sir Alexander Muddiman, thereupon announced that if this were the general opinion of the members, the Government would not oppose the postponement of the Bill. No further discussion took place, and the motion for postponement was accepted without a division. The Government whips had been busy during the days preceding the introduction of the Bill, and it was known that at the time of its introduction the Government had a majority in the House. But Sir Alexander Muddiman and Sir Basil Blackett undoubtedly chose the statesmanlike course in allowing the Bill to be postponed. The House by its action gave tacit approval to the Government's exchange

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policy, and the finance department issued a notice that the rupee exchange would continue to be kept between the upper and lower gold points corresponding to a ratio of 1s. 6d. The Swarajists withdrew from the Assembly after the conclusion of the short debate on the Currency Bill, having accomplished nothing save to demonstrate to the country that they could no longer settle the fate of any important measure in the Assembly, and secondly, and more important still, that the central Legislature was now, beyond any possibility of contradiction, the mainspring of Indian political activity. The wisdom of the Government in not using their majority to put the Currency Bill on the statute book has been fully proved by subsequent events. Except in the Bombay newspapers, which are obviously inspired, there is now no agitation anywhere in India on behalf of the 1s. 4d. rupee, and the Currency Commission's report forms no part of the election platform anywhere, not even in the Bombay Presidency. At the moment of writing (mid-October), the rupee exchange shows a slight tendency to weaken, but there is no reason to suppose that this will not be rectified as soon as the jute and other crops begin to move.

There was one other item of business taken up by the Legislative Assembly during the last session which must be mentioned here. This was a resolution moved by a Moslem member of the Assembly, recommending that legislation be undertaken to regulate the religious festivals, rites and ceremonies of the different communities in India. The debate on this resolution was remarkable for the moderation displayed by all speakers who took part in it. Only once or twice during the debate, which extended over two days, was any expression heard likely to give offence to the members of one community or the other, and on such occasions the House showed its disapproval in no uncertain fashion. To the original resolution two amendments were moved, both having as their object the substitution of a conference of all parties for

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the legislation proposed by the mover of the resolution. It cannot be said that the debate produced any new proposals for the settlement of Hindu-Moslem strife, but it did show that there was a general desire for such a settlement. Sir Alexander Muddiman, the Home Member, showed convincingly that the acceptance by Government, neither of the resolution nor of the amendments, would help to ameliorate the situation, and both the resolution and the amendments were withdrawn by their movers with the unanimous consent of the House. It was realised by all present that there was nothing else to do but to support the local officers of Government in their task of keeping the peace, and for the rest, to leave it to the good sense and patriotism of leading members of both communities to restrain their less responsible fellows and work hard to bring about a better state of feeling.

It must be confessed that inter-communal antagonism is at the present time increasing in intensity. It is too melancholy a labour to set forth a catalogue of the riots, affrays and crimes which have sprung, since our last article was written, from Hindu-Moslem enmity. A fruitful source of trouble at the present day is the controversy, which is now engaging the Indian Press almost to the exclusion of electioneering topics, on the subject of the playing of music by Hindu processions in the neighbourhood of mosques. This has already been the cause of several riots within the past few weeks and, it is to be feared, will yet be the cause of many more. The controversy will only be settled by the common-sense and neighbourly feelings of the people concerned. The writer does not wish to pursue this theme any more, and will turn rather to the effects of the present state of inter-communal feeling on recent political developments in India.

The disappearance of all chance for the present of the formation of an All-India National party has already been mentioned. Communal feeling has proved too strong for it, and now definitely communal parties

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have come into existence. In September the writer described the break up of the old Swaraj party and the emergence of a so-called Responsive Co-operation party from among the members of its right wing.* After the conclusion of the Simla session, various negotiations were carried on between the leaders of the Responsive Co-operators, and Pandit Motilal Nehru and Pandit Madan Mohan Malaviya, a member of the Independent party in the Legislative Assembly, and one of the most active workers in the Hindu *Maha Sabha* movement. It seems possible that these negotiations were first concerned with an attempt to re-unite Swarajists, Responsive Co-operators, and as many of the Independent party as possible in a united Indian National Congress party, but they soon developed into a series of negotiations between Pandit Motilal Nehru and the Responsivists on the one hand, and the latter and Pandit Madan Mohan Malaviya on the other hand. No agreement was reached between the Swarajist leader and the Responsivists, for the latter are determined to work the Constitution and take office, if it is offered them, whilst the Swarajists for the moment still refuse to accept office except under palpably impossible conditions. It is very strongly rumoured, and rumour in this case seems to hold some truth, that the meeting of the All-India National Congress at Gauhatti in Assam next December will decide to sweep away the last traces of non-co-operation and authorize members of the Swaraj party to accept office. The negotiations between Pandit Madan Mohan Malaviya and the Responsivist leaders resulted in the latter's agreeing to fight the elections on the same platform as the Pandit and his followers, except in Bombay, where the Responsive Co-operation party already had an independent existence. Elsewhere the occupants of the common platform seem to be calling themselves the

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Independent Congress party. In the Punjab, indeed, this name is not being used, and candidates, who in other provinces label themselves as Independent Congress party candidates, are standing for election frankly as Hindu *Maha Sabhaists*. Now the Independent Congress party is a purely Hindu body, the remnant of the Swaraj party is all but purely Hindu, and it is clear that Moslems are going to fight the elections simply as Moslems. Thus, the communal character of the different parties which are fighting the elections, is not open to dispute, and all the signs point to the next Legislative Assembly being divided along communal lines. Prophecy about the result of the elections is not safe at this stage, but it is not unreasonable to suppose that Swarajists, Responsivists *cum* Independent Congressionists, and Moslems will be returned in roughly equal numbers. Each of the three groups will probably number between 30 and 35. This, of course, is only a rough approximation. There may, for example, be 35 Swarajists and 25 Responsivists and Independent Congressionists, or there may be 30 of each party. Broadly speaking, no one of the three parties has any great numerical superiority over either of the other two.

Is this latest development of communalism desirable? It may or may not be, according to the behaviour of the parties in the legislatures. If communal spirit is to decide every issue, irrespective of the interests of the country as a whole, then the development is not desirable; but if it simply means that the inter-communal rivalry, which now finds expression in rioting and street stabbing, will be transmuted into peaceful and constitutional action in the legislatures in defence of reasonable communal claims and real communal interests, when questions regarding such arise, then it is safe to argue that the development is a healthy and natural one. For peaceful discussion of points in dispute between the two communities might and ought to lead to solutions acceptable to both sides, and both Hindus and Moslems would be able to co-operate

* THE ROUND TABLE, No. 64, September 1926, pp. 771-773.

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with each other in questions affecting the welfare and interests of India as a whole. It should be the earnest endeavour of the leaders of both communities to try to bring about this state of affairs, for they would be doing more to provide a solution for the age-old conflict than by any other action which can at present be foreseen.

Lastly, in this chronicle of current events, mention must be made of the visit of the South African Delegation, whose members have just set sail for home after being with us for about three weeks. In this period they have been all over India, and have been enthusiastically welcomed and entertained at each place which they have visited. Not a single jarring note has been sounded by the Press, and the Delegation have obviously enjoyed their visit to the country which events have brought into such intimate connection with their own. One feels that the visit has been a fortunate one, and there is very little reason to doubt that kindly feelings have been engendered on both sides, which, if they cannot actually help towards a solution which will be welcomed both by India and by South Africa, will, at any rate, do something to remove suspicions and misunderstandings which can only hamper such a solution.

II. CONSTITUTIONAL

TO those who have not kept in close and constant touch with Indian affairs since the inauguration of the Reforms in February 1921, it may well seem as though there is no connecting thread running through the events which have taken place since that year. All that the casual student retains is a confused impression of momentous and, generally speaking, disturbing happenings. Non-co-operation, Hindu-Moslem rioting, strikes, revolutionary crime in Bengal—these and other sinister portents stalk across his vision like monstrous figures seen in a feverish night-

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mare. Yet, behind all these undesirable happenings a great process has been going on—the growth of parliamentary government in India. At first glance this may seem a bold claim to make, for, ever since the publication of the Montagu-Chelmsford Report in the summer of 1918, the Reforms have been ceaselessly decried by a loudly vocal section of Indian political opinion, and the best organised and, until recently, the strongest political party in the country has for three years been admittedly engaged in an attempt to smash the reformed Constitution. Again, there are Englishmen who have served in India with high distinction who believe that we were wrong in trying to establish the institutions of Western democracy in this country. These men are entitled to be heard with more respect, perhaps, than is accorded to anybody else who writes or talks about India, for their opinions are the fruit of years of experience of the actual handling of Indian problems, administrative, social and economic, and their affection for the country and its people is not open to doubt. But facts are ill things to fight, and the writer believes their lesson is, as has already been suggested, that parliamentary government has taken root in India and is beginning to grow.

Let us look at a few of the more obvious of these facts. When the first elections for the reformed legislatures were held in 1921, non-co-operation was at its height, and some of the most influential men in India led by Mr. Gandhi proclaimed a boycott of them, the idea being that the Reforms should be still-born. The boycott failed, the legislatures met and did some useful work, and showed that mere neglect could not destroy them. This was the lesson taught by the first all-India legislature and the first provincial councils which sat during the years 1921–23. Then some of the leading non-co-operators, led by the late Mr. C. R. Das, decided that their plans could be realized only if non-co-operators entered the various legislative bodies in strength and, by continuously obstructing their work, prevented them from

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functioning. This was a far more dangerous form of attack than the boycott, and during the early days of the second legislatures elected under the 1919 Act the reformed Constitution was fighting for its life. In the Legislative Assembly the Swarajists united with the Independents under Mr. Jinnah and inflicted a series of defeats on the Government. Then the Independents saw that these defeats were utterly barren of results of any benefit to India, and in the beginning of 1925 they revolted from the alliance with the wrecking party. Public opinion also turned steadily against the merely destructive tactics of the Swarajists and forced them to work the Constitution to some extent. In Bengal and the Central Provinces alone were the Swarajists able to bring the working of the new Constitution to a standstill, and the results of their action in these two provinces have by no means been what they expected or desired. During the last three years resentment against the negative Swaraj policy has grown throughout India and, on whatever platform the party may stand during the forthcoming elections, its members in the legislatures will have to take an ordinary part in the work of these bodies or be doomed to utter insignificance and impotence. The attempts at wrecking have failed; the much advertised "walk-out" not only failed, but made the Swarajists the laughing stock of all India. It is fairly certain that the Ministries will be restored in Bengal and the Central Provinces next year and everything will be as it was before the Swarajists won their melancholy triumph in 1924. The plain fact is that the Reforms in India have beaten those who wanted to destroy them. The experiment in parliamentary government will go on, and under better conditions, unless the present signs are misleading, than at any previous stage of its existence. The Swarajist walk-in last session was as clear a confession of the victory of the Constitution as can possibly be imagined.

Parliamentary government has come to India to stay, but need it necessarily be parliamentary government of the

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exact English type? It is quite clear to a student of politics that the present Indian Constitution is a legitimate descendant of the English Constitution. At present it is still in swaddling clothes, but it is bound to grow and expand, for that is the very essence of its being. This brings us up against the question of the direction in which the Indian Constitution is to grow. Is it to grow into a likeness of the English Constitution, a small core of statutory enactment with a vast outgrowth of custom and convention? *Can* it grow like this? The English Constitution is nothing more nor less than a form of expression of the English spirit. It has grown in the soil of English ideas and the events of English history. The conventions which are at once its most characteristic and vital parts have been developed through long years by these ideas and events, and shaped to fit the peculiarities of the English temper. Clearly all these circumstances are very different from those in which the growing Indian Constitution finds itself, and so it is only reasonable to ask whether the English model need or can be copied line for line. Conventions cannot be stimulated or forced; they have got to grow naturally, and it is doubtful even whether Indian politicians want their Constitution to "broaden from precedent to precedent" by means of conventions. More than once during the past five years doubts have been expressed on this very point by Indian speakers and writers. It seems likely that the majority of politicians in this country would prefer each step of progress to be clearly set forth in statutory form. This in itself implies a big departure from English practice, and the more one ponders over the problem of India's political future the more one is forced to believe that other and wider departures still may be necessary. The central doctrine of English and other Western democratic institutions is the doctrine of majority rule, but India is certainly, in the writer's opinion, not yet ripe for the full exercise of this doctrine. The Hindu-Moslem antagonism alone which, in its present

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shape, is rooted in a minority's fear of a majority's power under parliamentary rule, is sufficient to show this. And, again, what of the primitive and semi-barbarous tribes and the depressed classes in India? How would they fare under majority rule in a self-governing India now or for many years to come? Some safeguards for people like these will have to be devised before Swaraj can be anything but a tyranny in India, and the devising of these safeguards will carry us farther and farther away from the English model. It may suit India to have an upper House, a true House of Lords with far greater powers than its English peer. A stage of modified oligarchy may be a necessary one in India's constitutional progress. Again, there is the size of India to be considered, the diversity of her provinces and her many linguistic and ethnic unities. Above all, the problem of the Indian States and their relations with a self-governing India have got to be considered. It is possible that future developments will force some sort of federal system of government on India with a federal constitution suited to her unique circumstances. Within the limits of a short article like this, all these various considerations can only be pointed out. No discussion of them can be offered.

But, it must be repeated, one thing seems to be clearly proved by the events of the past five or six years in India, and that is that the reformed Constitution has established itself. Some form of parliamentary and democratic government is demanded both by the circumstances of India and by all truly patriotic and progressive Indian thought, and this is all that can be said at present. We must not remain slavishly wedded to fixed ideas, but must watch closely the course of events and devote earnest attention to their lessons. Hitherto, those at the head of affairs in India have had their time and thoughts fully occupied with the protection of their nursling, the infant Constitution of India, against the attacks of those who would kill or injure it. The attackers are demoralised and

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discomfited now, and the guardians of the infant should have some leisure to think about its future. When the English Parliament in 1919 established the conditions under which India could, if she wished, advance at her own pace towards responsible government, it acted according to the sound instinct of Englishmen in such matters. The writer has spoken in this part of his article about the "Indian Constitution," but these words perhaps denote something more definite than the state of affairs established by the 1919 Act. (It would be better perhaps to say that the Act made it possible for Indians themselves to work out their own political salvation and establish a political constitution suited to their needs and circumstances.) So we come back to the old appeal to Indian politicians to co-operate with the Government of India and with Parliament, for they and the people they represent must work out their own political salvation. The British nation can guarantee the conditions under which this may be done and can try to ensure fair play for the small and weak, but that is all. There is good reason to hope that the next Legislative Assembly will contain a large majority of those who are prepared to work the Constitution and examine its possibilities and its fitness for India's present and future needs. This is the way and the only way to bring the great experiment to success, and it does not matter how widely India's political institutions differ in the end from those of England, so long as they are shaped by experience and fitted to her needs and desires.

India. October 14, 1926.

GREAT BRITAIN : COAL AND PEACE

THE Government rejected the "Bishops' terms"—which were, in brief, acceptance by the men of the recommendations of the Coal Commission, and provision by the Government of "financial assistance" to the industry—as being proposals for a new subsidy. The men rejected them as proposals for reduced wages, and because the Government had already declared them unacceptable. The first peace initiative on the part of the miners' executive since the earliest stages of the dispute thus met with a double defeat. It was in any case vitiated by the demand for unspecified assistance from public funds. The miners' leaders knew the weakness of their position. Without a constructive programme of some kind, they could not hope to hold the Federation together. The stoppage was in its fourth month. The temporary suspension of the Seven Hours Act had enabled the owners to offer attractive earnings in return for a seven-and-a-half or eight-hour day. Numbers of men had already returned to work in the Midland pits. Without some prospect of an end to the dispute at some time by negotiated settlement, the example of the Midlands was certain to be followed more and more in the rest of the mining districts. The miners' leaders therefore secured authority from a delegates' conference on August 16 to open negotiations for a "national settlement." This again was rather a development of defensive tactics than a means of solving the economic difficulties out of which the stoppage arose and in virtue of which it continued.

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It was an answer to the mineowners' insistence on separate district settlements, leaving the different coal-areas free to offer their own conditions of work and wages, without the interference of "national principles," and to ignore the Miners' Federation, while dealing solely with the district organisations.

Armed with this authority, the men invited the owners to meet them on August 18. Nothing resulted from the meeting, except a sharp clash of views which left the relations between the two sides rather worse than they were before. The men then requested an interview with the Minister of Labour. A meeting between Mr. Cook and his colleagues and representatives of the Government took place. This proved equally barren. The men suggested that the "financial assistance" proposed by the Bishops might take the form, not of a subsidy, but of a loan to the industry. The Government replied that any form of external financial help must now be ruled out.

The emergency regulations put in force on the eve of the General Strike, and continued during the coal stoppage, required Parliamentary authority for their renewal each month. Parliament was accordingly summoned for short sessions at the end of August, September and October. Nothing much resulted from the debates which took place, but the Government had the opportunity of replying to criticism and explaining what it could or could not do as one phase of the long, unprofitable struggle slowly succeeded another. While the number of men at work in the coal-fields was increasing—the movement beginning in Warwickshire and Leicestershire spread to the more important areas of Nottinghamshire and Derbyshire, and infected all the districts eventually in greater or less degree—the mineowners' hopes of reaching district settlements independently of the Miners' Federation grew stronger as did their impatience of mediators, official or unofficial. The men reached the point of willingness to discuss a reduction of wage-rates. Had they consented to that course in the beginning, there

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would have been neither coal stoppage nor General Strike, and the owners would have been under the necessity of accepting terms which not even the Government could have forced on them after four, five and six months of waste and delay. As it was, the men's concession of principle was unhelpful by itself. There remained their resistance to the longer working day and their demand for a national agreement concluded with the Miners' Federation. The longer working day was already in actual though unofficial operation in a large number of pits. The further afield it spread, the less the men's leaders were likely to succeed in retaining a settlement covering the coalfields as a whole. The elements of a practicable bargain, having regard to the course and duration of the dispute, now seemed reduced to an undertaking from the men to leave hours and wages to be settled in the districts in return for acceptance by the owners of certain principles governing the ascertainment and division of the proceeds of the industry, to be embodied in a national agreement.

A Peace Effort

It would be wearisome to recount in any detail the dismal history of three months devoid of any glimmer of statesmanship on either side of the dispute. A brief and sufficient chronicle can be made of the principal events. In the House of Commons on August 31, Mr. Churchill, as spokesman for the Government, made a speech, unexpectedly pacific and constructive in its tenor, in which he asked the miners to put forward proposals of their own capable of serving as a basis for renewed negotiations. If such an offer were made, he promised that the Government would do its part in bringing peace about. The appeal was made on the eve of a meeting of miners' delegates from all the coalfields. The miners answered it by authorising the Executive to negotiate a new national agreement. The Executive's

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next step was to approach the Government with a request that it should arrange for a conference representing itself and the disputants in order to devise a national agreement "with a view to a reduction of labour costs to meet the immediate necessities of the industry." This was the first time that the men had formally offered to consider their responsibilities towards the industry, apart from requests for public assistance in one form or another. The Government recognised the advance by a declaration that the proposal merited a conference. The miners' formula clearly included wages as a subject for discussion, and, if it did not mean to include hours as well, did not expressly exclude them.

It was now the mineowners' turn to show what stuff relations in the British coal-mining industry are made of. Up till this time the owners' interest had been represented by the Mining Association, a national body answering to the Miners' Federation. To the general surprise, it was discovered, when the Government approached this organisation, that it had quietly and mysteriously disestablished itself. It no longer possessed negotiating powers. They had been withdrawn from it by its district associations. It survived as a sort of post office through which communications might be sent. Mr. Churchill, still acting in Mr. Baldwin's absence as the head of the Government, sent for the mineowners' representatives and did not mince his words. He pointed out to them that the Coal Commission had decided against their plea for district settlements, that they were going back upon their previous acceptance of the principle of a national agreement, and that the Government in passing the Eight Hours Act—without which the drift back to work in the districts could hardly have begun—had had no intention of taking the owners' side on this point against the men. He proposed that the parties should meet and set up a framework of principles. District agreements should then be arrived at, varying within the national limits laid down

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and allowing of an immediate resumption of work. A definite national agreement should then be negotiated covering matters of general application. The owners' representatives, after some demur, agreed to submit these terms to the districts. The result of the consultation was that the owners declined to consider them or to enter into national negotiations. Mr. Churchill had promised firm action if the owners proved unreasonable. It was difficult to see what action could be taken to coerce them unless the Government took over the mines, as Mr. Lloyd George was prepared to suggest it should, or stultified its own policy and closed down all the pits already at work by suspending the suspensory Eight Hours Act. It was these considerations rather than the return of Mr. Baldwin from the Continent to resume charge of affairs that probably decided the Government to put forward other suggestions. On September 17 the Prime Minister submitted another plan to the miners, inverting and amplifying Mr. Churchill's plan. He proposed an immediate return to work under district settlements. The principles that would have been embodied in a national agreement were then to be secured by statute. A National Appeal Tribunal with arbitral powers would be set up by the Government to apply these principles and to decide in cases of dispute. This "solution" went the way of other solutions. The miners declined arbitration, and finally rejected it after a consultation in the districts. In the meantime, the miners had advanced a programme of their own. They offered a general resumption of work on the 1921 wages, a national wage agreement to be settled by an independent tribunal, statutory force to be given to its findings, and the reorganisation of the industry in accordance with the recommendations of the Coal Commission by the tribunal set up. Like all else that the miners had been prepared to concede, this offer came too late. It had nothing to say on hours or district agreements, and therefore it did nothing to meet either the Government's or the owners' conditions.

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"War" and Defeat

The miners' rejection of the Government's offer ended, with the usual recriminations, another period of abortive peace efforts. In the coalfields the men signified their opinion of their prospects by returning to work in increasing numbers. The breakaway was most pronounced in the Notts and Derby districts. By the end of October, in the whole country, more than one-fifth of the miners were at work, and over a million tons of coal were being raised weekly. To the fraction at work must be added an equivalent fraction representing the men who would be unemployed in any case under altered conditions of labour in the overstaffed pits. Having failed to go the length of a constructive programme strong enough to facilitate the intervention of the Government, and to force the owners' hands, the leaders now decided upon more desperate courses to hold their followers in check. They revived their original demands for reinstatement with no alteration of hours or wages. They formed a "Council of War" to conduct a campaign of speech-making in the "black" areas and to bring the men out of the pits. The delegates even proposed to call out the safety men and to flood the workings. This part of the policy was prudently dropped—prudently, because there was recollection, especially in the mind of the President of the Federation, Mr. Herbert Smith, of what Yorkshire had suffered from this form of suicide in a previous strike, and because it was known that the safety men would not, in any event, obey the call. The other steps decided upon were to ask the transport unions to impose an embargo upon the movement of coal, and to appeal to the whole trade union movement for a levy in aid.

The limitations of "intensified war" at this stage of the dispute were very rapidly exposed. The campaign

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of rallying speeches had some purely transient successes. The men already at work responded to the pressure sporadically applied for a day or two. But there was no serious or permanent check. As to the embargo, it was known in advance that the transport unions, seeing the number of miners who had broken away from their own Federation, whether in the pits or at the "outcrops," would refuse it. Nor was there any likelihood of a compulsory levy from the trade union movement as a whole. The Labour party congress, which met at Margate in September, had made that clear. The great unions which had supported the miners in the General Strike were themselves in sore financial straits, their losses had been aggravated by the long duration of the stoppage, and it was hardly a secret that their executives thoroughly disapproved of the tactics which had inflicted heavy sacrifices on their own members with no benefit to the miners.

There was no open breach. When the miners met the unions on November 3, a voluntary levy of a penny a day for every day worked until the end of the stoppage was decided on. The suggestion of a compulsory impost was quietly put aside. In the background, relations of another kind with the General Council of the Trades Union Congress, interrupted for many weeks, had been discreetly resumed. The failure of the miners' leaders to prevent the return to work by the pressure of picketing and special exhortation gave the Council a new opportunity of mediation which it was not slow to take. It found the Government unwilling to advance any further terms of its own, but still ready to support to the best of its power any proposal from either side likely to be serviceable to a genuine settlement, and to bear down whatever obstruction such a proposal might encounter from the other. After receiving these assurances, the Council turned cautiously to the harder part of their task, that of persuading the miners to offer some kind of compromise under which they would retain the protection of a national

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agreement, while conceding the right of the districts to make their own bargains over wages and hours.

The Last Phase

In this, the last, phase of the great mining dispute the truth of the changes that had taken place in six months became apparent. The issue between the miners and the Government in respect of a subsidy had disappeared. The issue between them and the owners in respect of local agreements and a general extension of hours was fading. The crux lay in the determination of the owners to have no truck with the Miners' Federation and to resist any formal or statutory imposition by the Government of principles to which the district agreements would have to conform. It was the owners with whom, as mediators, the Cabinet had now to deal. The men had given up nearly the whole of their case. The question was whether the owners would make a sufficient advance to induce the men to abandon the last of their positions and their tottering defences.

Critical negotiations began on Saturday, November 6, and continued all day. The owners maintained their refusal to meet the officials of the Miners' Federation in conference. The Coal Committee of the Cabinet had to treat with the two sides alternately. Representatives of the General Council of the Trades Union Congress, to whose intervention the resumed conversations were due, remained on the outskirts of the proceedings. The discussion narrowed down to the definition of the "national principles" in the light of which the districts should severally make their peace. The men asked for a fixed national "minimum of wages, to be calculated on the basis of a seven-hour day, for the same apportionment of the proceeds of the industry between profits and wages and for the same rate of "subsistence wage" (a special payment to the poorest-paid workers) as ruled before the stoppage.

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They also asked for guarantees that the collieries should dispose of their coal at a fair price to allied undertakings; otherwise they had no assurance that the accounts on which the periodical ascertainment are based fairly represented the proceeds. The owners demurred to all these demands except the last. On Monday the arguments were continued. The men's resistance centred on the proposed extension of hours. The owners refused to limit themselves by including the seven-and-a-half hour day among the "national principles." They proposed to take full advantage of the Government's measure permitting for five years an increase of the working-day from seven hours to eight. The men's representatives then took refuge in a declaration that they had no authority from the districts to negotiate such an increase. Had a compromise in the form of a maximum of seven-and-a-half hours been possible, probably the miners' executive would have taken the responsibility. As it was they decided to throw it again on a delegates' conference. The decision came as a surprise both to the Cabinet and to the Committee of the T.U.C., who had secured from the miners the assurance, on which these latest negotiations had been opened, that they were prepared to accept district agreements on hours as well as on wages.

Beyond this point negotiations could make no headway. The conferences broke down. The representatives of the Trades Union Congress hotly reproached the miners' leaders with a breach of faith. The miners' executive itself was hopelessly divided. By this time, while their leaders were holding out in London, the men in the coal-fields were returning to work in rapidly increasing numbers. There were over 300,000 now in the pits or about one-third of the employable total. Among the leaders and among the delegates assembling in London for the conference of November 10, there was no doubt that their cause was desperate. As to what action should be taken there were two schools of thought. One party, largely recruited, of

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course, from the districts where the best terms of employment were obtainable and the largest number of miners were already at work, held that it was wisdom to close with the best offer open to them. The other, true to the militant spirit that has never been far from the counsels of the miners since the war, wished to accept no quarter and would have preferred to use the bitterness of undisguised defeat as fuel for a new nationalisation campaign. In addition, Mr. Herbert Smith, the miners' president, and Mr. A. J. Cook, their secretary, had given conspicuous personal pledges that they would never consent to any increase of the working day.

In these circumstances the executive was unable to make any recommendation to the delegates' conference and the delegates were compelled, not for the first time during the stoppage, to reach conclusions for themselves. When they met each man was in possession of a letter from the Mines Department stating the general principles which, the Government understood, the owners were prepared to follow in the negotiation of district settlements, though its terms were not to be taken as incapable of amendment. The principles were as follows :—

1. That wages should continue to be determined by the results of the industry in the district ascertained jointly by accountants appointed by each side, with provision as hitherto for joint test audits, and the reference of any question arising therefrom to the independent chairman of the district board, and that the owners in each district should discuss with the workmen's representatives any method suggested for removing doubts about the fairness of transfer prices.
2. That the ratio for division of net proceeds between workmen and owners should range between 87 to wages and 13 to profits and 85 to wages and 15 to profits.
3. That the minimum percentage on basis rates should, subject to district settlements on hours and working conditions, be not less than the equivalent of 20 per cent. on standard rates.
4. That the subsistence wage to be paid to low-paid day wage men be settled by arbitration in the district in the event of failure of the two sides to agree.

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The letter thus excluded the question of hours from any national survey and left them to be fixed, within the statutory maximum of eight hours, in the districts.

With these conditions before them the delegates considered their problem. An all-day sitting on November 10 yielded no conclusions. On the following day they came finally to the unanimous decision to give their executive unfettered discretion. The last hope was to secure, in return for the surrender on hours, a national appeal tribunal, to be set up by the Government with or without the approval of the owners, to which disputed points arising out of the application of the national principles could be referred.

Debit and Credit

Armistice Day 1926 will now be remembered for another armistice or at least as the day on which the gravest industrial dispute in our history definitely began to end. It would be encouraging to be able to hope that the armistice will be a prelude to a genuine peace in a much-disturbed industry. Peaceful and plentiful production in the coal-fields is a national requirement on which confident vigour in all British industry depends. Peace in the mines has a direct bearing on social peace through a better understanding between capital and labour. Its practical value to the country can be partly measured by the cost of this year's upheaval. The President of the Board of Trade puts the loss in production due to the General Strike and the coal stoppage at between £250,000,000 and £300,000,000. The figure does not include the loss, impossible to estimate, due to the disturbance of trade and the failure of orders. It will be a high tribute to the nation's recuperative power if next year's budget does not impose fresh taxation to make up for lost revenue. The Ministry of Health has required a supplementary estimate

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of £3,250,000 to meet increased expenditure for the relief of distress. In the areas directly affected by the dispute the cost of outdoor relief is reckoned as having been increased by approximately £5,500,000. These are the obvious debits and not the whole of them. On the other hand the consequences of so long and so pernicious a dislocation might well have been even graver. British credit and British trade have shown an astonishing power of resistance. They have been buoyed up by the confidence that after the last great adjustment of costs in a basic industry there will be firm economic ground for enterprise to venture on. There is evidence of it on all sides. There is a general belief that much of the loss can be speedily overtaken.

What of the coal industry itself? If a definition of peace be the substitution of co-operation for conflict, it will be premature to say that it has been achieved. The owners have used to the full the bargaining advantages which the purposeless obstinacy of the miners has given them. The miners have lost the effective national organisation which their previous efforts had won. They have parted, for a maximum of five years, with the seven-hour day. They will be working longer hours than almost anywhere in Europe, unless, as the Coal Report foresaw, Europe follows suit. If Europe follows suit, the economic problem may recur. It remains to be seen how slenderly related local agreements work out in a possible competition between district and district, which the old national agreement was partly designed to avoid. This is, so far, a peace of exhaustion, and the miners are a determined and stubborn community. Yet here, too, there is another side to be regarded. The whole course of the stoppage has been a demonstration of the futility and of the direct cost to Labour of a war policy in industry. Labour has had time and reason to ponder it. Whether or not the moral is drawn—the fact that the miners are not alone blameworthy obscures it, though it is there—industrial rela-

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tions may be eased by an easing of economic conditions themselves. The last dream of a subsidy to the mines has been shattered. The industry has been put on an economic basis. These are the first necessary steps to the general modernising of its organisation and technical practice. Big changes ahead in the next few years promise an enhancement in the value of coal through a more scientific extraction and application of its energy, the development of rich coal areas still hardly touched, together with the abandonment of unprofitable workings, co-operation with the Continent, and restored earning power in the industry as a whole. The Coal Report was an attempt to secure these adjustments by the gentler means of consent and co-operation. Events have dictated a drastic surgery.

NOTE.

The Government's offer, in its final form, stated the essentials of a "standard" district agreement. It is open to owners or men to appeal to a "national arbitral authority" against departures from the "standard." But the condition of an appeal is that the district appealing shall be working longer than seven hours a day. The appeal tribunal will exist for six months only. The features of the standard agreement broadly correspond with those set out on page 127, with the important addition that its duration shall be not less than three years. After a day and a half of discussion the miners' delegates by a small majority recommended this offer to the districts for acceptance. Reports as we go to press promise a favourable reply from the rank and file and an early termination of the already incomplete national stoppage.

IRELAND : EVENTS IN THE FREE STATE

1. POLITICAL

THE political barometer is once more beginning to move. In the language of the weather prophet, one might say that the anti-cyclone which followed the rising of the Dail and Senate in July is already giving place to the general election depression, still far out on the Atlantic, but undoubtedly approaching our shores. Our politicians, having enjoyed the fresh air and sunshine they badly needed, are returning to the fray like giants refreshed. Nor have their holidays been entirely uneducational. Mr. Hogan, our Minister for Agriculture, has been in Canada studying agricultural developments; Mr. Blythe has cast aside the cares of national finance and, with Mr. Desmond Fitzgerald, the Minister for External Affairs, has represented the Free State at the League of Nations Assembly in Geneva; Mr. McGilligan, the Minister for Industry and Commerce, has been to Germany; while, last but not least, Mr. J. J. Walsh, our indefatigable Minister for Posts and Telegraphs, has spent a "busman's holiday" exploring the pot holes in the roads of his native county Cork, and engaging in a somewhat hysterical controversy with its county council as to the responsibility for the same. The renewed political activities are, however, for the moment confined to the provincial stage, as the Dail does not sit again until November. So far the performers have not

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been playing to full or enthusiastic houses, and the national apathy concerning political matters continues. Mr. Cosgrave has visited in turn Waterford, Limerick, Kerry and Cork, being accompanied to the latter city by Mr. O'Higgins. Mr. De Valera has been flitting about all over the country in a desperate attempt to organise his new party and make up for lost time. Captain Redmond has started the new National League party at a big meeting in Waterford, his family stronghold. This last event has indeed been the most disappointing. There can be no kind of doubt that a great body of opinion in the Free State is ready to support an Opposition based on realities. Three big questions are agitating, and will continue to agitate, us. The first is the question of the further extension of protection; the second that of our relations with England and Ulster; the third concerns the place which the Irish language is to take in our system of education and our national life. The manifesto which heralded the birth of Captain Redmond's new party contains no reference to any of these vital matters, and, if rumour be true, its leaders, Captain Redmond and Mr. Thomas O'Donnell, do not even agree on the question of protection. The manifesto states that the new party will accept without reservation the Treaty, will seek the reconstitution of partitioned Ireland, the restoration of its economic welfare, increased wealth production, lower taxation, security of person and property, and such other things as would turn the Free State into an Utopia. All these are the commonplace promises of politicians seeking office and cannot be seriously distinguished from those of the present Government. The speeches Captain Redmond and his friends have since made at Waterford and Wexford consist of mere debating attacks on the Government without any real substance, "full of sound and fury signifying nothing." It is true that we are promised a national conference in the immediate future at which a party programme is to be drawn up, but one suspects that at this stage the rea-

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difficulties will begin. It is one thing to start a party and quite another to agree on its policy. No doubt there are many discontented persons in the Free State who, whilst not prepared to back Mr. De Valera, will join any substantial party which gives them an opportunity of venting their spleen against the Government. There are many others whose attachment to the old Irish party and the name of Redmond is sufficiently great to prevent them from closely scrutinising the new party's policy, or lack of it, but the writer doubts if all these elements are strong enough to form a healthy political party. Ancient loyalties are of little use, however, without a present policy, nor, as Mr. O'Higgins has recently reminded us, are hired bands and special trains the beginning and end of Irish politics. A powerful and natural Opposition will only arise when someone is inspired to formulate a policy more in keeping with our necessities than that of our present rulers. It will certainly not come from a party which apparently contains at the same time protectionists, free traders, supporters of the Irish language, ex-service men and the licensed trade. The people are beginning to think seriously about the big questions of government and economics, and here, at all events, the present Government has more substantial fare than anyone else to offer them.

The Cork merchants, who do not seem remarkable for their post-prandial courtesy, having failed to hold up Mr. Cosgrave last year with their "no income tax" demands, this year returned to the charge at a similar banquet which, although not reported, is understood to have been followed by lugubrious and insistent demands for "whole-hog" protection of flour and woollens. None of the flour, however, seems to have stuck, for Mr. Cosgrave is too old and wily a politician to be stampeded in this fashion, and speaking in public on the following day he stated that neither protection nor free trade was a panacea, that both were in fact shibboleths, and that the Government's policy of a Tariff Commission to examine and report on all such

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demands would not be altered. It had been adopted, he said, after the most careful consideration and he could not conceive a fairer proposition. He was equally effective in dealing with his other critics, pointing out that there had been a reduction of £3 per head in taxation since 1919-20, and that instead of making jobs for their friends the Government had taken every possible step to divest themselves of political patronage by setting up a permanent civil commission to deal with public appointments. He characterised Mr. De Valera's new slogan, "remove the oath," as only a cowardly and dishonest version of his old cry, "scrap the Treaty," and pointed out that the country wanted a strong Government more than the strong Opposition for which the critics were clamouring. Few patriotic Irishmen will dispute the truth of this last assertion, and, whatever be the defects of the present Government, it is obvious that in this respect at all events it can deliver the goods. Much of its legislation up to the present has been of necessity improvised and hasty. For the first few years it was in office the ship of state was attacked by civil war and virtually sinking, so watertight bulkheads had to be closed and collision mats swung into position without much time to think. But out of this period of conflict we have now emerged successfully and the period of permanent repair and reconstruction has begun. To meet the requirements of this time the Government has a clearly defined policy, which, if it is not free from opportunism like most other good political programmes, is certainly inspired by courage and guided by expert advice. Towards Northern Ireland their policy is one of passive rather than active friendship. They believe the day will come when our Northern fellow-countrymen will realise in their own interests the advantage of one central government for Ireland. No action of theirs will render such a reunion avoidably more difficult, but they will not at the same time alter what they consider the best economic policy for the Free State in order to please Northern Ireland. Such a

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policy, whilst it is not likely actively to encourage the unity of Ireland, cannot for the present do serious damage. Time and experience are likely to be the best doctors in healing the wound which partition has left in the Irish body politic. The present Government of the Free State will do nothing to irritate or inflame that wound. The Republican policy would keep it open for ever.

As regards our relations with England, Mr. O'Higgins, the Minister for Justice and Vice-President of the Executive Council, has laid down the Government's position with strength and clearness. He points out that this is no vassal State and that no section of the community desires that it should be so, that peace has come between our people and the people of Britain, such a peace of mind and heart as has not existed since the conquest. He believes that friendship will follow because there is no desire to subject the interests of this State and its people to any other State or people under the Commonwealth. The Government, he says, know the status which they have accepted and enshrined in the constitution. It is no mean status, and they are not going to allow it to be demeaned by extremists of any kind. Challenged from the right, challenged from the left, they will keep to the middle of the road. This is a sane and proper attitude and the one which is likely to command most support in the country. It is, the writer thinks, true to say that the more nearly we approach to equality in our political relationship with England the greater will become our friendship, which has its real roots in our racial ties and economic necessities and not in any artificial political union. By peaceful evolution our constitutional status will develop naturally.

The Government's cautious policy of selective protection is, of course, as has been already indicated, far from popular with the industrialists and big employers, but in the opinion of most competent observers, the Tariff Commission is absolutely justified, and in fact should have been set up

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from the moment the Government embarked on a tariff policy. Had this been done we might have escaped, amongst others, such absurdities as the tariffs on glass bottles and furniture. The manufacturers have approached this question entirely from their own point of view. They see the possibility of improving their trade, in most cases confined to Ireland, by a high tariff wall and they are clamouring for more and more protection quite regardless of the general consequences. As a matter of fact, it is very doubtful whether any tariffs we could impose would protect our markets from the great world trusts and trade combinations of Europe and America. Tobacco manufacture is a case in point. When we took over the English customs schedule automatically in 1923, the small Irish tobacco manufacturers became at once highly protected and did a roaring trade. In a few months the Imperial Tobacco Company had opened large modern factories in Dublin and now the few surviving Irish tobacco factories are eking out a precarious existence which could be ended in a moment by a rate cutting war. Take also the case of flour. There is no doubt that the large English flour mills are dumping great quantities of flour in Ireland, but it would require an almost prohibitive tariff to prevent them, and the Irish consumer would have to pay heavily for this luxury. No sane Government will embark on such an experiment with the staple food of the people, and in any event the Irish mills by themselves could not supply the demand. In Ireland agriculture is the dog and manufacture a very diminutive tail, nor is this condition likely to be altered unless and until the Shannon scheme provides cheap and plentiful power. For the present at all events any Government which forgets these elementary facts is likely to receive a rude awakening. Mr. De Valera, with characteristic fatuity, has of course declared for full protection, but the industrial community are not foolish enough to listen to a gentleman who sees nothing to apologise for in the civil war, and who taunts the Government with the

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extravagance of maintaining an army which he and his friends have made a necessity. One may ask why he does not direct his criticisms to the activities of his late colleague Miss MacSwiney, whose forces have been recently deployed in stunt attacks on back street money lenders, and whose spokesmen boast that they are perfecting other warlike schemes. Until he does so his protestations are not likely to be taken seriously. The industrial community want peace and security more than protection, and they will seek to bring pressure on the Government from within rather than "fly to evils that they know not of," under the banner of Mr. De Valera and his ilk. Nor are they likely to seek refuge in the tent of Professor Magennis, whose still-born People's party has, as was anticipated in our last number,* been absorbed by a new organisation called the National Protectionist League. The programme of this attenuated body promises full protection coupled with a reduction of taxation and increased efficiency, entirely oblivious of the fact that protection is the most subtle and cruel form of increased taxation and that it often puts a premium on inefficiency.

The Government deserves credit above all for having the courage of its convictions. It has not sought popularity. In the last session of Parliament it placed some forty Acts on the statute book, many of them highly controversial and unpopular. In the next session, which will immediately precede the general election, it intends to introduce Bills dealing with the regulation of the liquor trade, the management of the Shannon scheme, the Banking Commission report, and city government. All these Bills will be unpopular with large vested interests of various kinds. The licensing Bill is apparently to follow the much discussed report of last year's Intoxicating Liquor Commission, and already the drink trade is roaring its disapproval and vowing it will die in the last ditch. Mr. O'Higgins, the Minister in charge of the Bill, is not, however, likely to be intimi-

* THE ROUND TABLE, No. 64, September 1926, p. 812.

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dated by calculated clamour and can be trusted to stick to his guns. He is the strong man of the Government and as straight as he is strong.

The action of the Free State delegation at Geneva in challenging the Cecil-Fromageot plan by contesting one of the vacancies on the Council of the League has provoked a good deal of criticism, most of it adverse, and little of it intelligent. It seems to have been assumed that the Irish delegation wished to secure some special advantage for the Free State or to annoy England. If either assumption were true, the delegation would have deserved far worse criticism than it received. Mr. Fitzgerald's speech, which the Irish Press with characteristic indifference or prejudice did not even trouble to print, makes it abundantly clear that they had no such motives in mind. He said that whilst accepting the report of the Committee on the rules dealing with the nine non-permanent members of the Council, he did not think that, in principle, their proposals were desirable because behind them was a proposal, which might be interpreted as giving a right to certain seats to particular groups of States, geographical groups, or groups based on alliances or understandings. The Irish delegation, whilst they held that all shades of opinion and every sort of interest should be represented from time to time on the Council, denied the right of particular groups to be at any time represented thereon in any specified proportion, and denied more emphatically still the right of any group to choose from among themselves a State which the Assembly would be under an obligation to elect. Such an arrangement would mean that not only would there be a hierarchy on the Council, itself undesirable but practically necessary, but also a hierarchy in the Assembly. For the proper exercise of the Assembly's power, for the proper implementation of the world's conscience, the Assembly must retain as one body, representing almost all the nations of the world, the power to choose freely from year to year, without any consideration of established prescriptive right,

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whatever representative it likes. There can be no doubt that the attitude taken up by the Irish delegation, and the candidature of the Free State for a seat on the Council, which was the natural corollary thereof, will commend itself to every honest European. The support which that candidature received at a moment's notice clearly shows that it had the approval and endorsement of the Assembly. The Cecil-Fromageot plan was a compromise, and a dangerous compromise, as even its supporters admitted, only justifiable through the necessity for securing the election of Germany. If the Free State is to justify its international existence its representatives must be prepared, as in this case, to speak their minds honestly and to act fearlessly. They cannot and should not act as mere satellites in the English political system, nor on the other hand, should they allow the wretched barren anti-English complex of the past to influence or colour their actions. The average citizen of the Free State does not take any interest in foreign politics. Our position in the European system, an island beyond an island, coupled with our past political dependency on English policy, are chiefly responsible for this condition. It is to be hoped that events such as those at Geneva will awaken Irish public interest in world politics, for in this field the Free State can play an increasingly useful and pacific part, acting in conjunction with the other small nations.

Mr. Fitzgerald has also defined the Government's general policy for the Imperial Conference as the implementation of co-equality among the members of the British Commonwealth of Nations. It is obvious that the development of this policy will depend in large measure on the attitude Canada and South Africa adopt towards this important question. It would appear as if the vague nature of Mr. Fitzgerald's June speeches in the Dail was not altogether accidental. Any advance in the definition of Dominion status demanded only by the Irish Free State would not be as likely to secure acceptance as a

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joint demand from two or three Dominions; and it may, the writer thinks, be taken for granted that the Free State delegates will not move seriously in this matter without certainty of support. The specific points in which Mr. Fitzgerald states the Free State is interested are practically identical with those previously indicated in *THE ROUND TABLE*,* namely, the removal of anomalies in regard to the Governor-General, the assertion of equality regarding extra-territorial powers between the Dominions and Great Britain, the exclusive right of the Irish Government to advise His Majesty on Irish affairs, and the question of appeals from Dominion Supreme Courts to the Privy Council. Mr. Fitzgerald was careful to add that the manner in which these matters would be raised would depend on circumstances and the attitude of the other Dominions. In other words, the policy of the Free State representatives at the Imperial Conference will be governed by the dictates of a wise expediency. They are not likely to pull any chestnuts out of the fire, and it is to be hoped that they will not forget that the establishment of friendly relations between the two mother countries is of more importance than anything else from both the economic and the political point of view.

II. ECONOMIC AND GENERAL

THE preliminary report of the Free State census, taken last April, cannot be said to contain any facts which are likely to surprise competent observers of Irish life. The two outstanding things it reveals are that the population has declined by 166,866 in the last fifteen years, and that the urban population has increased at the expense of the rural. This last condition is, of course, not peculiar to Ireland, but is a marked world tendency. In all Ireland the decline of population has been from 4,390,219 to 4,229,124, or 3.7 per cent. The reasons for this decline

* See *THE ROUND TABLE*, No. 64, September 1926, p. 816.

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are various. Emigration, principally to the United States, is no doubt the most material, and grows with what it feeds on, for each emigrant who succeeds exercises an attractive influence upon those of his or her family who remain in Ireland. Next year when the Irish quota of American immigrants is legally reduced from 28,000 to about 8,000, this particular drain will undoubtedly be reduced permanently. Whether it will be only diverted to other channels, such as Canada and Australia, remains to be seen. It is well to remember that even if it was completely stopped there would still remain the serious problem of finding employment for our surplus population which we cannot at present solve. Other causes of decline in our population are the 27,405 Irish soldiers (this figure does not include officers) who were killed during the Great War, and the withdrawal of the English Army of Occupation, which with its dependents, numbered 34,000. On the other hand, it must not be forgotten that emigration was completely stopped during the Great War, and but for this the decline would undoubtedly have been more serious. The report gives some interesting figures concerning the Irish abroad. In 1920-21 there were 1,817,457 natives of Ireland living abroad, or no less than 43 per cent. of the present population of Ireland, a proportion which makes us, unfortunately, unique amongst the countries of the world. The United States alone contained in 1920-21 1,037,234 native-born Irish and 4,136,395 citizens of Irish origin, another Ireland beyond the seas. The Free State is also unique in another direction, which will no doubt commend itself to marriageable spinsters, for it contains fewer women than men.

The Gaeltacht Commission has also made its report. The Gaeltacht, it should be explained, consists of those portions of the Free State, chiefly on the western and southern coast line, where the Irish language survives as a spoken tongue. The Commission was appointed by the Government in January, 1925, to inquire and report

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as to the present extent of these districts and to make recommendations as to the use of Irish in their administration, and the improvement of their economic condition. Its chairman was General Richard Mulcahy, whose views concerning the future of the Irish language are more sincere than practical. The findings of the Commission are both depressing and drastic. They state that there has been a rapid falling off in the number of Irish speakers, and that even in the Gaeltacht there is hardly a district where English is not spoken. They declare that unless the measures which they advocate are carried out, the death knell of the language has been sounded. These conditions they attribute to the lack of educated Irish speakers and teachers, the indifference and hostility of the government officials and professional classes, and the bad economic conditions which force the young people of the Gaeltacht to emigrate. To remedy all this they recommend extensive government measures to make Irish the predominant language in the Gaeltacht, that the promotion of government officials should be made dependent on their knowledge of Irish, and that the clergy, the professions, the Press, and the big employers should by example and by "varying degrees of constraint" be made to exert a special influence in the use of Irish. It is recommended that after a reasonable period citizens of the Free State shall not be admitted to the professions "without an adequate knowledge of the national language," and that a special commission be set up charged with the duty of seeing that this policy is carried out by the various public departments. On the economic side, the Commission recommends the continuance and extension of measures on the lines of those formerly adopted by the Congested Districts Board, namely, development of agriculture, cottage industries and fishing, together with the distribution of any available grazing land amongst holders of small uneconomic holdings. In all these arrangements the Irish speaker is to get preference over the rest of the community. From the

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more poverty-stricken districts it is proposed that Irish speaking colonies should be transported to the rich grazing lands of the midlands, a proposal which the Congested Districts Board found impracticable in the past. Such colonies would in any event soon cease to be Irish speaking.

A policy such as the Commission suggests would result in the creation of a privileged class within the general community, and would inevitably create resentment and abuse. It might possibly have been put into force if there had been no split after the Treaty and the extreme element had remained in practically complete control of the country. It is virtually impossible now, and Mr. Cosgrave has already indicated that the Government will think twice before putting it into practice. Apart from all other considerations, it is not financially possible. It may be mentioned that the Commission consisted of avowed partisans and supporters of the language movement and that general opinion was unrepresented and unheard. It is, indeed, time that there was some clear and honest thinking on the subject of the Irish language. It is the national language, but not the spoken language of the Irish people, nor can any amount of official camouflage make it so. It is insulting to both the Irish language and the intelligence of the Irish people that all official letters should begin and end in Irish and be written in English. No such absurdity can be found in any other country in the world. The only humorous contribution is the official description of income tax in Irish as *Cain loncuim*, for a cane it is proving itself indeed under the new dispensation. Situated as we are between the two greatest English-speaking nations in the world, with both of whom we have close and constant economic, political, and cultural intercourse, it is idle to hope that our people will return to a language which has no modern literature of any value and which is extremely difficult to learn. The writer of these notes studied the Irish language long before it became politically fashionable or profitable to do so, and he would

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like, if it were possible, to see it live and increase by natural means ; but he cannot believe that under existing conditions it can be revived by a system of artificial coercion, which in its educational aspects is already detested by thousands of children who are its unwilling victims. Neither is it possible with the examples of Switzerland and, above all, the United States of America, before our eyes to maintain any longer that a national language is an essential, even though it may in most cases be an ingredient of nationality. If the report provokes an honest consideration of the problem it will perhaps have done more good than even its authors intended.

In spite of the terrible economic disturbance caused by the coal strike, which has hit us hard in the best market for our produce, and will inflict much suffering on our poor during the winter, we have not too much reason for complaint. Our bank clearances have improved, our railway traffic receipts are satisfactory and our national loan is above par. The trade statistics for August show also that our imports are decreasing and our exports increasing, while the Exchequer receipts are working out in proportion to the estimates. The serious economic conditions in England would have led one to expect a much larger fall in our national revenue. The Shannon and other development schemes which the Government has on hand should necessitate a further national loan in the near future, but it is very probable that this will not be floated till after the general election, which some prophets now think likely in the early spring before the budget is introduced. Should the Government come back with a safe majority there can be little doubt that the consequent feeling of security would do much to facilitate the rapid and easy raising of another internal loan. Unlike its predecessor, it will be earmarked for purely productive purposes, and not to make good the ravages of Mr. De Valera's friends.

It is to be hoped that the Government will remain deaf to the blandishments of the American financiers who have been whispering gently to our Minister at Washington

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of the millions they are ready to lend us. The more Irish people at home who become shareholders in Ireland the better. They will then realise more fully their personal and political responsibilities. Projects like the Shannon scheme, with its increasing activity and results, are a constant reminder of what intelligent enterprise can accomplish. Whether distribution of its power is to be undertaken by the State or entrusted to private enterprise is a question which must be decided in the near future. Mr. McGilligan's speech at Limerick indicates that this problem is already engaging the close attention of the Government. It is certainly arguable that, in its preliminary years at all events, it might be best managed by some large industrial concern whose interests would be to foster industrial development to consume its power. An extremely competent technical commission has been set up to advise on the educational aspects of these problems. It includes experts from Sweden and Switzerland, where similar difficulties and conditions had to be faced and have been successfully overcome. Our Government has done well to look for the best advice wherever it is to be found, and the lessons learnt have been valuable. Just as Colonel Brase has taught us with his splendid army bands what Irish lads can achieve in music under skilled direction, so also American leadership and methods in the Ford works at Cork, German engineers on the Shannon and the Belgian beet sugar manufacturers at Carlow have shown us that our workmen are capable of carrying out large and important projects with speed and skill. Above all, they have taught us the value of hard work and discipline. For, as Mr. O'Higgins has lately reminded us, legislation and administration alone never made and never will make a country great and prosperous. Only the people can do that, and the State at best can only co-operate with the people. The destiny of the Free State rests ultimately on the honest work of its individual citizens.

The Irish Free State. November 1926.

CANADA

I. CURRENT POLITICS

THE result of the general election of September 14 confounded the majority of the political prophets in Canada, for they had been freely predicting that it would reproduce the stalemate of the election of 1925 and yield no party a working majority. The polling revealed that the electorate preferred to reinstate in power the Liberal Ministry which had resigned on June 28 rather than confer a mandate upon the Conservative Government formed by Mr. Meighen. The new House of Commons is composed of 118 Liberals, 91 Conservatives, 31 Progressives, 3 Labourites and 2 Independents; but 11 members, who ran as Liberal-Progressives and in return for the endorsement of local Liberal associations gave definite pledges to support a Liberal Ministry, can be reckoned as reliable supporters of Mr. Mackenzie King, while the other two sections of the third party, which label themselves respectively United Farmers of Alberta (11) and Progressive (9), can be counted upon to show a benevolent friendliness as long as the Government does not turn to reactionary courses. Accordingly, Mr. King should be able to rely upon a very comfortable working majority, and the country at large is relieved by the prospect of a reasonably stable administration and emancipation from the evils inseparable from the rule of a minority.

One outstanding feature of the election is the continuance of the political solidarity of French Canada. During three successive campaigns the Conservative party has bent every effort, even to the length of a fundamental

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alteration of its policies, to regain the affections of the French-Canadian population; but once more it has experienced an almost complete rebuff. Indeed, the solidarity of French Canada on the Liberal side is more pronounced than ever. There are some eighty seats in which the French-Canadian vote either constitutes a clear majority, or, if massed on the same side, is a controlling factor; and in all of these, save three, Liberal candidates were elected. In Quebec the Conservatives were lucky to retain the four seats which they had previously held, and in many French divisions their poll suffered an ominous reduction. The Conservatives had also hoped to make substantial gains on the prairies; but the skilful consummation of a Liberal-Progressive alliance, which eliminated three-cornered contests in most ridings, frustrated their hopes.

However, the routed Conservatives are now trying to derive some comfort from the figures of the popular vote, and are listening with some attention to lectures from the advocates of electoral reform upon their folly in refusing to countenance the introduction of Proportional Representation or the Alternative Vote. The following table gives the members returned and the votes cast for each party in the last two elections:—

	Conservative.		Liberal.		Progressive.		Independent.	
	1925.	1926.	1925.	1926.	1925.	1926.	1925.	1926.
Maritime Provinces:								
Members	23	20	6	9	0	0	0	0
Voters	239,000	238,000	180,000	198,000	0	0	4,000	7,000
Quebec:								
Members	4	4	60	60	0	0	1	1
Voters	274,000	263,000	469,000	460,000	0	0	58,000	8,000
Ontario:								
Members	68	53	12	25	2	4	0	0
Voters	691,000	676,000	392,000	435,000	108,000	92,000	29,000	12,000
Prairie Provinces:								
Members	10	1	20	23	22	27	2	3
Voters	173,000	201,000	162,000	199,000	159,000	172,000	35,000	26,000
Pacific Coast:								
Members	11	13	3	1	0	0	1	1
Voters	91,000	101,000	64,000	69,000	16,000	0	13,000	16,000
Canada:								
Members	116	91	101	118	24	31	4	5
Voters	1,468,000	1,478,000	1,267,000	1,361,000	283,000	264,000	139,000	00

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The Conservatives polled a slightly larger vote than the combined total of the Liberals and Liberal-Progressives, but only obtained 91 seats, as against 129. There is, however, a certain specious fallacy in the Conservative claims, for they ran about 35 candidates more than the Liberals, who shrewdly stayed out of the field in many constituencies and supported anti-Conservative candidates of other brands. But there is certainly room for improvement in an electoral system whereby 263,000 Conservative votes in Quebec return only four members and 201,000 votes in the prairie provinces give only a solitary representative.

It cannot be claimed that the campaign was conducted on any lofty plane. Both Mr. Meighen and Mr. Mackenzie King contrived to convey the impression that they were chiefly intent upon administering a knock-out blow to one another. Personalities are rarely absent from campaigns in Canada; but on this occasion they were indulged in with excessive freedom by the leaders, and an unnecessary amount of bitterness was injected into the contest.

One feature of the late campaign which has been the subject of criticism by different papers is the strain which has come nowadays to be imposed upon party leaders in Canada. In July both Mr. King and Mr. Meighen set forth upon exhaustive oratorical Odysseys which took them to every corner of the Dominion, and they counted themselves lucky when they had only to deliver one speech in a single day; one day Mr. Meighen spoke no less than fifteen times to separate audiences. But the *Ottawa Journal* sees little merit in such performances, and offers the following comment upon them:

For nearly fifty days before the election Mr. Meighen and Mr. King rushed back and forth across the Continent at a body and mind-killing pace. They talked so often about the same things that their words became a burden upon the newspaper market, with the result that the Press did not print one-tenth of what they said, and that they were put into the position of merely reaching

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the few thousands they directly addressed. Half a dozen carefully prepared addresses, delivered at central strategic centres, would have reached twice as many electors. They would have been fully printed in the Press (as the early addresses of the two leaders were printed); they would have been carefully studied by the public; would have brought more of dignity to the campaign; and there would not have been such a fearful tax upon the constitutions of the leaders.

The *Manitoba Free Press* also contends that both the leaders were compelled to travel too much and speak too frequently, and suggests that the tone and character of future campaigns would be improved if "the leaders were not compelled to half-kill themselves both physically and mentally, and were given more time for reflection."

Except in the West there was little serious discussion of questions like the tariff, immigration and the railways, and the thorny problem of Imperial relations was steadily ignored by the leaders of the old parties. Mr. Bourassa tried to keep it to the forefront in Quebec, and argued that the conduct of Lord Byng completely demonstrated the inferiority of Canada's political status. The *Manitoba Free Press* took the same view, and propounded a brand new Western programme as a basis for a working alliance between the Liberal and Progressive parties in which it made the foremost item "the immediate and formal regularization of Canada's political status." It proposed that this should be effected by declarations of constitutional right embodied in three Parliamentary resolutions. The most important of these was to assert that the Parliament of Canada possessed exactly the same powers in regard to domestic and foreign affairs as did the Parliament of Britain; and the other two were respectively to condemn the recent action of Lord Byng and to deprecate a decision of the Judicial Committee of the Privy Council, which declared *ultra vires* a law passed more than twenty years ago by the Federal Parliament of Canada and acted on ever since. Neither Mr. Mackenzie King nor any other

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Liberal leader of importance could be committed to an endorsement of this programme, and the election cannot be regarded as offering the slightest guidance about the condition of national opinion upon the problem of Imperial relations. It merely settled one thing: that the country in its present mood did not want a Conservative Government committed to a policy of high protectionism, and preferred to forgive the Liberals their errors and to reinstate them in power. The electorate summarily repudiated Mr. Meighen's course in assuming office during the extraordinary confusion of last June, and his Ministry came to an end after an existence of less than three months. Mr. King was at once entrusted with the task of forming a new Ministry. For the main fabric of his Cabinet he relied upon the personnel of his old Ministry, most of the members of which returned to their old portfolios. He has also cemented the attachment of the Liberal-Progressives by bringing into the Cabinet their leader, Mr. Robert Forke, as Minister of Immigration, and he has been able to introduce three competent recruits from his own party in Colonel Ralston, Minister of Defence; Mr. Malcolm, Minister of Trade and Commerce, and Mr. Euler, Minister of Customs. Colonel Ralston had an enviable record as a soldier, and is now one of the leaders of the Bar of Nova Scotia. Mr. Malcolm, who is a wealthy furniture manufacturer from Ontario, is an able man of business, who should breathe some life into the Department of Trade and Commerce; and Mr. Euler, also from Ontario, is a very capable politician, who has been a zealous advocate of public ownership of railways. A Liberal Cabinet in Canada is always a sort of fiscal mosaic; but by the recent changes the protectionist wing will be greatly strengthened, for Mr. Euler, Mr. Malcolm, and Mr. Rinfret, the new Secretary of State, have all been frank advocates of the protectionist creed. Mr. Robb retains the portfolio of Finance, and he has secured for himself the confidence of the business and financial world.

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. The Conservative party is subjecting the causes of its defeat to stern analysis. At first sight it seems curious that the Liberal party, which less than a year ago had experienced an abrupt reverse at the hands of the electorate and had in the intervening months been accused of serious administrative scandals—an accusation sustained by a vote of censure in the House of Commons—should substantially increase its poll and be presented with fresh passports to office. An examination of the course of events renders the mystery perfectly intelligible. It is now generally recognised by Conservatives that their fate to-day would be happier if Mr. Mackenzie King had been allowed the dissolution which he sought in the closing days of June, and had been compelled to fight a difficult defensive battle on the customs revelations. But by accepting the responsibility for dissolution, the Conservatives saw the initiative pass from their hands and were left with the defensive rôle. It is true that they had at their command dangerous ammunition in the customs scandals, but they impaired its value by allowing irresponsible firebrands to get up on public platforms and launch charges reflecting upon the moral character of Liberal leaders of irreproachable integrity such as Mr. Ernest Lapointe. These charges were easily and promptly disproved, and their effect was to increase the difficulty of securing general credence for the very serious indictment which was available. Even if the customs scandals had been judiciously handled, they had a double edge which militated against their utility. The investigations of the special parliamentary committee had been cut short before it had time to examine conditions in every part of Canada; the gravity of the conditions which had been revealed in the province of Quebec did not prevent complaint being made that French Canada had been singled out for special inquisition, while the crimes of other districts, equally honeycombed with corruption, had been neglected. This sentiment was skilfully fanned, and when, at an early stage in the cam-

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vain, the Hon. G. H. Boivin, the former Minister of Customs and a prominent figure in the inquiry, died suddenly in Philadelphia, the way was opened to portray him as a martyr who had been hounded to his grave by the relentless enemies of Quebec.

It was not, therefore, difficult in Quebec for the Liberals actually to turn the customs scandals to political advantage, and the emergence of the constitutional issue dealt a further blow to Conservative prospects in French Canada. It is plain that Lord Byng's course of action, and his supposed partiality for Mr. Meighen, had the result of hardening French Canada in its anti-Imperialist bias and of reviving prejudices against the Conservative party derived from war-time controversies. The tactics employed to stimulate this sentiment were in many cases hardly worthy of a great party. Mr. Meighen had by assiduous effort acquired a very creditable command of the French language, only to be told by a Liberal Minister that he had learnt it the better to deceive the simple *habitants* of Quebec; his son entered Laval university, and it was actually suggested that he was being trained to head a military school when the British Imperialists and their Canadian allies brought on the next war. The situation in Quebec became hopeless for Conservative candidates as the campaign proceeded, and several of the meetings of Mr. Patenaude, the Conservative Minister of Justice, ended in tumultuous disorder with missiles flying. As an outcome, the Conservatives had to be content with retaining the four seats which they held at the election of 1925, and in two of these the majorities were substantially reduced.

The polls also revealed the fact that the events surrounding the crisis at the end of June had generated a certain disquietude in the minds of a number of former Liberals, who had left the party because they supported conscription; and their reversion to their old allegiance, which was particularly noticeable in a number of divisions in Western Ontario, gave the Liberals some unexpected gains. It is

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perhaps difficult to appraise what exact part the constitutional issue played in the conflict, but there is some evidence that the tide of nationalist sentiment which has been rising steadily since the war was swollen by it, and that the Conservative party found itself in the plight of being regarded as the instrument of Canada's political subordination to Britain. Other factors probably had a more decisive effect. Although it would be difficult to defend on strict Cobdenite principles the merits of a budget which offered substantial reductions in the income tax and left the main fabric of the protectionist system untouched, yet the Liberals deserved considerable credit for the tax alleviations carried by Mr. Robb last April. The cut in the lower grades of the income tax, the restoration of two-cent postage for North American letters, the abolition of the receipt tax, and the decrease in the motor duties, all were popular with the general public. The Conservatives had offered stiff opposition to the reduction of the motor duties and could not claim any credit for practical accomplishment in reducing the burdens of taxation.

Nor was the Conservative campaign handled with any skill or shrewdness. When Mr. Meighen had tried to overcome the suspicions cherished in Quebec concerning his Imperialist proclivities by the policy embodied in his Hamilton speech, he had offended many Conservatives of the Imperialist faith in the English-speaking provinces, who regarded the new move as a violation of their party traditions and an undignified piece of truckling to Quebec; they went into the election with very lukewarm feelings toward their leader, and his speeches in Quebec during the campaign did not revive their ardour. Again, a Government which has no record to advertise necessarily finds itself under a grave disadvantage, and policies which Mr. Meighen propounded for the appeasement of one section of Canada proved very unpopular in another. For instance, when he attempted to placate Manitoba by a pledge to complete

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the Hudson Bay Railway, he antagonised powerful interests in eastern Canada which were strongly opposed to the project on the ground that it would divert traffic from Montreal and other eastern ports. Furthermore, Mr. Meighen had staked his fortunes on making gains in Quebec, and to ensure them he advocated tariff and railway policies which were unpalatable to the voters of the prairie provinces. If a Conservative party fighting as an Opposition had been supporting a higher tariff, the prairie farmers would have viewed it as a more distant peril; but a Conservative Government installed in power and ready, if it secured a mandate, to raise the tariff within six months, was an imminent menace. Mr. Meighen also persistently reiterated his view that statutory railway rates, such as are secured to the West by the Crow's Nest Pass agreement, were wrong in principle and should be abolished; although he promised that their abolition would not necessarily mean any increase in rates, the average elector on the prairies took the view that a bird in the hand is worth two in the bush, and that Mr. Meighen should not be entrusted with the power of making any experiments with what is regarded as the charter of western transportation rights.

The *Manitoba Free Press* stressed these aspects of the situation in a very skilful and aggressive campaign, and gave an effective lead to Liberal and Progressive candidates; but what finally sealed the fate of Conservative fortunes in the West was a most unfortunate outburst by a Conservative speaker at a meeting near Toronto. After Mr. Meighen had concluded his speech at this meeting and departed, this orator proceeded to expound the view that no immigrant, unless of British birth, should receive the franchise within his lifetime. This astounding declaration was immediately broadcast by speech and pamphlet to the foreign settlements in western Canada with the subtle implication that it had been uttered without repudiation when Mr. Meighen had been speaking on the same platform.

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The Swedes, Ruthenians, and other foreign settlers in the West had an unhappy recollection of the War Times Election Act which the Conservatives had passed in 1917; they readily believed the charge that a Conservative victory would imperil their franchises, and marched in solid battalions to the poll to avert this calamity. This combination of factors left the Conservative party with only a single seat between the Great Lakes and the Rocky Mountains, the western division of Calgary held by Mr. R. B. Bennett, the late Finance Minister.

The Conservative party has emerged from the election in a downcast and troubled mood, and is now taking stock of the situation. Mr. Arthur Meighen, who has led it since 1920, intimated in the course of the campaign that his defeat would mean his retirement from the leadership; in accordance with this decision he submitted his resignation to a meeting of Conservative members, senators, and defeated candidates in Ottawa on October 11. A substantial element of the party, including, strangely enough, the delegates from Quebec and Saskatchewan, where the results had been most adverse, was urgent that he should retain the leadership; but he remained adamant in his decision, and he has retired completely from politics, for the time at any rate. Some Conservative papers which have always criticised his leadership have alone refrained from expressing regret at the departure from public life of a statesman who has a long record of public service, and who has been easily the most brilliant parliamentarian of his generation in Canada. Three successive defeats had made retention of the leadership by Mr. Meighen impossible.

The same meeting which accepted his resignation selected as Parliamentary leader for next session Mr. Hugh Guthrie, who was Minister of Defence in the late Conservative Cabinet. A committee was also appointed to organise a national convention in 1927 to choose a permanent leader and to draft a new party programme.

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Among "diehard" Conservatives there is some resentment at the selection of a politician who was bred in the Liberal faith and was, until the conscription controversy, considered one of Sir Wilfrid Laurier's most effective lieutenants, but Mr. Guthrie has many qualifications for the new post. In point of seniority of membership in the House of Commons he ranks after Mr. Speaker Lemieux, and he adds to his parliamentary experience excellent debating powers, a handsome presence and general popularity. Indeed, if he establishes any ascendancy in Parliament next session, his claims for the permanent leadership will be seriously considered.

A Conservative party which has become obnoxious in a serious degree to the most Conservative community in the country inevitably labours under a very serious handicap, and there are voices in the Conservative camp who declare that no matter what new leader is chosen and what policies are adopted, French Canada has realised the advantages of political solidarity and will persist in maintaining it. Under these circumstances it is argued that the Conservative party, unless it is reconciled to the idea of remaining permanently in opposition, must find completely new policies and make a serious bid to win the West. The chief obstacle to any such departure is the fidelity of many of its leading members to the principle of high protectionism which the West will never accept. Some Conservatives are inclining to the view that high protection is now an unprofitable issue which should be buried as decently as possible. The truth is that, while the Canadian tariff protects domestic industries from the mass production of the United States, there has developed in the industrial areas of Toronto and Montreal a domestic mass production, which has destroyed by the pressure of its competition many local industries in the maritime provinces and effectually prevents the growth of new industries in the West. For these reasons protectionism has less strength as a vote-gaining agency than at any time since 1878;

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and when a substantial proportion of protectionists belonging to Quebec feel themselves free to vote Liberal without imperilling the tariff, its prospects of being the parent of a clear majority for Conservatism must be negligible. One other point is made clear by the election. Undoubtedly in the last two contests the Conservatives have suffered from the confusion and anomalies existing in the present state of Imperial relations, and it has now become a vital Conservative interest to see that they are cleared up as speedily as possible.

The political situation, therefore, contains a welcome promise of stability, but the element of uncertainty has not completely vanished. The liberalism of Quebec and the radicalism of the prairie provinces, whether it bears the Liberal or the Progressive label, will always be uneasy yoke fellows. Judicious steersmanship will be required to prevent the development of fissures in the Liberal party as the years roll on. Immigration is one major issue on which the views of Quebec and the West are poles apart, and there is also simmering in the background, pending a legal decision of the Supreme Court, the thorny problem of the separate school system in Alberta, which, under the inspiration of Mr. Bourassa, played some part in the campaign in Quebec. The Liberal-Progressives, also, only sanctioned the entry of Mr. Forke into the Cabinet on specific conditions, which included further tariff reductions and the immediate completion of the Hudson Bay railway. If the West should happen to be blessed with a series of good crops, criticism of the present tariff might be pitched in a low key; but within the last month abnormally bad weather conditions have damaged the western crop, impairing its value by millions of dollars. If a period of agricultural depression were to arrive, there would at once arise in the West demands for tariff reductions which the Liberal protectionists of Quebec could not countenance. Accordingly it may be predicted that the fortunes of Mr. King's Ministry will partly depend upon the dispensations

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of nature ; but he starts with a clear field and abundant opportunities for courageous statesmanship.

II. THE CROWN IN CANADA

THE constitutional issues raised at the close of the last session of the Canadian Parliament and exhaustively debated during the election campaign did not seriously touch the problem of the relationship between Canada and Great Britain. The chief point was concerning the powers of the Crown in Canada : whether the prerogative of the Crown over the dissolution of Parliament could be exercised only on the advice of the Prime Minister, or whether the Governor-General could refuse the Prime Minister's advice—whether, in short, “the Crown” in this respect meant Governor-General or Prime Minister. It was a question of domestic politics ; in spite of the assertions of many prominent speakers on the Liberal side, the action of Lord Byng in refusing dissolution to Mr. Mackenzie King, and the action of Mr. Meighen in defending and accepting responsibility for that refusal, did not mean any reversion to “colonial status” or “Crown Colony Government.” Such a reversion must involve a resumption in some manner of control by Great Britain over the Government of Canada ; and everyone knows that Lord Byng acted entirely on his own responsibility, without instructions or advice from the British Government. Further, no proof has been offered to show that the Governor-General believed that the powers of the Crown vested in him were greater than those exercised by the King in Great Britain. Lord Byng appears to have thought that His Majesty would have refused dissolution in similar circumstances ; and, indeed, it is possible, though not likely, that His Majesty would have done so. Mr. Meighen maintained as strenuously as did Mr. King that the rela-

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tionship of the Governor-General to the Canadian Ministry was the same as the relationship of the King to the British Ministry. The dispute was over the interpretation of a constitutional convention which is shared by the other democracies of the Commonwealth ; exactly the same issue might arise in Great Britain. In the Irish Free State alone has the relationship between Governor-General and Parliament been made statutory by the provision in the constitution that the Dail cannot be dissolved without its own consent.

The result of the election has sanctioned in Canada the interpretation of the convention upheld by the Liberal party. So far as the dissolution of Parliament is concerned, “the Crown” means the Prime Minister of the day. No attempt to make this interpretation statutory is probable ; but, in view of the events of the last few months, the refusal of dissolution in future by any Governor-General has become nearly as unlikely as the employment of the veto or the rejection of the Prime Minister's appointments to office in the Cabinet. The Governor-General still possesses the rights defined in Bagehot's famous phrase, “the right to be consulted, the right to encourage, the right to warn” ; occasionally he may still have to determine the very important question of who shall be Prime Minister, in the most unusual event of there being no obvious successor at a change of Government ; but, once a Ministry is constituted, he can no longer enforce his wishes against the wishes of the Prime Minister ; he can no longer command, he can only advise. One more dubious remnant of the prerogative has been taken out of his hands.

Many would say, in opposition to the views expressed in the last number of *THE ROUND TABLE*, that this is also the position of His Majesty in Great Britain. However that may be, clearly the Governor-General of Canada can no longer act as “the only bulwark which exists for protecting the people against an abuse of power by their elected repre-

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sentatives in Cabinet and Parliament.”* There is, in reality, no reason why the conventions of the constitution in Canada should be in all respects identical with those in Great Britain. They have already diverged widely at certain points, as, for example, in the Canadian convention which requires the representation in the Cabinet of certain sectional and religious divisions. In the doubtful field which concerns those prerogatives of the Crown which might still be exercised by the King in person, there is good reason for divergence. The King is there for life, the Governor-General for five years. The King has long training and experience in performing the very delicate constitutional duties of his office; the Governor-General may have no such training. The King in time of crisis is able to consult without publicity the elder statesmen; in the conditions which prevail in Ottawa such consultation is next to impossible for the Governor-General. The King is the heir of a mighty tradition, the embodiment of the dignity of the State; the Governor-General comes from outside the country, and any exercise of authority on his part is bound to be regarded with suspicion. The Governor-General, in short, must be content to exercise a smaller authority in his sphere than His Majesty can exercise in his. He can never be an effective “bulwark” against abuse of power; the people of Canada must trust their representatives, and, if they betray the trust, the only remedy in present conditions is to express the public indignation in votes at election time.

The most contentious elements in the problem of the Crown in Canada have, for reasons of party politics, played small part in public controversy. The Governor-General is in fact a viceroy, no matter what technical meaning constitutional lawyers may give to that term; he is the formal head of the Canadian federal Government, in a position similar to the position of the King in Great

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Britain. He is also, however, the normal channel of communication with the British Government, an Imperial officer performing functions somewhat analogous to those of an ambassador. His duties in the first capacity, involving a necessary aloofness from politics, an essential detachment, hinder the effectiveness with which he can perform the second task. Probably it will be necessary before long to carry out the suggestion which has been made more than once in *THE ROUND TABLE*: to separate these two functions, entrusting them to different individuals. This would result in the strange spectacle of two formal representatives of the Crown in Canada—one, the Viceroy, being in fact the constitutional monarch of the Kingdom of Canada, the other being the representative in Canada of the British Government. A reciprocal alteration in Canadian representation in London would be required so as to remove completely from the Governor-General the duty of acting as the channel of communication between the Governments of Great Britain and Canada. There would thus be added a new variant to the long list of meanings borne by those mystic words “the Crown.” Apart from their vague general use in such expressions as “loyalty to the Crown,” “the Crown” in Canada in actual practice means the Government of Canada and the Government of Great Britain, as well as the Governments of the Canadian provinces. In actual practice the unity of “the Crown” is an empty legal fiction: the Crown is in commission, and for most purposes the commissioners are the Cabinets of the self-governing States of the Commonwealth. Legal fictions are useful, so long as they do not make us blind to the realities.

In the realm of foreign affairs, however, the unity of “the Crown” is still maintained, though with increasing difficulty. In view of the inefficiency of co-operative diplomacy within the Commonwealth in the last few years, it is maintained only because the Dominions have left the conduct of foreign relations to “the Crown” in Great Britain,

* *THE ROUND TABLE*, No. 64, September 1926, p. 686.

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which means the Cabinet of Great Britain. The theory of co-operation sought to make "the Crown" in foreign relations mean the Governments of all the self-governing States of the Empire collectively. The terms of the Locarno Treaty revealed the breakdown of the theory, and no practicable alternative has been suggested. The treaty-making resolutions of the Imperial Conference of 1923 cover only the *minutiae* of international relations, such as the Halibut Treaty between Canada and the United States; they do not touch the issue of peace and war. The problem now seems to be becoming whether a means can be found of dissolving the unity of "the Crown" in the international field, as has been done in the field of internal government, without at the same time dissolving the Commonwealth. The announcement that an appointment will shortly be made of a Canadian Minister to Washington re-opens the question. The exact terms of the appointment will merit the closest scrutiny. Will "the Crown" of Canada be separately represented at Washington from "the Crown" of Great Britain? A form of words will, of course, be discovered which will preserve the existing legalities; but can "the Crown" in fact be simultaneously represented abroad by two individuals responsible to different Governments? The answer to a further question is also being awaited with interest: Will the United States reciprocate by the appointment of an accredited Minister in Ottawa, or will the Canadian Minister be treated as a senior member of the staff of the British Embassy, ranking in precedence behind all the "envoys extraordinary and ministers plenipotentiary" who represent independent States?

Canada. October 21, 1926.

AUSTRALIA

I. FEDERAL CHRONICLE

IN 1920-1 the last general revision of the tariff took place, and, in 1922, a Tariff Board was appointed to report *inter alia* upon the necessity for new, increased, or reduced duties.* During the years 1922 to 1925 the Board, in the exercise of this function, spent considerable time in investigating applications for alterations in duties and recommended to the Federal Government a revision of several items of the tariff. In the main, their recommendations were accepted by the Government in drawing up the schedule of the new tariff of 1925-6. It was first submitted to Parliament in September 1925, from which date the new or increased duties operate, but no opportunity was found for its discussion in that session, which ended in a sudden dissolution, not, however, before a validating Act had been passed to legalise the collection of the duties. In March 1926, six months after its first introduction, the tariff was re-submitted to Parliament, discussed, and finally passed in July, without serious amendment. The form of the 1920-1 tariff is preserved in that the three lists, British, intermediate and general, remain, while the preference to British goods is somewhat increased. The net effect of the new tariff is an increase in duties, although some reductions are made. The principal increases occur in woollen and cotton goods and

* See THE ROUND TABLE, No. 56, September 1924, pp. 815-824.

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metals and machinery. At the time of the re-submission of the tariff the Board had been unable to present its recommendations for the iron and steel industries, but the Government promised that more tariff assistance would, if necessary, be afforded to these and to some other industries. The Government was unable, before the session ended, to submit its considered proposals for iron and steel, but an emergency measure was passed in the form of a tariff schedule embodying substantial increases in duties on certain foreign iron and steel products.

The promise had extended also to cotton growing, and was redeemed when the Federal Treasurer, in his budget speech, announced that the Government had decided upon a bounty to encourage the growing of cotton and the spinning of cotton yarn. For some time past the growing of cotton has been encouraged by a fixed price for seed cotton, guaranteed by the Governments of the cotton producing States, and by the Federal Government. Under this system the production of seed cotton in Queensland increased, in five years, from 45,000 lbs. to 16,700,000 lbs., while the losses sustained by the guaranteeing Governments totalled, in the same period, nearly £300,000. The Tariff Board investigated the industry and recommended, in substitution for the fixed price, a bounty of 2d. per lb. on higher grade seed cotton for the next six years, to be reduced by ½d. in each of the following four years. They also recommended a flat rate bounty of 6d. per lb. on cotton yarn spun in Australia, if 50 per cent. of locally grown cotton were used. The Federal Government decided upon a bounty of 1½d. per lb. for seed cotton, and a sliding scale bounty for cotton yarn. It is proposed to appropriate £900,000 in this way in the next five years, £600,000 for seed cotton, and £300,000 for cotton yarn. A Bill to give effect to these proposals was introduced into Parliament and passed before the end of the session.

During the past three years the Federal Government has taken a practical interest in the development of roads of

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a standard suitable for motor traffic. The building and control of roads is constitutionally not a Federal matter, but the Commonwealth Government has over the three years granted £1,750,000 to the States, most of it on a £1 for £1 basis, for the construction of prescribed classes of roads. At a conference held with the State Governments a scheme was tentatively approved whereby £35,000,000 was to be spent on road development. Of this the States were to raise £15,000,000, the other £20,000,000 being found by the Commonwealth, partly from existing revenue, but mainly from additional taxes on the users of roads. In the budget it was proposed to raise this sum by means of special customs duties on petroleum and shale oil, rubber tyres, and motor-car chassis, the proceeds of which should be hypothecated for the purpose of roads, and a Customs Tariff Bill was introduced to give effect to these proposals. It was seen at once that the duties on petrol and tyres were intended to be protective as well as revenue-producing, because they only applied to the users of imported goods and not to the users of locally produced petrol or tyres. The announcement of these taxes caused widespread protests from motorists, who consider that they already contribute heavily enough to the revenue owing to the existing duties on tyres and on petrol. This agitation Mr. Bruce denounced as the result of propaganda on the part of the oil companies, which he accused of political blackmail, and of an attempt to take over from the Government the management of the country. The Commonwealth Oil Refineries Limited, in which the Government is financially interested, sells its product at 2d. a gallon less than its competitors, and, although the taxes were intended to be paid by road users, Mr. Bruce demanded that the other companies should not pass the tax on to the petrol users but, by selling at the old price, should bear it themselves. He threatened, if they raised their prices, to extend the activities of the Commonwealth Oil Refineries so as to make

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Australia independent of the other companies. Later in the session the special duties on tyres and chassis were withdrawn and the petrol tax was altered to apply only to spirit consumed by road using vehicles so as not to penalise the use of stationary motor engines. In this form the proposal was carried, and the roads scheme was ratified by the Federal Parliament, although it has not yet been adopted by the States.

A notable step forward was taken by the Federal Government towards a solution of the pressing problem of Australia's future economic development, when the Institute of Science and Industry was reorganised and the Development and Migration Commission appointed.

The Institute of Science and Industry becomes the Council for Scientific and Industrial Research, and the Federal Parliament has appropriated £250,000 for general purposes and an additional £100,000 as a trust fund, the income of which is to be devoted entirely to the encouragement of research and the training of research workers. In each State a committee has been formed consisting of men of distinction in science or in industry, and the chairmen of these committees, together with three members appointed by the Federal Government and some co-opted members, constitute the Council. The executive of the Council consists of the three members appointed by the Government, and for these positions the following men of eminence in their various professions have been secured:—Mr. G. A. Julius, a consulting engineer; Mr. W. J. Newbigin, a business manager and an engineer, both of Sydney; and Professor A. C. D. Rivett, who holds the chair of chemistry at the university of Melbourne. The Council has already begun to investigate certain problems of Australian industry—*e.g.*, liquid fuels, cold storage, animal and plant diseases and pests. In addition, a series of travelling scholarships has been instituted, whereby selected graduates in science have been sent to various parts of the world for special training. The Bruce Government has shown itself alive

to the vital necessity for scientific investigation, and the Council for Scientific and Industrial Research appears to be laying a good foundation for a work of national importance.

The personnel of the Development and Migration Commission has now been announced. It has, unfortunately, been too often customary in Australia, in cases where expert knowledge or capacity is essential, to make such appointments as will represent or placate political parties and interests, and to trust that the necessary expertness or capacity will be developed in the performance of the duties. In this instance, however, the Government has wisely chosen to appoint members of the Commission for their proved capacity and knowledge. The chairman, Mr. H. W. Gepp, formerly general manager of the Electrolytic Zinc Company, has a well-earned reputation as a scientist and as a business man, and commands general confidence as was shown during the discussions in Parliament, when all parties combined to approve his selection. The other three members appointed are, one a well-known business man of Western Australia, another the recent Labour Premier of South Australia, and the third the former Under-Secretary for Lands of New South Wales.

The Federal Government, holding the opinion that increased production, higher wages and a higher standard of living are to be arrived at together, and impressed with American movements for promoting harmonious relations between employers and employed, recently proposed to send to the United States an industrial mission to study economic and industrial conditions there. Nominations have been asked for from representative associations of employers and employees, and when these come to hand the Government proposes to select eight for the mission, four from each side, to represent as many branches of industry as possible.

The agenda paper for the forthcoming Imperial Conference was discussed recently by Mr. Bruce in a speech in the House of Representatives. Of the three principal

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items, the relations of the self-governing parts of the Empire to Great Britain, Imperial defence, and the economic policy of the Empire, he devoted most attention to the first. He pointed out that, despite some changes in the status of the Dominions, during and since the war, the British Empire was, in his view, still a single unit, so that when Great Britain went to war the Dominions also were at war, although active participation would still depend on the determination of each Dominion. In opposition to views which had been expressed in other Dominions, he maintained that the Dominions must be either inside or outside the Empire, and that the notion of being "independent nations" was "hopelessly irreconcilable with the idea of the unity of the British Empire." It was impossible for us in Australia "to escape our obligations whilst we remain inside the British Empire, and it is impossible to make a declaration of independence. . . . Whilst we enjoy its privileges we must also accept its obligations." Mr. Bruce gave a general support to the Locarno Treaty of mutual guarantee, indicating that he found in it nothing antagonistic either to the principles or the spirit of the Covenant of the League of Nations. Since the matter, however, was to be discussed at the Conference, he did not at present ask Parliament to ratify the treaty, but promised to take no definite action until it was approved by Parliament. The Prime Minister also reaffirmed his support of the defence resolutions passed at the last Conference, and indicated that his views as to economic policy, especially as to trade and markets, had not changed since then, though he was not prepared to be dogmatic as to the manner in which inter-Empire trade ought to be developed. Mr. Charlton, the leader of the Opposition, indicated that he was opposed to any change in Imperial relations in the direction of enabling Australia to have a voice in foreign affairs. The present policy, he thought, had worked well; had enabled Australia to decide whether or not to join in any war in which Great Britain was involved; and had

prevented any danger of disputes arising between Australia and Great Britain which might lead to the disruption of the Empire. He also expressed the opinion that the Federal Government should not subscribe to the Locarno Treaty because it related entirely to European affairs, and Australia "could not afford to become embroiled in the concerns of Europe."

An amendment of the Invalid and Old Age Pensions Act under which Indians born in British India are to be eligible for old-age and invalid pensions, if otherwise qualified, will apply to a comparatively small number of persons, but is worth noting for its principle of according equal treatment to Indian British subjects who have been admitted to the Commonwealth.

In June and July of last year, at a conference held at Honolulu, the Institute of Pacific Relations was formed. The members of the conference, who came from practically all the countries bordering on the Pacific, were neither delegates from any organisations, nor Government representatives, but were chosen as individuals for their knowledge of, and interest in, Pacific questions. The enthusiasm of the Australian members of the conference on their return, reinforced by a recent visit from Mr. H. Merle Davis, general secretary of the Pacific Council of the Institute, has led to the founding of an Australian group of the Institute, with two branches, one in Sydney and one in Melbourne. There are not many in Australia who display much continuous or informed interest in Pacific affairs, so that these groups are as yet more important in quality than in number. The aims of the Institute are to collect and elucidate significant facts relating to the Pacific, to act as a clearing house of information between the Pacific peoples, and to conduct occasional conferences where opinions and points of view are exchanged so that more friendly relations and a better understanding may be promoted. The Institute is careful to insist that it is entirely unofficial in origin and in membership, that it

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champions no special interests, advocates no specific policy, and proposes to make no recommendations as to courses of action. In Australia its first work, apart from the stimulation of public interest, will probably be the co-ordination of existing research work on Pacific problems.

II. CONSTITUTIONAL ISSUES

IN the last number of *THE ROUND TABLE* * reference was made, in the Australian contribution, to the proposals of the Federal Government to abolish the practice at present in force of allocating a portion of the customs revenue to the States, and to obtain for the Commonwealth fuller power to deal with industrial relations. Since that contribution was written, a Bill has been introduced to provide for the expenditure over a number of years of a large amount of money on the construction and maintenance of country roads on conditions to be prescribed by the Commonwealth Government, subject to their acceptance by the State Governments. Though all three proposals have an important bearing on the relations of the States and the Commonwealth, no two can validly become law by the same process. The financial proposals can be made law by an Act of Parliament. The present system, under which a portion of the customs revenue is returned to the States on a population basis, was established for a period of ten years from July 1, 1910, or until Parliament otherwise provides. The period having expired the States have been consulted, but though they have without exception objected to the alternative of the Government, their objections can and probably will be overruled by an Act of the Commonwealth Parliament. The Roads Bill cannot be effective except to the extent to which the States agree to it. The Commonwealth has no power to appropriate money for roads or to

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prescribe the conditions under which it is to be spent. It has done so in the past, but in the opinion of the present Attorney-General its conduct in this respect has not been constitutional. It can, however, grant assistance to any State on such terms and conditions as Parliament thinks fit, and it is now proposed to grant assistance in constructing and maintaining a defined class of roads to such States as will accept it on terms offered by the Commonwealth. The industrial proposals require an amendment of the Constitution before they can become law. An amendment of the Constitution requires the approval of an absolute majority of the members of both Houses of Parliament, followed by a referendum at which the proposed law is approved by a majority of the electors voting in a majority of the States, and a majority of the electors voting in the whole Commonwealth. The proposed industrial law was approved in the Commonwealth Parliament after one important amendment had been accepted and one rejected with some approach to unanimity, fifty-two members of the House of Representatives voting in its favour, and two against it. In the referendum campaign public opinion has been very far from unanimous; party lines have not been followed, but there has been abundant evidence of the activity of the party spirit. The discussion, indeed, has engendered rather more heat than light, and the electors, who must go to the poll or be fined, have been left in a state of considerable doubt as to the probable or possible effects of their decision. At the same time the campaign has drawn attention to a tendency, indicated by the three proposals already mentioned, to enlarge the functions of the Commonwealth at the expense of the States, and to carry the process so far that the federal principle which is the basis of our Constitution may be superseded by the principle of unification.

At the referendum the electors are asked to approve of the addition of a number of clauses to the section of the

* *THE ROUND TABLE*, No. 64, September 1926, pp. 846-850.

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Constitution in which are enumerated the subjects on which the Federal Parliament has power to legislate. The substance of these clauses may be summarised as follows. It is proposed to give the Federal Parliament power to make laws for the peace, order and good government of the Commonwealth (1) with regard to companies, whether carrying on business within one State only or not; (2) establishing authorities, with such powers as Parliament may confer on them for the regulation of the terms and conditions of industrial employment, and of rights and duties of employers and employees in respect of industrial matters and things; (3) investing State authorities with the right to exercise any of these powers; (4) with regard to trusts and combinations in restraint of trade, including trade unions and associations of employers and employees for industrial purposes; (5) protecting the interests of the public in case of actual or probable interruption of any essential service. Of these amendments, the first four are combined in one question on which the electors must vote "Yes" or "No." The fifth has a question to itself.

Eminent constitutional lawyers have expressed widely differing opinions as to the effect of these proposed amendments if carried, and as to their political effect the most varied predictions have been made both among those who advocate an affirmative vote and those who oppose it. The confusion has at times been deepened by Federal Ministers who since the Bills were introduced have expressed different opinions on the same subject. All that will be attempted here is to set out the disabilities which are said to exist at present, and the manner in which it is proposed to remove them.

The Commonwealth Parliament has power to legislate with respect to trade and commerce with other countries and among the States, but the High Court has held that it has no power to deal with the internal administration of companies. Its power to deal with trade unions is limited to those which are registered under the Commonwealth

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Conciliation and Arbitration Act, which at present applies to slightly less than half the trade unionists in the Commonwealth. Similarly its power to deal with combinations in restraint of trade is limited to those of which the operations extend beyond one State, and it can protect only those "essential services" which, like the post and telegraph systems, are carried on by the Commonwealth Government, or which are inter-State in character. The Commonwealth Parliament has no power to legislate directly with respect to industrial conditions. It can act only through the Commonwealth Arbitration Court. An award of this Court will, according to the latest decision, override the award of any State tribunal or the provisions of any State statute, which purports to operate over a field covered by a Commonwealth award, but the powers which may be exercised by the Court are limited by the Constitution. The Commonwealth Parliament has power to make laws with respect to "conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State." Reference to the debates in the Federal Conventions shows that it was not anticipated that this power would be used except on rare occasions, and in the early decisions of the High Court it was so interpreted as to be applicable only when there was evidence of widespread and genuine discontent in any industry. More recently, however, a less strict interpretation has been adopted. It is now held that a dispute may be created merely by the service of demands on behalf of an inter-State union and their rejection by employers, and that any employer may be made a party to the dispute thus created, whether he has a quarrel with his employees or not, and whether or not they are supporting the applicant union. But these interpretations have not given the Federal Arbitration Court the wide powers which a State Parliament may confer on its tribunals, whether wages boards or courts. The Federal Court cannot act

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except in relation to a dispute; it cannot pronounce a finding after a conference or an enquiry into industrial conditions. An award is not binding except on those who are made parties to a dispute. The Court cannot make a common rule covering all persons engaged in the same industry, so that there is always the possibility of different conditions operating within the same industry, and of unions choosing their forum according to their view of the possible attitude of the tribunal. To give the Court jurisdiction, a dispute must extend or be made to extend beyond the limits of any one State, so that there are a number of industries which are not regulated by the Federal Court, and there is always a temptation to extend a dispute in order to give the Court jurisdiction beyond the boundaries of the State in which it might have been confined.

In a country in which almost all the conditions of labour are fixed either by statute or by tribunal, the inconveniences resulting from this division of powers are felt both by employers and employees, and it is not denied that some remedy should be devised for them. But Mr. Bruce's critics, among Nationalists and among newspapers which usually support the Nationalist party, contend that he has chosen the wrong remedy. In 1923 after a series of conferences with State Ministers, Mr. Bruce agreed to an amendment which, instead of extending the jurisdiction of the Commonwealth Parliament, would limit it by enumerating those industries on which alone the Federal Court could adjudicate, examples of such industries being those of shearers and seamen. These critics argue that the functions of the Federal Parliament should be limited to external affairs, defence and matters which are the common concern of the whole continent, and that industrial questions and trade within a State can be more efficiently controlled by a State Parliament. Mr. Bruce does not advocate unification, but his critics declare that his amendments would give the Commonwealth control of all industrial conditions

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and of a considerable portion of inter-State trade, with the result that the functions of the States would be so far reduced as to make unification inevitable.

Mr. Charlton, the Labour leader in the Federal Parliament, and his most prominent followers there, take the same view of the amendments. But unification is on the platform of the Labour party and Mr. Charlton supports them. Amendments only slightly more far-reaching have been proposed by Labour Ministries in the past and, in spite of vigorous party opposition, have come within a few votes of being carried. Mr. Charlton will have nothing to do with the essential services amendment, of which he speaks in orthodox language as an instrument of strike breaking. But the industrial amendments he regards as an instalment of the Labour ideal and, the provisions relating to companies having been included at his request, he accepts them. Co-operation between parties is not so rare in the Federal as it is in some of the State Parliaments. But no Labour leader at the present time could hope to carry the whole movement with him when supporting a Nationalist Prime Minister. Mr. Charlton has been denounced for parleying with the enemy and has been threatened with excommunication. He has stuck to his thesis, however, and has been supported by his most prominent followers in the Federal Parliament and by some of the most powerful unions. Nevertheless, in New South Wales and Queensland, Labour has definitely advocated a "No" vote. Labour Ministries have thrown themselves with vigour into a campaign of opposition and two of the largest and most active unions in Australia, the Australian Workers' Union and the Waterside Workers' Federation, are co-operating with them.

Outside Parliament a majority of the critics have directed attention to the manner in which the new powers may be abused by their unscrupulous opponents. Labour speakers have drawn a sinister picture of the fate which awaits trade unions when the right of secret ballots may be conferred on their members and the benefits conferred by a State Parlia-

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ment may be annulled by a Federal Court. Their language seems singularly inapplicable to Mr. Bruce, who claims that all industrial differences may be healed in an atmosphere of mutual goodwill, but coupled with reference to the recent deportation proceedings it may serve to consolidate the Opposition in a brief campaign. Nationalist opponents, on the other hand, refer to the danger of giving a Labour majority power to deal with all the companies in one comprehensive Act of confiscation or regulation. They are told that Labour Governments in the States have for many years exercised the powers now proposed to be conferred on the Federal Parliament without disaster, but they regard the fear of inter-State competition as a valuable safeguard and their predictions have gained in weight from the speeches of some of the less discreet of Mr. Charlton's supporters.

Another line of criticism is that the new powers are to be exercised not by Parliament, but by "authorities." Mr. Bruce, in his second-reading speech, maintained that one of the best features of the proposed law was that questions of hours and wages would be decided by tribunals free from party prejudice and capable of hearing and assessing evidence. But the authorities are to have "such powers as the Parliament confers on them" and Mr. Charlton is satisfied. Parliament, it is thought, may prescribe the maximum hours or minimum wages which the authorities may award, or it may supersede an unsatisfactory tribunal. Mr. Charlton has claimed that he may make a general election turn on the demand for a universal forty-four hour week, and the federated unions advocate a "Yes" vote on the ground that after the introduction of industrial issues Labour supporters will take a more active interest in Federal politics.

It will be seen that the referendum campaign has given only the most limited opportunity for considering the merits of unification as an alternative to the federal form of government. The Canadian model, under which residuary

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powers are exercised by the central Government, does not appear to have been considered at all, though to do so would have been quite relevant to the discussion. The issues have been obscured by conflicting views on the meaning of the proposed laws and as to what forms the new machinery will take. But inevitably advocates of the proposals have extolled the advantages of a single sovereign Parliament, and, disregarding contemporary examples, have assumed that it is an indispensable element in the dignity of a nation. A majority of the supporters of the Bills among Nationalists have maintained that they are opposed to unification, but that regulation of industry is now so important, and uniformity so desirable, that the controlling authority should be the Commonwealth and not the States. It is only among Mr. Bruce's Nationalist opponents that the question is treated as one of constitutional principle. They maintain that in any federal system industrial conditions should fall naturally under the authority of the States for three reasons: because close supervision is desirable, because genuine uniformity is impossible among States differing widely in climate, resources and efficiency of government, and because centralisation must cause delay and unnecessary expense. They maintain that the proposals relating to companies as framed will give the Federal Parliament control over the greater part of the trade of the Commonwealth, and that therefore the issue between unification and federalism cannot be shirked.

The nature of the financial proposals has already been indicated. The Commonwealth Parliament has an exclusive right to raise revenue from customs and excise. It has an unlimited but not exclusive power to impose taxation, and a power to take over State debts, which has not yet been exercised. From 1900 to 1910 the Commonwealth was under an obligation, imposed by the Constitution, to return three-fourths of its customs revenue to the States; from 1910 to 1926 it has been an obligation under a statute of the

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Federal Parliament either to return to the States out of the customs revenue a sum equal to 25s. per head of their respective populations or to spend the same amount in paying the interest on State debts. The power of direct taxation was not exercised until 1910, when a land tax was imposed rather with the object of breaking up large estates than of raising revenue. At the beginning of the war, however, income tax and estate duties were imposed, and, with slight reductions, have remained in force ever since. All the States have their own income taxes and death or succession duties and some have a land tax. It is now proposed that the Federal Government shall cease to pay to the States any share of the customs revenue and shall in return abandon the whole, or the greater part, of the field of direct taxation to them. The proposal seems at first sight convenient and beneficial to the States; convenient because two authorities will no longer occupy the same field, and beneficial because by a carefully balanced system of temporary grants each State is to be rendered better off financially than at present. Nevertheless, the State Premiers have unanimously rejected the gift. They object to being deprived of a source of revenue to which all citizens contribute, and to being limited to a field in which every increase is appreciated as soon as it is made. Further, they are not satisfied that their exclusive occupation will be permanent. The Commonwealth will retain its unlimited right of taxation, and Labour leaders have announced that it will be exercised, if deemed necessary, for the purpose of carrying out social reforms. Federal Ministers, however, persist, and one of the reasons given by the Treasurer for his persistence is that he must be unfettered in his control of the revenue in order to be able to provide for the uniform development of necessitous States. The motive may be a good one, though the necessitous States themselves do not appreciate it, but the Treasurer clearly contemplates a position for the Commonwealth which is nearer that of a paramount arbiter than was originally contemplated.

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.By the Federal Aid Roads Bill the Commonwealth proposes to spend a sum of £20,000,000 over a term of ten years on the roads of the States, each State participating being bound to contribute 15s. for every £1 contributed by the Commonwealth, the Commonwealth money being allotted on a basis of three-fifths population and two-fifths area. Both the class of roads to be benefited and the proportions which the States and the Commonwealth may raise from loan funds (or revenue) respectively are prescribed by the Bill, as is also the amount which the State Governments may raise from local authorities. The scheme is admittedly intended to benefit less thickly populated areas which the States have neglected, either through lack of funds or through political pressure. It may be of the utmost value in developing new country and promoting settlement. It has been welcomed as an attempt to redress the balance which is supposed to favour unduly the city as against the country. But unquestionably the provisions of the Act represent a decided advance by the Commonwealth into State spheres of activity. The American precedent is quoted, but the conditions which the Commonwealth seeks to impose on the States and the length of time for which the agreements are intended prevent the parallel from being at all conclusive. It is a minor grievance in some States that a portion of the Commonwealth expenditure is to be defrayed from a petrol tax, and that, owing to the unequal development of the States, revenue will not be expended in the State in which it is raised.

One advocate of a "Yes" vote at the referendum has predicted that a leader who came forward with a proposal to abolish all State Governments would sweep the country. Without attempting to refute a prophet, it may be said that there would be strong opposition to any change involving a centralised administration and a centralised legislature in a country covering so wide an area and including such varied climatic conditions. On this ground alone, one of the most influential members of the Country

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party has declared himself against Mr. Bruce. There has been marked impatience with the position of the High Court. Many who acknowledge that a federal Constitution must be interpreted by the Courts complain that the readiness of the High Court to over-rule its own decisions leaves Parliament in too much uncertainty as to the limits of its powers. Again there is dissatisfaction with the present division into States of which striking evidence was furnished by the New States movement. The originators of that movement were Federalists who believed that the functions of the States and the Commonwealth should be delimited by a fundamental law. Many of their supporters, however, professed their willingness to see the powers of the States transferred to a central legislature which should devolve such duties as it thought fit on provincial councils. Both sections of the movement emphasised the fact that the areas of the States were attributable to historical accidents rather than to any idea of convenience in administration, and both demonstrated that the feeling of traditional loyalty to a State which was noticeable twenty-five years ago has been displaced to a large extent, partly by a wider national sentiment and partly by the hostility of the country to the city. Another fact of importance is the position of two States, West Australia and Tasmania, which are to be helped out of Commonwealth funds. Other motives tending in the same direction are a desire to cut down the expense of government, and a sense of the progressive decline in character of the State Parliaments. Estimates of the amount to be saved by abolishing State Governments are no doubt exaggerated, and it may be supposed that professional and business men are even less likely to enter a Parliament sitting at Canberra than they are to take part in State politics. None the less, the feeling has to be taken into account that in Australia the number of men capable of taking part in politics and willing to give up their time is so small that one Parliament is more than sufficient to absorb

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them. Labour has another motive in its objection to the State Legislative Councils, most of which are elected on a property qualification, whereas the franchise for both Houses of the Commonwealth Parliament is based on universal suffrage. This enumeration may be sufficient to show that when Mr. Bruce holds his promised constitutional session, substantial amendments in the Constitution are likely to be brought forward. Possibly it may suggest that Mr. Bruce could with advantage have postponed his proposals until then, for it would be unfortunate if a radical change in the Constitution were rendered inevitable under circumstances which prevent a satisfactory discussion either of its merits or of the possible alternatives. There are, however, many reasons for believing that a heavy vote would be cast for unification if it were proposed. The relative positions of the States in the Commonwealth changed permanently during the war when the Commonwealth became responsible for the war debt and was compelled to exercise its power of imposing direct taxation. The formation of a Loan Council under the present Federal Treasurer for the purpose of regulating State borrowing and preventing competition was another step in the same direction. Participation in the Council is voluntary, and New South Wales under its present Government stands aloof, but the imposition of direct taxation and the formation of the Council are together instances of that potential power in the Commonwealth which Mr. Deakin once predicted would be destructive of the independent existence of the States.

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POSTSCRIPT

Since this article was written the result of the Referendum has been announced. The vote for the whole Commonwealth was as follows * :—

	<i>For</i>	<i>Against</i>
Industrial Amendments	1,243,368	1,614,268
Essential Services Amendment ..	1,192,129	1,592,510

In New South Wales and Queensland both proposals were carried, though by small majorities in each instance. In the other four States both were defeated. So many cross-issues arose during the campaign and so much criticism has been directed to the manner in which the questions were submitted, that it would be wrong to attribute the result to any one cause. The affirmative vote in New South Wales and Queensland may, however, be taken as significant of a reaction against extreme legislation, for both States are under militant Labour Governments, and in both States Ministers and the party organisations conducted vehement campaigns in opposition. In Victoria, the State in which the Prime Minister and the Attorney-General have their seats, the "No" majority was very large and was probably influenced by a preference for the system of wages boards as opposed to the system of industrial regulation by courts, and to some extent by a desire to retain the supposed advantages of a forty-eight hour week, as opposed to a forty-four hour week prescribed in New South Wales. Another factor of importance was a widespread feeling of uncertainty as to the legal or political effects of the proposals. Electors were urged when in doubt to vote "No," and evidently many of them preferred, as in previous referendums, to leave things as they

* At the time of writing the returns were not complete. There were still 5,000 votes for the whole of Australia to be counted.

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are rather than risk the effect of a change. Some of the very large number of informal votes may have been given intentionally as a protest against compulsion, but the percentage, together with other circumstances, is an indication of the unsuitability of the referendum for the decision of complicated questions. The Government majority in Parliament remains unaffected, and before the vote was taken Mr. Bruce had announced that, whatever the result, he would continue his efforts to improve the machinery for dealing with industrial questions, but it cannot be doubted that his policy has received a check, and it is evident that his conduct of the campaign has given a new weapon to his critics within his own party.

Australia. September 28, 1926.

SOUTH AFRICA

I. THE ECONOMIC AND WAGE COMMISSION, AND THE WAGE BOARD

AT the time of the introduction of the Wage Bill during the 1925 session of the Union Parliament it was announced by the Minister of Labour that an Economic and Wage Commission would be appointed to investigate and report on wage rates and conditions of employment and "to consider the effect of different wage and labour policies upon the opportunities of employment at a wage compatible with a civilised standard of life." The main provisions of the Wage Act, 1925, and the full terms of reference of the Economic and Wage Commission have been noted in an earlier issue of *THE ROUND TABLE*.^{*} The Commission began its investigations in August 1925, and took evidence all over the Union. It is our present purpose to give some account of the findings of the Commissioners.

Of the six members of the Commission, two were from overseas, Professor Henry Clay from Manchester university and Mr. Stephen Mills, C.M.G., an experienced civil servant from Australia, who acted as chairman. Together with Mr. John Martin, a prominent employer, these members produced one report, with reservations and an addendum by the chairman. We shall refer to this as the "first report." Mr. W. H. Andrews, Secretary of the

^{*} *THE ROUND TABLE*, No. 61, December 1925, pp. 199-205.

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South African Trade Union Congress; Mr. F. A. W. Lucas, K.C., the chairman of the Wage Board set up under the Act; and Mr. W. H. Rood, a Transvaal farmer and Nationalist member of the Legislative Assembly, produced what we propose to call the "second report." Mr. Andrews appended a note to make clear that though he signed the second report he did not think "that the gross inequalities and injustices in South African society can be removed by measures such as those recommended," although they might bring about "some partial, though perhaps only temporary, improvement" in the condition of the poorer classes; but apparently he did not think it worth while to set down any alternative proposals.

I. *Existing Wage Rates and Earnings*

Both reports open with detailed accounts of the existing rates of wages throughout the Union. Very little information of this kind is available from official sources excepting such as refers to the principal urban areas, but the Commissioners were able to supplement the official statistics with special reports secured through the magistrates in the rural areas. The department of census estimated the occupied population, excluding Bantu peasants, at 1,871,000, and an interesting diagram in the second of the reports presents a frequency table showing the number of workers in each of five wage groups. The figures, which cannot be more than rough approximations, show that as many as 55 per cent. of the wage earners are earning less than £36 per annum, while 25 per cent. receive between £36 and £60, 10 per cent. from £60 to £120, 6 per cent. from £120 to £240, and 4 per cent. between £240 and £500. The fact that, according to this estimate, four-fifths of the wage earners are receiving a wage lower than £60 per annum would be startling in any case, but it becomes at first sight positively alarming when it is recollected that the Wage Board is to make awards wherever possible which will

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enable employees "to support themselves in accordance with civilised habits of life"; and that the departmental committee on the cost of living which was set up in June 1925,* estimated that "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." A Wage Board which sets out in a hurry to raise all wages even to that minimum (which has been regarded by the artisan class as an insult to a civilised man) may easily set half the population out of work within a fortnight of making its awards. The Wage Board does not, however, cover the entire field of wage earners. Whereas the wages of the government and railway staffs are adjusted by special conciliation boards, agricultural workers and domestic servants are, for purely political reasons, also excluded from the operation of the Wage Act and left without any alternative provision. Unconcerned themselves by any thought of civilised standards, the farmers will no doubt welcome the additional labour which, unable to earn the "civilised wage" that may be enforced elsewhere, will be compelled to seek employment in agriculture at wages still further depressed by the force of increased numbers.

The Clay-Martin, or first, report records the main facts as to the wage rates at present being paid, stating them in unambiguous terms. Outstanding are the unusually wide disparities between skilled and unskilled earnings and between different districts. In certain skilled male occupations the wages in the principal urban districts are standardised at above £1 per day, but these rates do not operate in the smaller urban, or in the rural, areas. "The customary wages of the local artisans regularly employed in many of the country towns . . . are about one-half, and, reckoned on the minimum scale, often less than one-half the ruling rate of wages in the chief towns." One exception is the printing industry, in which throughout the Union the wage rates are based on those in industrial areas and fixed by

* THE ROUND TABLE, No. 62, March 1926, pp. 415-417.

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national agreement. The same applies to a limited extent in the building industry. In unskilled occupations wages vary downwards from a maximum for certain industries in the industrial areas to a minimum in agriculture. "The native who works with skilled craftsmen in building or engineering would receive on the Witwatersrand £1 a week, as compared with £1 per day or more which is the skilled man's rate," but in agriculture "there are many grades of labourers, from share-tenant to wage-earner; the industry is not on a cash basis, or even on a wage basis; payment in kind makes it impossible in many cases to show remuneration in terms of money value." The best paid farm labourers are the Cape Coloured workers, who receive usually from 2s. to 3s. 6d. per day without payment in kind or privileges, compared with 3s. to 5s. per day as unskilled labourers in the towns. Whereas natives receive on the mines a minimum of 1s. 6d. per shift, or, say, £2 per month, and in Cape Town as much as 7½d. per hour for unskilled work (the same as the Cape Coloured population), on the farms wages average much lower. Thus

[at Elliot, Cape Province] the wage for men is 10s. a month with rations. Where payment in kind is made, a cow and calf, or horse, or 12 sheep are given for twelve months' service. As a rule rations, but not a cash payment, are provided in addition. [In Natal, at Paulpietersburg] the majority of farm tenants work six months during the year in lieu of paying rent, and receive no wages. [At Babanango] no wages are paid to native labourers, but they have "unlimited grazing and cultivation sufficient for needs." [In the Orange Free State, at Harrismith] wages (without payment in kind or privileges), 10s. to 25s. a month for men, 2s. 6d. to 5s. for women, with food and sometimes clothing. Alternatively, a heifer is given for six months' service (plus food). Men and women having land for cultivation and grazing as a rule get no wages and have to do farmer's work when called upon. [In the Transvaal, at Wolmaranstad], where grazing rights or the right to cultivate land is given, if the native has, say, twelve cattle or over he usually assists at ploughing and reaping times without payment. Women, boys and girls of family may be employed as required at from 3s. to 5s. a month, or paid one heifer or tollie a year (value, say, £3 to £4). Many farmers release natives during the off season to enable them to earn hut tax.

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These actual extracts from the reports of the local magistrates will indicate better than any attempt at paraphrase the diversity of relationship existing between the farmers and their labour. While it must be remembered that since 1833 legal freedom of movement has existed (except in so far as the Native Labour Regulation Act of 1911, section 14, and the Masters and Servants Acts in the various provinces make breach of contract of service a *criminal* offence), there is nevertheless a ring about these terms of employment reminiscent of extracts from English fourteenth century manorial court rolls, when enclosures of common fields were playing havoc with manorial custom. Agriculture in South Africa is being gradually reorganised on the basis of paying wages for labour at least partly in cash. Standardisation of method of payment must inevitably precede any attempt to *raise* standards.

Sufficient has been said to indicate the wide spread of wages, and on these facts there is little if any difference of opinion between the two reports. Comparisons with pre-war conditions, or with existing conditions in other countries involve, however, the use of cost-of-living indices, and the door is opened for difference of opinion as to the choice of the index. The first report adopts standard economic practice in preferring an index based on the cost of food, fuel, light and rent to one which endeavours specifically to include "sundries" (such as clothing and hardware). The former Director of Census has frequently declared in favour of the omission of "sundries" *—*e.g.* :

For purposes of wage determinations over a long period, the consideration of the most uncertain and statistically unsatisfactory scale of items included in the group so-called "sundries" does more harm than good, and the safer course by far is to take the series of price indexes covering the items of food, fuel, light and rent.

And in Australia similar advice has been given both by Sir George Knibbs, the former Commonwealth Statistician,

* *Census Report* for April 1921.

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and by Mr. Justice Higgins. "The demand for food and housing," it is asserted, "is constant, urgent, universal; the demand for clothing is casual, fluctuating, particular." The result of the difference of opinion is that while the first report shows a slight increase in the real wages of European skilled workers in certain industries since 1914, and makes cautious and valuable international comparisons with present-day wages, the second report, including the questionable "sundries" figure, maintains that there has been a slight regression since 1913. The authors seem to assume that the term "sundries" attempts to include all items of expenditure apart from food, fuel, light and rent, which is far from being the case, and that the final figure should accomplish the impossible task of measuring the actual cost of living of some family or other, rather than serve as an index of the *changes* in the cost of living. One of the chief objections against the "sundries" items at present is that they comprise mainly goods and services which have risen much more than the average in price.

The important conclusions of the first report are not in any way shaken by this minor difference of opinion :

Real wages, as distinct from money wages, are high compared with other countries. Only the United States, Canada and Australia show higher real wages; in all European countries real wages are much lower than in South Africa. In England they are 30 per cent. less, in Amsterdam nearly 40 per cent. less, in Paris and Berlin over 50 per cent. less, in Brussels and Milan over 60 per cent. less.

These are, however, in all cases the wages of skilled artisans in the towns, and in South Africa they refer to only a small minority of workers, and are "less typical of South African wages than the corresponding rates of wages in other countries," on account of "the wide spread, a spread several times as great as in other countries between the highest and the lowest rates of wages."

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2. *General Causes Affecting the Amount of Wages*

"Wages, like all other forms of income, depend on the wealth of the country, or, in more precise terms, on the volume of the national income." The total income of South Africa for the year 1923 was £186,000,000, "which was the fund from which all wages, salaries, interest, rent, profit and taxes had to come," and which is equivalent to £26 per head of the total population, and £43 per head of the occupied population. Of the total, about £7½ millions is intended to represent the produce of native agriculture in reserves and locations, and the figure is neither strictly comparable with the income of other countries nor is it, probably, as reliable as the remaining items. The more important figure, therefore, is that which relates to production by workers under European supervision, i.e., £178½ millions, the number of occupied persons in 1923 being 1,871,000 (of whom 532,000 were Europeans) and the production £96 per head of the occupied population, compared with £260 in Canada in 1922, £178 in Australia in 1923, and \$1,690, say £400, in the United States in 1919.

The aggregate capacity of industry to pay wages is of the same order of magnitude as that of Germany or Italy rather than of Australia or North America. (The Commissioners) had no evidence that the higher level of wages in industry, transport and mining, which was 50 per cent. above the average level of agricultural incomes, was at the expense of capital; it must probably be taken to be the result of an unequal distribution of the national income between persons engaged in industry on the one hand and persons engaged in agriculture on the other.

The reasons for this unequal distribution are not far to seek. In the first place, it is due to the privileged position enjoyed by those industries which are sheltered from foreign competition: whether by the nature of the work, as in building, printing and transport, or by a tariff, as in general

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manufacturing, and also printing. The artisans in these industries have improved their position relatively to those in gold mining, engineering (which is partially dependent on mining), and agriculture, all of which sell their produce in the world market and are affected by the world position.

The second reason is the limitations in South Africa on the free flow of labour into the more highly paid occupations. In order that a high grade of skill may be maintained, the entry into the skilled trades is restricted, by the regulations drawn up in the joint apprenticeship committees, to juveniles who have attained certain minimum standards of education. Education of the required standard is, however, virtually a monopoly of Europeans in South Africa, although there exists some provision for schools for Coloured children in the Cape province, whereby a very limited number are able to qualify educationally for admittance to certain of the skilled trades. As regards natives, a few are trained as skilled artisans in the Transkei reserves, though none apparently are members of any of the skilled trade unions. So long as this anomaly continues South African wages in other than the skilled trades will continue to be depressed by the fact that a much larger proportion of the population than in other countries is compelled to make its living in them.

The great disparity which exists in the wages of skilled and unskilled workers owes its origin to the peculiar conditions under which modern industrial development has taken place in South Africa. The building of the railways, the deepening of the diamond mines, and later the development of gold mining had of necessity to be organised, on account of the dearth of skilled men, on the basis of a small proportion of Europeans and a large supply of unskilled native labour. The high wage paid to the skilled men on the Rand was the price that had to be paid to attract them from elsewhere to the gold mines, and that figure has set the wage for the Union. Recent industrial development has taken place on the same basis.

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The present level of European wages is due to, and dependent on, the present level of native and other wages, and neither can be increased, except at the expense of the other, unless there is an increase in production per head.

Meanwhile, however, the proportion of Europeans to natives has increased and, though the former disparity between skilled and unskilled wages persists, an increasing number of Europeans are unable to earn the higher rate, and they are forced to earn what they can at the lower rates of pay appertaining to unskilled work. While the second report recognises that the standard of wages of the natives must slowly and gradually be raised, there is no indication that its authors contemplated any other method of securing this end—such as positive action to facilitate the entry of those who have the aptitude into other occupations—than by the public regulation of wage rates. It is clear that little can be done by this method, except to increase unemployment, so long as the proportion of workers restricted to unskilled work remains so inordinately high.

The second report does not attempt to refute the argument that the amount payable in wages depends mainly on the amount of the national income, but its authors are not satisfied that the workers' share could not be increased. Interest payment on capital would in their opinion range lower if the Government controlled "wild-cat" flotations of companies which tend to destroy the investor's faith in South African securities; the cost of living and the price of land would fall if the landowners could be harassed by a control of rent charges and a tax on unimproved land; costs of distribution could be reduced, and so on. To admit the possibility of some improvement in these directions, however, is not to express any hope that the position of the workers would thereby be materially improved. A sufficient increase in the total income being the only hope for substantially higher wages, the first report proceeds to discuss the hindrances in the way of securing it. The same

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two factors that are responsible for the inequality of distribution of wages are shown to limit also the total amount that is available for distribution.

In a noteworthy section of the first report it is now convincingly argued that protection reduces the total of the national income and offers no prospect of increasing the field of employment for white labour. The general objections to protection apply with added force in the case of South Africa; it directly curtails the export trade on which agriculture in particular will increasingly depend for its prosperity, and it is unnecessary for the healthy development of industries in a country where distance in itself provides a natural protection. Five-sixths of the economic activity of the Union is restricted in order that a home market may be preserved for the one-sixth of the total produce which comprises manufactures. In view of the fact that all three political parties are apparently pledged to a protective policy, it is of particular importance to notice that no defence of this policy is made in the second report and that a reservation by the member from Australia, to the effect that, "in certain circumstances, a case can be made *for* that policy," adds a series of objections to its adoption in South Africa at the present time.

In the second place, the circumstances which exclude the bulk of the non-European wage-earners—not counting the Bantu peasants: they number over 70 per cent. of the occupied population—from anything but unskilled work must seriously retard economic progress, *i.e.*, the expansion of the national income. The time has gone when the natives could be regarded, like mules or oxen, solely as organisms of limited use to the white man as "muscular machines"; nor can a policy which involves the employment of natives by Europeans in any capacity at all, whether purely as unskilled labourers on farms or on the mines or in industry, or in work involving a more complete utilisation of their faculties, be reconciled with any empty aspirations of territorial or economic segregation.

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The contact of natives and Europeans has lasted too long, and their economic co-operation is too intimate and well-established for the native to be excluded from European areas and European industries (says the first report). And as far as the detribalised natives are concerned, it would appear to be too late for any other policy than that of adoption into the European economic system . . . Complete separation between white and black is now apparently impossible (agrees the second report).

The fact is that there are to-day possibly 300,000 urbanised natives, completely detached from their tribes, endeavouring to live solely on the wages that they can earn as unskilled labourers or as houseboys in the towns. Nearly 40,000 have succeeded in rising higher in the scale, as ministers, teachers, shop assistants, clerks, traders, and even as professional men. Even in the native territories "the contact with European economic civilisation has undermined the traditional native economy." The reserves are inadequate, the conditions of service on many of the farms intolerable, and while about 85,000 natives from the Union find work on the mines, on long-period contracts which enable them to supplement the inadequate living they can secure by agriculture in the reserves, the rest are forced into the towns. Whatever success might have attended a policy of wholesale treatment of the natives as one class forty years ago—and anthropological research suggests that any policy of differentiating against the South African natives as a body would never have been appropriate—it is abundantly evident that any discrimination in the economic sphere to-day on a basis of race or colour will satisfy nobody. There are too many Europeans below the line who need special economic protection, and still more who desire it; and too many natives above the line, who neither need nor desire it, to make so comfortable and easy a test meet modern requirements. Where land is inadequate and the population too poor to acquire more land, either inside or outside the reserves, the State may provide it on easy terms of repayment; where *bywoners* and squat-

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ters suffer from insecurity of tenure or unfair remuneration for their services, appropriate steps may be taken to convert their status into that of tenants—at controlled rentals and with adequate compensation for improvements in case of eviction—or of wage-earners on standardised terms of remuneration; where the agricultural population is too ignorant to make the most effective use of the land it cultivates, special agricultural training may be given to increase its efficiency. Economic problems can be solved only by adequate analysis of their root causes, and when those causes have been ascertained the possibility of finding a solution along lines of race and colour disappears.

The native (the first report says) can and should increase his economic usefulness by widening the range of his occupations and raising the level of his skill. . . . The ultimate destiny of, at any rate, a majority of the native population of South Africa is to be absorbed in and assimilated to the economic system which Europeans have introduced. (And the second report echoes :) Every care must be taken to see that the native in the Union is in no way precluded from the right to economic development, either through agriculture in his own territories or in industry where he has gone among the Europeans.

That, however, must have been Dr. Jekyll writing. Mr. Hyde also has much to say in the second report, and his views do not coincide with those already quoted from it on this subject. The central feature of the contradictory strain of argument appears to be a fear that the competition of native labour will depress the white man's standard of life. No serious objections are raised against Union natives, since the detribalised natives are in the same position as the unskilled European workers; and it is recognised that if by providing agricultural education and by increasing the reserves the pressure on the tribal natives to seek work can be removed, there is little danger of the flow to the towns continuing at such a rate as will cause serious dislocation. On the other hand, it is argued that the migration of about 60,000 natives from Portuguese

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East Africa each year to work in the mines reduces the wages that could be secured by Union natives and by unskilled white workers, who are compelled to live "as 'white kaffirs' on a native standard of living."

It is entirely overlooked that when a country is grossly under-populated—and no other view can reasonably be held about South Africa in its present condition—the so-called "competition" of vigorous and healthy immigrants from outside is more than compensated by the advantages of the additional co-operation in exploiting the resources of the country. The extra pairs of hands more than fill the extra mouths, and to argue otherwise involves either maintaining that South Africa is already over-populated or else falling into the elementary economic fallacy of imagining that no matter what economies in production are effected there will always be just the same amount of work to go round. The authors of the second report show themselves to be sufficiently well acquainted with economic principles to realise that the introduction of labour-saving machines throughout the nineteenth century increased rather than decreased both the opportunities for employment and the real wages of the working classes, and their reference to the natives as "muscular machines" indicates that they realise that the employment of natives for certain work may be compared to the installation of machines which effect the same reduction in working costs. Instead, however, of using this comparison to show that the whole community, including the white unskilled workers, will benefit by such reductions of working costs, both by lower prices and also by the creation of new fields of employment for all, they put forward an extraordinary suggestion that because in other countries machines are used to perform work for which natives are used in South Africa, it is not "fair" to compare the extremely low unskilled wages in South Africa with those ruling elsewhere unless some allowance for the machines is made in compensation. Unfortunately, something more

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than statistical conjuring is needed to improve the economic position of the unskilled labourer in South Africa, and the whole point of making international comparisons is lost if they are not to show where the need is greatest for an increase in the economic welfare of the working classes.

3. *The Scope and Policy of the Wage Board*

In view of the disclosure made in the second report that nearly 90 per cent. of the wage-earners in the Union are apparently living below the minimum standards laid down by the Cost of Living Committee as essential for life under civilised conditions, the recommendations made in the reports concerning the policy and method of procedure to be adopted by the Wage Board assume an added importance.

Both reports agree that the primary work of the Wage Board is in the field of the unorganised trades, in which wages range below the "civilised minimum." The first report, in fact, would limit its operation in organised industries to the investigation of disputes in which it could arbitrate at the request of both parties to the dispute, in which cases it should "ascertain the bargaining strength of the parties" and make an award "which the parties will come to recognise as representing just what they could expect to extract or concede." In that way all the advantages and none of the disadvantages of a trial of strength would be secured. The second report and a reservation by the chairman, influenced no doubt by Australian precedents, favoured the retention of the Wage Board as an arbitration court behind the conciliation boards in the event of a deadlock. It is a contentious point, however, whether in fact the hope of a favourable arbitration as the reward for obstinacy is not one of the chief obstacles to a settlement by conciliatory methods. In the unorganised industries the first report urges that the lowest paid workers in each industry should be dealt with first,

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and that standardisation of existing rates and methods of remuneration must precede any attempt to raise the standards. The second report recognises that "any improvement in the wage standards of natives should be slow," although the danger apprehended is that of "demoralising" the natives rather than that of increasing unemployment as the result of too ambitious awards. On the other hand, the authors of the first statement contribute an admirable section emphasising the danger of throwing existing workers out of employment. It is no part of the duties of the Wage Board to use the wage rate as a colour bar, for its function is to fix wages. "If the State desires to effect the substitution of one class of labour for another, it can pass legislation to effect this directly." "A rate that represents the Lower Quartile of existing rates may usually be imposed without causing any dislocation." In making an award to the lowest-paid workers in any one industry in a district, the Wage Board should take into consideration not so much the wages paid for similar work in the same industry elsewhere, as the wages ruling for labour of a similar class in other industries in the same district. "A change in the rate of payment of one class of worker will invariably excite hopes and claims for a corresponding advance among allied and neighbouring workers," and the other industries may not be in a position to pay the increased wage. In general, if serious dislocation of employment is to be avoided the wage must be adjusted to the capacity of the industry to pay. Finally, both reports recommended that the discretionary power of the Minister under the Act to enforce or withhold an award by the Wage Board should be abolished, in order that disputants may not be exposed "to the risk that their affairs may be settled on grounds of political advantage rather than economic necessity"; and also that the chairman of the Wage Board should be permitted to act as liaison officer between the various conciliation boards and the Wage Board, in order that the uniformity of policy,

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which is essential for the avoidance of irritating discrepancies, may be maintained between all wage-determining authorities in the Union.

It must be clear to all that the recommendations in the first statement embody the experience gained in attempts at the public regulation of wages the world over, and it is in some degree unfortunate that the chairman of the Wage Board should be a signatory of the second report. At the inaugural public meeting of the Wage Board in February, the chairman, speaking for the Board, made the reassuring statement that

We quite realise the great disaster which would overtake the country if, as a result of our work, serious dislocation occurred in one of our great industries, and because of that we recognise that it is necessary to proceed step by step rather than by leaps and bounds.

At the time of writing, the first reports of the Wage Board, dealing with the sweets, confectionery, baking and clothing industries, have just been accorded a noisy reception. The vociferous protests from manufacturers which have flooded the newspapers must not be regarded as a complete condemnation of the efforts of the Board, for it is safe to predict that none of the useful work which the Board may be able to perform will be received with a chorus of congratulations from that quarter.

On the other hand, the reports contain at least three disquieting features which should be indicated here, although the omission in the published versions of any statistics of the existing rates of wages makes any detailed criticism of the new rates proposed impossible. In the first place, the recommendations are not confined to the lowest grades of workers in each industry, whose welfare should be the primary concern of the Board, but they endeavour to set up a hierarchy of "skilled," "grade one" and "grade two" workers with, in many cases, an elaborate and at first sight exceedingly artificial demarcation of

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operations between the grades. The rates proposed vary downwards from £6 13s. 6d. to £1 per week for adult workers, and are apparently intended to be fully in operation by April 1, 1927. The question should be faced whether the two ambitions of (a) raising the standard of the worst-paid workers, and (b) creating a close preserve of semi-skilled and skilled operations by stereotyping the organisation of an industry, are not mutually inconsistent. For the present the Board should find ample scope for its energy in tackling the first of these problems alone.

In the second place, "the wage rates have been laid down on the assumption that there will be no increase in the existing customs tariffs for the industries concerned," and "the Board does not consider that any increase in the price of the goods produced in the industries concerned need occur to the consumer as a result of these scales." The possibility of unemployment resulting from the new rates is considered. "There are some firms which, with their present methods of management, may have a hard struggle to survive. . . . There can be no vested right to be entitled to continue to run an establishment inefficiently at the expense of its employees." It is a grave objection to such an attitude, however, that the future of the workers involved appears to be entirely overlooked. If the displacement of existing workers is to be viewed with equanimity by the Wage Board, it will immediately forfeit the confidence of the unskilled workers whom it was set up expressly to help.

In the third place, the reports reveal the tremendous responsibility which the Act places on the Minister whose duty it is to decide whether or no these recommendations are to become awards. He is subjected to the possibility of bargaining from both sides. On the one hand, he may be influenced by ordinary political pressure; and on the other hand, the Wage Board itself, conscious that it has to combat this political pressure, may be tempted to make its recommendations extravagantly generous in the expect-

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tation that after objections have been lodged more reasonable proposals may meet with the Minister's approval. It may fairly be asked whether the present recommendations would have been put forward if the Wage Board itself had to shoulder the responsibility of enforcing them.

The Wage Board has within its grasp the power to render a great service both to the workers and to the employers with wider vision. That service can be rendered only with the co-operation of both. It cannot be forced upon an unwilling and suspicious industry. If in its first endeavours and first reports the Board aims expressly at establishing that spirit of co-operation and at building up confidence, success may still crown its work.

II. THE RHODESIAN RAILWAY AGREEMENT

IN a land so deficient in navigable rivers and good motor roads as Southern Africa, railways play an unrivalled part in the economic and political scheme of things. No South African counts anything that happens to a railway as foreign to him even though the railways in question lie outside the borders of the Union. Hence considerable interest has been aroused here in the provisional railway agreement reached by the British South Africa Company on the one part and the Governments of Northern and Southern Rhodesia and the Bechuanaland Protectorate on the other.

Some 2,400 miles of railway are affected. These lines form a system continuous with that of the Union—indeed the first 112 miles from Vryburg to Ramathlabama run over Union soil. To the north the rails disappear beyond the borders of the Belgian Congo, to the east they wind their way down to the Indian Ocean at Beira through Portuguese territory. This system, which thus disregards political boundaries in the manner which has been so often disconcerting to South Africans in times past, is built

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up of a variety of sections each of which is owned by a limited liability company. The Rhodesia Railway Company—Rhodes's old Bechuanaland Railway Company under another name, the first stage of his Cape-to-Cairo railway—is by far the largest running in one direction from Vryburg to Bulawayo and Salisbury and, in the other, across the Zambesi to Kalomo. Next in importance is the Mashonaland railway from Salisbury to Umtali, which overlooks the stricken field of Massikessi, and from Kalomo onwards to Broken Hill. The system is completed to the east by the small and terribly costly Beira railway (Umtali-Fontesvilla) and the Beira Junction railway (Fontesvilla to Beira); to the north, the Rhodesia-Katanga Junction carries on the Central African line to the Belgian border.

Between them the Rhodesia and Mashona companies own three-fourths of the system, but, with hardly an exception, their shares and those of the smaller companies are held by the Rhodesia Railway Trust of 1899. Eighty-five per cent. of the Trust's shares are held by the Chartered Company. The interest of the Company in the railways is thus of the closest. The railways, in common with nearly all railways in Southern Africa, were originally built to link up the mines with the ports, for the railway era began in South Africa only with the opening of the diamond and gold mines in the 'seventies. Each line was built and partially equipped on debenture money—for instance, the original share capital of the Bechuanaland railway was only £6,000, and the Chartered Company guaranteed these debentures readily. The rails at first were light, the supply of rolling-stock exiguous; but more could hardly have been expected until the country was more fully developed. As development proceeded, the railway companies maintained, equipped and improved their lines out of earnings. This has been their policy throughout, except in the case of some branch lines and rolling-stock paid for by the Beit trust funds.

The Rhodesian Railway Agreement.

Rhodesians have complained, and sometimes with justice, that rates have been kept high to pay for all this; the companies, or rather the Company, has replied, with equal justice, that the traffic did not warrant reductions, especially the traffic originating in Rhodesia. Nevertheless, both parties have felt that the position of railways entirely owned by overseas companies in such a territory as Rhodesia was unsatisfactory. The grant of self-government to Southern Rhodesia threatened to complicate the situation still further; hence, railways were specially safeguarded side by side with the natives and the Company's mineral monopoly. Bills relating to railways were to be reserved till the clauses of the British Railway Act of 1921, setting up a Railway Commission and Rates Tribunal, should be adapted to the needs of the two Rhodesias. Once that has been done, it is hoped that Rhodesians will feel more confident that rates will be adjusted with a view to furthering the development of their country, and that shareholders will be encouraged to furnish money for sorely-needed extensions and improvements.

The agreement is, of course, contingent on ratification by the legislatures of the two Rhodesias. Shortly put, it is as follows. A Railway Commission is to be appointed consisting of a chairman experienced in practical railway working chosen by the three Governments concerned and approved by the Secretary of State, and three members, one nominated by each Government. In case of disagreement, the chairman shall decide. Each Government is to provide by law that railway rates must receive the approval of the Commission and that such rates shall be fixed so as to provide running expenses and a limited number of other charges. These charges are interest on loans, debentures and other fixed charges; an amount which, in the opinion of the Commission or, pending its appointment, of the Governments, shall reward additional capital raised for capital expenditure within certain limits; £150,000 for distribution among shareholders, rising, if

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all goes well, to a maximum of £250,000—in other words, a guaranteed rate of interest rising from $7\frac{1}{2}$ per cent. to some 11 per cent.; finally, a sum of £350,000, gradually falling to £150,000, to be placed annually in reserve till the total reserve fund amounts to £1,500,000. The complete scheme is to come into working in October, 1927; meanwhile, the companies undertake to reduce rates as from October, 1926. The publication of the terms has aroused considerable criticism in Rhodesia, but that was only to be expected. It is early days yet for us to discuss the matter till more is known. Meanwhile, we on this side of the Limpopo await the debates in the Legislative Council at Salisbury with much interest.

South Africa. October 22, 1926.

NEW ZEALAND

I. PARLIAMENT IN SESSION

ON September 11 the first session of Parliament in which Mr. Coates has had a majority of his own was brought to a close, and he has emerged from the test with credit, if not with distinction. He was to a large extent an unknown quantity when the electors gave him one of the largest majorities a New Zealand Premier has ever had, instead of the precarious lead which he had inherited six months previously from Mr. Massey. There was bound to be some reaction from the high hopes which had been based more upon his personality and its clever exploitation by his friends than upon any proved capacity as a leader or the promise of any new departure in policy. It was also almost inevitable that a majority large enough to try the skill of a veteran leader would prove embarrassing to a prentice hand. If, in these circumstances, the end of his first session finds the Prime Minister no longer standing on the heights which he occupied at the declaration of the poll, the change is only what was to be expected. The election picture was too bright to last, and with the fading of the colours the ideal has been replaced by the real.

In a short but busy and trying session the Prime Minister has shown that he has a strong grip both of his party and of the House, that he is well able to cope with elements of unrest inevitable with so large a following, and that the

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election slogan of "the man who gets things done," based upon his administrative record may now be extended to his legislative work. Though not distinguished by any achievement of conspicuous merit, the work of the session is quite up to the average of recent years in quantity, and in quality it does not lag far behind.

The Sun (Christchurch), deeply impressed by its quantity, in its review of the session (September 13) waxed sarcastic over the restless activity of our legislators.

The work of Parliament in a session of fifty-seven days has [it says] brought into operation no fewer than ninety-four Acts. These, if taken together and a most generous allowance made for their legislative merit, represent an amazing conglomeration of amendments to existing patchwork laws. In all probability not less than ninety of the total will have to be amended next year or some time later. And thus and for ever the political mill must continue with very little grist to grind exceeding small

It is not necessary to review the full catalogue of the Government's legislative measures. There is nothing in it to arouse unqualified enthusiasm. What the taxpayer will regret most is the overwhelming evidence that Parliament has become a mere legislative machine, notable for the sheer bulk of its output, but entirely without fame for the quality of the product.

Even this severe critic, however, whose hyperboles would be equally applicable to most other New Zealand Parliaments during the last thirty years, admits that Mr. Coates "has won his spurs with marked credit." On the debit side *The Sun* mentions "the error of attempting to get too much done," and here substantially all the critics—including such good friends of the Government as the *New Zealand Herald* (Auckland), the *Evening Post* (Wellington), and *The Press* (Christchurch)—are in agreement. "The man who gets things done," however, has displayed in Parliament a weakness for getting them done too quickly.

¶ So far as any generalisation is accurate [said the *New Zealand Herald* of September 13] the dominant feature of the session has been the

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manner in which the legislation which may possibly have far-reaching effects was put through almost before the country in general had grasped its purport.

An abuse which, for more than a generation, has been a normal feature of our Parliamentary practice was, relatively speaking, quite as marked as ever during this short session. Measures of great importance were reserved till nearly the end, and then a weary and impatient House was induced almost blindly to put them through all their stages. Members are apt to dawdle when they are fit, but they can be driven when they are tired. During the long Liberal régime this evil was the subject of constant protest from the Opposition, and the term, "legislation by exhaustion," was coined to describe Seddon's drastic methods. But, to leave out of account a man whose rough and masterful personality made him an exception to so many rules, the difference between Reformers and Liberals in this respect has been mainly that of pot and kettle. Each party has found it convenient—one might almost say necessary—to practise the evil method which it denounced in opposition. By way of palliation it may, however, be said that, in the absence of the closure, exhaustion is sometimes the majority's only way of answering the deliberate obstruction of a minority, and when feeling runs high it is not always possible to say that the fault is all on one side.

But the present Opposition has given Mr. Coates no excuse for using this method of "legislation by exhaustion," nor has he attempted to do so. He has, however, repeated the time-honoured offence of delaying the introduction of important Bills and then hurrying them through at a great pace—and the imperfect consideration of sometimes imperfectly drafted measures cannot fail to swell the annual crop of amending Bills. But the exhaustion point was never reached, because the House lent itself too readily to the process. Next to the Prime Minister's personality the

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most interesting subject of speculation at the opening of the session was how the Labour party, promoted for the first time to the status of official Opposition after a neck-and-neck race with the Nationalists,* would comport itself. And especially from the standpoint we have been considering, the Labour party, it must be admitted, has comported itself very well. It has been critical, but not obstructive. While it has not forsworn those fundamental principles which are so repugnant to the judgment and the prejudices of the country, it has not flaunted the red flag as defiantly as it has in previous sessions. The thoroughness of this restraint is shown by the fact that the Labour party has actually been accused by one of its most uncompromising opponents of not being critical or obstructive enough!

The Press (Christchurch) opened its review of the session on September 13 with the following words:

The Labour members who protested on Saturday against the rapid passage of the Appropriation Bill are not entitled to much credit for their protest. If they were sincerely concerned for the public interest, they would have taken steps weeks ago to arrest the course of legislation, which has for some time been the subject of adverse comment from newspapers of all shades of opinion. They are as much to blame as other members of the House for the passage of important Bills without proper consideration, and no eleventh-hour objection can relieve them of responsibility.

The article then proceeded to enumerate the measures to which the Prime Minister, in his concluding speech, had attributed special importance—namely, the Acts dealing with family allowances, town planning, local

* The figures given in *THE ROUND TABLE* (No. 62) for March 1926, page 432, require amendment as the result of two election petitions (Westland and Lyttelton) and one by-election (Eden). By a singular coincidence the net result is the restoration of the figures provisionally declared at the close of the poll and quoted from *The Times* of November 6 in *THE ROUND TABLE* last December (No. 61), page 208, footnote—viz., Reform (Government), 55; Labour 13; Nationalists and Liberals 11. The only Independent in that list (Sir Charles Statham) has been re-elected Speaker.

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government loans boards, rural credits, Bank of New Zealand long-term credits, scientific and industrial research, etc. It found the two financial measures well conceived, but "the best that can be said of the Town Planning Act," it added, "is that there will be time to amend it before it becomes operative." It then went on to deal with the first measure in Mr. Coates's list—the Family Allowances Act—to which the whole of its detailed criticism is confined. This criticism, as will be shown later, was both pertinent and severe, but its relevance in this connection is that the Family Allowances Act as a Socialistic measure won the hearty approval of the Labour party, which had no fault to find with it except that it did not go far enough. Thus, almost in the same breath, the Labour party was blamed for not being critical enough, and the Government for introducing a Socialist measure of which the Labour party as Socialists were bound to approve. Nor was this an isolated instance. It is a remarkable fact that the three of their four Bills which excited most uneasiness among the Government's own followers were all strongly supported by the Labour party. The Dairy Produce Export Amendment Bill, though only concerned with machinery, provided opponents of the Control Board's policy of "absolute control," with an opening for amendments designed to curtail the powers conferred upon the Board by the principal Act, but the Labour party helped the Government to reject these amendments. Equally congenial to Labour was the Motor Omnibus Traffic Bill and the suppression of private enterprise which it proposed in the interests of municipal services. These two highly controversial measures, against which some of the Government's followers were in open revolt, Labour was glad to endorse as instalments of its own policy. The Reform party presented an unbroken front in Parliament in support of the more insidious socialism of the Family Allowances Bill, but it is probable that none of the Government's measures excited more misgiving in the country or played

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more obviously into the hands of Labour. It was easy for the Labour party to be on its good behaviour. It certainly had no call to be critical or obstructive in the face of measures such as these. "A sound Conservative Government," said Mr. Taper to his friend, "I understand, Tory men and Whig measures." The Labour leader has publicly expressed his gratitude to a Government which has given point to this saying by an even more striking combination.

II. THE BUDGET

MR. W. Downie Stewart's first Financial Statement, delivered on July 8, is a clear, concise and business-like document. It contains no surprises, no flowers of speech, not even a peroration. One of the last and the most meritorious of Mr. Massey's statements was nearly three times as long, and it concluded with the prophecy that "the time must come, and soon, when the depression will pass away as mist disappears before the rising sun." In an almost identical context Mr. Stewart's last words are that "it is not proposed to make any general revision of the tariff this year." Except, however, for the stricter way in which it keeps to figures, the Financial Statement of 1926 closely follows the lines laid down by Mr. Massey, and that for two good reasons. Mr. Nosworthy, Mr. Coates's first Finance Minister, had only a few weeks after Mr. Massey's death in which to submit his first budget, and he was necessarily unable, even if he had so desired, to undertake any new departure. Mr. Stewart had had even shorter notice when he took over the portfolio from Mr. Nosworthy on May 24, so he was obliged to follow the same course.

With a revenue of £24,725,762 and a net expenditure of £23,570,083 the year 1925-26 shows a surplus of £1,155,679—an amount which corresponds closely with the estimate. For the current year the revenue is estimated at £24,266,200

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and the expenditure at £23,986,616, leaving a balance of £279,584 available for the Supplementary Estimates. An unsatisfactory feature of our finance, on which stress is laid by the Finance Minister, is its dependence on an item of such an uncertain character as Customs receipts. No less than £8,383,877, which is rather more than a third of the whole revenue, came from this source last year—an excess of £584,000 over the estimate. After deducting certain nominal increases the Minister showed that the real increase in the gross revenue over that of the previous year was £959,860, to which the increased yield from Customs contributed £814,488. The jump of the Customs and Excise revenue from £5,185,728 in 1919-20 to £8,769,251 in the following year, and its almost equally striking drop to £5,554,334 in 1921-22 illustrate the appalling possibilities of this item in a time of "record" depression. Since then the rise has been steady, and last year's figures, with imports valued at £53,025,856 and a higher tariff, surpassed the high-water mark of five years ago. But there is no reason to suppose that this happy process will continue indefinitely, and Mr. Downie Stewart himself labours under no such delusion.

For the current year [he says] it will be inadvisable to expect any increase in the gross revenue—in fact, the preparation of this statement is based on the expectation of a possible reduction. It is impossible to expand services in reliance on increased revenue mainly derived from Customs duties, a source inherently liable to fluctuations. Inflated revenue due to increased imports cannot be regarded as stable, and surpluses from such a source should, when available, be applied as far as possible to debt-reducing purposes, and not be regarded as a basis for reducing taxation.

The Minister is therefore wise to allow for a decline in Customs receipts during the current year and to disappoint whatever expectations there may have been of reduced taxation. The only questions are whether the trade outlook would not have justified writing down a larger sum than £600,000, and whether in a future budget provision

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should not be made to render us less dependent on this form of taxation. Another reason given for refusing to reduce taxation is the cost of the scheme of assistance to family allowances, but this new burden, estimated to cost £250,000 during the first year, has since been postponed till next financial year. The principal obstacle, however, is, as the Minister says, the burden of the war debt. A net increase of a little more than eleven millions during the year brought the gross public debt on March 31 up to £238,855,478, of which £75,333,648 represents war debt. The expenditure on war pensions and debt charges during the year was £5,101,015, or £3 13s. 3d. per head. In an interesting table the Minister shows that on a true comparison of the revenue receipts and the charges on taxation per head for 1913-14 with the figures for 1925-26, the increase in the receipts is almost entirely accounted for by these war charges. The actual taxation receipts for 1913-14 amounted to £5 8s. 4d. per head, but if they are increased by one-half so as to represent present-day values, the amount will be £8 2s. 6d. as against the 1925-26 average of £12 4s. 4d. The increase of £4 1s. 10d. is substantially accounted for by the war charges of £3 13s. 3d. The other notable increase is in the amount allocated to social services, including health and hospitals, pensions (other than war pensions) and education.

On a comparable basis [the statement proceeds] the expenditure on social services per head of population rose from £2 16s. 6d. in 1914 to £4 2s. 4d. in 1926—an increase of 45 per cent. Setting aside the amount required to cover war charges and social services, which in 1925-26 absorbed £8 19s. 4d. out of a total of £12 4s. 4d. per head of revenue collected, the remaining revenue for other services does not represent any real increase over that required in 1913-14. The results demonstrate that economy and control have been consistently applied to administrative expenditure, and that there has been no undue inflation of departmental services.

A Traffic Problem

III. A TRAFFIC PROBLEM

A PROBLEM which gave the Government serious trouble during the recess, and afterwards came before Parliament, originated in the danger with which the municipal tramway services and the £6,000,000 invested in them have been threatened, especially in Auckland and Wellington, by the rapidly growing competition of the motor bus. This sort of trouble appears to be inseparable from the conditions of modern traffic, but in this particular instance the essential difficulties were aggravated by the unfortunate course which the Government followed. Instead of submitting its proposals, in the first instance, to Parliament in the form of legislation with its attendant checks and delays, it elected to exercise in a precipitate fashion certain powers of regulation which, though not actually created during the war period, were evidently an outcome of war mentality. No public inquiry was held, but after an abortive conference with representatives of the interests affected, an Order in Council was gazetted on May 7 making a number of regulations controlling the competition of motor omnibuses with the tramways. The crux of the new code was the following clause which was virtually prohibitive in its effect :

The motor omnibus fare in respect of any passenger carried between any places served by a tramway or trackless trolley shall be at least twopence more than the corresponding tramway or trolley fare.

The origin of this power by which legitimate enterprises already under way were threatened with extinction through a stroke of the executive's pen was remarkable. The New Zealand Board of Trade was brought into existence in the second year of the war by the Cost of Living Act, 1915. Its title sufficiently indicates its scope and purpose. In

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the first year after the war this Board was put on a permanent basis with widely extended functions by the Board of Trade Act, 1919. The drastic and comprehensive character of the legislative powers which the Governor-General in Council was enabled to exercise, on the advice of the Board, by issuing regulations under section 26 of this Act is sufficiently indicated by the following paragraphs defining the purposes for which they might be used.

(a) For the prevention or suppression of methods of competition, trading, or business which are considered to be unfair or prejudicial to the industries of New Zealand or to the public welfare.

(b) For the regulation and control of industries in any other manner whatever which is deemed necessary for the maintenance and prosperity of those industries and the economic welfare of New Zealand.

By a strange freak of draftsmanship the Board of Trade was abolished and its powers transferred to the Minister of Industries and Commerce by the Board of Trade Amendment Act, 1923, but the title "Board of Trade Regulations" was expressly perpetuated. Thus we have two Board of Trade Acts and scores of Board of Trade Regulations, but no Board of Trade, and three years after the abolition of the Board the Government is able to bring out a new set of "Board of Trade Regulations" for the control of motor omnibuses.

The bus proprietors proposed to take action to test the validity of these regulations, and public opinion was loud in its condemnation of a procedure which seemed to it to be neither businesslike nor just. The Government was accordingly induced to abandon its proposed short-cut in favour of legislation of the orthodox type. The Select Committee of the House of Representatives to which the matter was referred took evidence of all kinds and at such length that nobody was left with any ground for complaining that he had not had a full hearing. But except on one point its report did not recommend any substantial relief. The differential fare was to be retained, as also the provision

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which made the local body the licensing authority, despite the fact that as the owner of a tramway it thereby became a judge in its own cause. But the owners of any competing bus service were to be entitled to require the local body to purchase it, the goodwill being, however, excluded from the price. The Bill introduced to give effect to these recommendations, also included the following extraordinary clause :

On a petition by not less than fifty residents of a district for the establishment of a motor omnibus service to connect with a tramway, the local authority shall either provide such a service or refer the petition through the licensing authority to the Transport Appeal Board, and the local authority shall act in accordance with the Board's recommendations.

This singular provision, which children are apparently as competent as adults to set in motion, was put through along with the rest of the Bill; and if its truly rural conception is interpreted in the same spirit by the local bodies and the Board some interesting results may be expected. The measure has now become law—a highly artificial and unfortunate piece of legislation. But even so it is decidedly preferable to the arbitrary action by Order in Council which was originally taken. In the House the front of the Reform party was not seriously broken by the Bill, and the strong dissent of a few malcontents was more than compensated for by the eagerness with which the Labour party rallied to support a measure designed to protect public undertakings against private competition. But a free vote of the Reform party would at least have required substantial amendments.

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IV. FAMILY ALLOWANCES

BY common consent the Prime Minister's Licensing Bill is regarded as the worst blunder of the session. Whatever its intrinsic merits, it was a Bill which the prohibitionists could not possibly accept, and which, especially at the late hour of its introduction, they were quite strong enough to block, if not to amend. Though not intended as a party measure, the Bill was known to have seriously divided the Cabinet and to have endangered the unity of the party. It was, therefore, wisely dropped without as much as a *pro forma* second reading. Mr. Coates's rashness in attempting to deal with this most contentious of problems, which neither Seddon nor Massey ever approached without the utmost caution, excited no little surprise. The Bill which would probably be put second by a large number of the supporters of the Government among the mistakes of the session is the Family Allowances Bill. There never was any doubt about its passage. Though it embodied a principle of the greatest importance on which there had been no general discussion, the Bill was put through with the utmost speed and debated in the most perfunctory fashion. Introduced into the House on a Tuesday, read a second time on Wednesday, it was put through committee "in a few moments" on Thursday, and then read a third time and passed.

The Bill provides that when the family income is less than £4 a week, and there are more than two children, an allowance of 2s. a week shall be granted for each child in excess of two, the payments to cease at the age of 15. No contributions from either the industry or the wage-earner and no endowments are provided for. The source of supply is to be the Consolidated Fund, and its immediate

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liability in respect of the 60,000 children estimated to be affected will be £250,000 a year.

The crudity of the plan [says the Christchurch *Press* on September 13]—a simple payment from the Consolidated Fund to persons whose incomes are below a certain level—is almost beyond belief. . . . The evils of the scheme will assuredly not be long in making themselves manifest. Very soon it will be urged that although the cost to the taxpayer will be a quarter of a million sterling the actual assistance given to the recipients of the dole—2s. per week per child—is of very little use. There will follow a demand that the rate of payment shall be increased, and we may feel sure that the Labour party will bid for new support with the offer to make the dole 10s., or even a pound, a week for the dependent of every man earning less than a certain weekly wage. The Labour party will not be obliged to fight for acceptance of the principle that the taxpayer should give a cash subsidy to the workers—the Government presented the Labour party with that principle without being asked.

The *Press* is a little behind the times in one of its suggestions. The proposal for a 10s. allowance had actually been made by one of the Labour members during the debate on the second reading. But far more ominous than the Labour party's inevitable contempt for the smallness of the amount was the apologetic air with which the majority signified its concurrence. The 2s. allowance was indeed described by Mr. Coates himself as only "a modest beginning," and he hoped that when the financial outlook improved an increase would be possible. There will, of course, be constant pressure to increase the amount regardless of that condition. Without a single word to indicate the gravity of the issue, and without a safeguard of any kind, a perilous principle has been established to which no definite limits can be set, and every election may become a public auction to determine how much more it is to cost the country.

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V. IMPERIAL AFFAIRS

IN Imperial affairs nothing that Mr. Coates has done gave greater satisfaction than the declaration which, within a fortnight after he had been confirmed as Mr. Massey's successor in the general election on November 4, 1925, he made in favour of the Locarno Treaty. This declaration, which was fully reported at the time in *THE ROUND TABLE**, expressed the Government's hearty approval of the Treaty, their intention to submit it to Parliament for ratification, and their confidence that the people of New Zealand would regard the sharing of its responsibilities with the Mother Country as a privilege rather than as a burden. As the electors had just given the Prime Minister a majority of more than two to one in the new House, and his statement exactly squared with his election utterances and the sentiment of the country, it seemed certain that Parliament would send him to the Imperial Conference as the representative of a Dominion which had accepted the full responsibilities of the Treaty. That hope has been disappointed for reasons which have not been fully explained, but are evidently not attributable to any backsliding. It was on July 28 that Mr. Coates first announced the change of front. He did it in an almost casual way which suggested some mistake, and it was received with surprise and disapproval. But the abstention of the other party leaders from adverse criticism, the declaration by Mr. Bruce a few days later that the Commonwealth Government deemed it inadvisable to submit a motion on the Locarno Treaty, and the convincing proof subsequently provided that our own Government stands exactly where it did in the matter, have combined to show that this impression was unjust. It is assumed that a common point of view has determined both decisions, and

* *THE ROUND TABLE*, No. 62, March 1926, p. 443.

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that it is considered best in the interests of unity to leave the matter formally open until the Imperial Conference has had a chance of dealing with it.

It must, however, be admitted that there has been no hint of the kind in any of the Prime Minister's references to the subject. He has filled the gap with reasons for postponing not merely ratification, but even discussion, which are manifestly inadequate. In the statement on the Imperial Conference agenda which he submitted to the House on September 1 all that he had to say on this supreme issue was reserved for his concluding sentences, which were as follows :

Honourable members will notice that I have made no reference to the Locarno Treaty. This, of course, does not imply any failure on my part, or on the part of the Government, to recognise the grave importance of this Treaty, but as I have already explained in answer to a question on the subject the delay in the admission of Germany to the League of Nations has to some extent altered the position, and it has now been decided to take no action during the present session in the direction of accepting the obligations of this Treaty.

No doubt the subject will receive consideration at the Conference, but as no direct obligation can be incurred by New Zealand until the matter has been considered by Parliament I can see nothing to be gained by discussing the question at present when the whole position is uncertain. There need be no doubt about the ultimate attitude of the Government, nor I think is there any doubt as to the opinion of the people of this country, and at the Conference it is my intention to express as strongly as possible the view that New Zealand will in the future take up the position she has been proud to occupy in the past—by the side of Great Britain.

The concluding sentence faithfully reflects the Imperial sentiment of this Dominion. New Zealand has no ambition except to retain "the position she has been proud to occupy in the past by the side of Great Britain." She can trust Mr. Coates to make this fact quite clear at the Imperial Conference and to adopt no attitude which is inconsistent with it. But in view of the supreme importance of the Locarno Treaty, of the abject confession of Imperial disunion which is made in Article IX, and of the

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strong probability that if such a provision becomes a normal feature of future treaties the disruption of the Empire cannot be long delayed, it is unfortunate that not a word was said to explain or to emphasise the gravity of the issue. A general explanation would have been perfectly compatible with the postponement of ratification and might have had a valuable educative effect upon our people and even upon others. But the education of this country with regard to its Imperial responsibilities is one of the things which, except in time of war, our Governments have systematically neglected, and the reconstruction of the Prime Minister's Department early in the year has not yet made the present Government an exception.

With a unanimity and a strength of popular sentiment behind them that Ministers of other Dominions have good cause to envy, our leaders have magnificent material to work upon, but public opinion must be kept informed and in touch with its responsibilities. Hitherto it has been equal to every emergency, but occasional impulses are an insufficient foundation for a permanent policy, and even they may weaken with the lapse of time if sentiment is not reinforced by knowledge. A Minister of External Affairs whose official horizon is not limited by the latitude of Western Samoa, but wide enough to include both Downing Street and Geneva, who is able to keep the detachment of mind that the peculiar exigencies of his job demand, notwithstanding the rough and tumble distractions of party politics, is an ideal of which the fascination of that absorbing game will not yet permit our politicians to dream. But the appointment by Parliament of an External Relations Committee, in which the best might perhaps be made of both worlds, is a less impracticable instalment of reform which might prove of great educative value.

A good example of the failure of our statemanship to bring practice into line with sentiment and theory in Imperial affairs is provided by the Navy. During the last twenty years there has been no subject which could be

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more unfailingly relied upon to draw a cheer from any representative gathering in this country than our obligations to the British Navy. If the speaker added that failure to shoulder our fair share of what should be a common burden is not playing the game another cheer would always be sure to follow. But to excite applause which stimulates good feeling and costs nothing is one thing; to add another penny to the income tax at a time of financial stringency is another. As long ago as 1922 Mr. Massey declared in his Financial Statement that "the Dominions cannot allow such a very large proportion of the total cost of the naval defence of the Empire to be carried by the taxpayers of the United Kingdom; to do so would be grossly unfair and unpatriotic." That year of slump and retrenchment was certainly a bad time for a New Zealand Finance Minister to think of an increased expenditure for any but the most pressing claims, and it is one of Britain's misfortunes that, in her dealings with children who aspire to the privileges of manhood without sacrificing those of infancy, she never can make a pressing claim.

Since then, however, New Zealand has considerably improved her position, and she will during the current year pass the half-million mark which Mr. Massey had in view for 1923-24. In the last two years the advance has been rapid owing to the taking over of a second light cruiser, and the net expenditure on naval defence, which was £283,356 in 1924-25, increased to £441,203 last year, is estimated at £533,828 for the current year. This advance is highly gratifying to all "square-deal" Imperialists, but even so our naval expenditure will be less than 9s. a head, while that of Britain is about three times that amount. In his statement on the Imperial Conference agenda the Prime Minister dealt with the matter in the following manner:

I am satisfied that this country is not yet bearing its full share of the burden of naval defence, and I intend to be guided, in the decision of this question, and in the direction in which any possible

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increase should be expended, by the advice of the Imperial authorities, and subject, of course, to the concurrence of this Parliament. I wish, however, definitely to put on record my entire agreement with the Prime Minister of Australia on the subject of the Singapore base, which I regard as an indisputable necessity for the adequate defence of British possessions. I recognise, however, the difficulty of urging upon the Imperial authorities the expenditure of a very large sum of money on a base many thousands of miles removed from the British taxpayers, who must in the nature of things pay the greater part of the cost, and New Zealand must, in the near future, consider whether, as an earnest of her bona fides in the matter, she is prepared to contribute, either directly or indirectly, a proportion of the cost. I cannot too strongly reaffirm what has already been asserted on many occasions previously, that the provision of this base is a matter of defence, purely and simply, and should not in any way be construed as a threat or a menace to any other Power.

Mr. Coates's references to both points have been well received. The delicacy which he feels about adding to the burdens of the British taxpayer is appreciated, but he would have put himself beyond criticism if in regard both to the Navy and to Singapore he had given a definite assurance that New Zealand would contribute on a proportional basis.

Mr. H. E. Holland, leader of the Labour party and of the Opposition, complained that the Prime Minister had made no reference to the Locarno Pact or to the question of Dominion status, but did not go very deeply into either of these matters himself. He admitted that "no part of the Empire could maintain its neutrality in the event of war," but appeared nevertheless to consider that a genuine advantage was conceded to the Dominions by Article IX of the Treaty. "New Zealand," he said, "should not be a party to being drawn into a war, as she would be if the Pact were ratified." Mr. Holland regretted that the Dominions had not been consulted before the Pact was signed, and argued with force that it should either have a time limit placed upon it or be subject to revision.

On the Government side of the House the most interest-

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ing contribution to the debate, which suffered from the absence of a definite issue, was made by Mr. W. Downie Stewart. He denied the existence of "the new status which had been so frequently spoken of by the other Dominions." "The supposed equality of the nations forming the British Empire had," he said, "never been real," and in support of this contention he pointed out that none of the Dominions would claim the right to declare war.

No nation [Mr. Stewart argued] had more authority than it had power, and for a small democracy like New Zealand to claim the right to make peace or war seemed to him to be suicidal. All she asked was the right to be consulted before any decision was made. . .

If the King attempted to act on the advice of the Ministers in the five Dominions, most hopeless confusion would arise. The British Government, therefore, consulted with the Governments of the other Dominions, and the ultimate responsibility for the advice given to the King must be taken by the Imperial Ministers in Great Britain. As far as he knew that was the position, and he did not think it was constitutionally possible for it to be otherwise.

The Finance Minister had on previous occasions expressed himself at greater length to the same effect,* but the statement was welcome nevertheless, especially for its reference to the unlikelihood of any Dominion claiming the right to declare war. None of them is so ambitious as that, but some would like to be able to declare peace when Britain goes to war, while still looking to her for protection in their own troubles. New Zealand does not share this delusion. She fully understands that she cannot both eat her cake and have it.

New Zealand. September 27, 1926.

* See THE ROUND TABLE, No. 38, March 1920, pages 469-470; No. 44, September 1921, pages 963-964; and No. 49, December 1922, page 232. The same No. 49 contains at pages 223-229 a statement of Sir John Salmond's and Mr. Massey's views on Dominion status à propos of the Washington Conference.

THE IMPERIAL CONFERENCE

I. THE BALFOUR REPORT *

THE ninth Imperial Conference has come and gone. It was heralded in the Press of two hemispheres in every tone of hope, scepticism and apprehension ; and its accomplished work has since been described in widely divergent estimates. The apprehension arose from a too ready acceptance of certain demands at their face value and from the consequent doubt whether any formula—even the most innocuous—could possibly secure the assent, let us say, of General Hertzog and Mr. Coates. The subsequent divergence of estimate was mainly a question of attitude. Those who consider only realities have accepted the estimate of *The Times*, that the Imperial Conference “has provided an agreed and authoritative picture of the Empire as it is.” And, on the other hand, those who, with a relish for “imponderables,” find greater significance in a “state of mind,” will not quarrel with the description of Lord Balfour’s Report as the Magna Charta of Commonwealth Liberties. THE ROUND TABLE, true to its function and its name, accepts both the objective and the subjective estimates as indispensable facets of one and the same truth.

“*L’Angleterre*,” says M. Henry de Jouvenel, “*a reconquis ses Dominions en les émancipant*,” or, to put it in the more controversial words of another commentator,

* For the text of the Report see page 430.

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"till there is full freedom to separate there can be no spontaneous will to remain united." These imperfect epigrams state a psychological truth which has a great political significance. They are not equally true of all parts of the Commonwealth, for each part has its own "state of mind"; but they are true, in different measure, for all, because they reveal the imminent principle—now authoritatively proclaimed—on which the whole Commonwealth rests. Equality of status has been sought and found in Dominion autonomy; and the strength of our unique constitutional structure lies in the fact that it combines the benefits of union with those of independence. The Imperial Conference of 1926 has dissolved the Downing Street "complex," and the Commonwealth is now, in very truth, a Round Table.

Now, in acknowledging gratefully that Lord Balfour and his colleagues have done good Imperial service, let us take stock of the new position, if indeed it be new. To be sure, none of the principles are new: the novelty lies in the explicit recognition of the conclusions to which they logically lead. What, then, are the essential features of this "authoritative picture of the Empire as it is"?

The British Empire is unique; it defies classification: and it bears no resemblance to any known political organisation. Its principal figures—Great Britain and the Dominions—"*are autonomous Communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations.*"* Equality of status is thus the root principle, "but the principles of equality and similarity, appropriate to status, do not universally extend to function. Here we require something more than immutable dogmas." In other words, we must recognise facts. And the recognition of facts, in one vital region, at all events, follows at a later

* The italics are taken from the Report

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stage in the Report,* where the Conference unanimously recognises "that in this sphere (*i.e.*, foreign affairs generally), as in the sphere of defence, the *major share* of responsibility rests, and must for some time continue to rest, with His Majesty's Government in Great Britain."

These two passages, read together with the paragraph on "Negotiation,"† and with the references to the Policy of Locarno,‡ are as important as anything in the whole record of the Conference. These passages make no reference to any general and mutual obligation which might follow action under the negotiation clause, but they appear to warrant the conclusion that, though the *active* share in war rests in the unfettered discretion of each Government, the inevitable status of belligerency at times when Great Britain or any other part of the Empire is at war was, by inference at least, assumed in the Conference. Let us note that the initiative leading to war is entrusted to each and every self-governing partner in the Commonwealth as an essential function of equality of status in domestic and external affairs. It follows that, in the discharge of this virtually sovereign function, each partner in proposing to act in its own interest, ought so to act as to conserve the interests of the whole. This obligation underlies the whole accepted procedure for the negotiation of foreign treaties.

Here is unity in belligerency, accepted so to speak *in embryo*. But, since war is only the pursuit of policy by special means, the pursuit of policy *ab initio* must imply a general unity of purpose capable of definition for particular major issues. We believe that there is a real though undefined unity of purpose, and that the forces animating it are so powerful that no Dominion Government can ignore them. It is true that recent history still leaves a good deal of evidence of disunity too prominently in the foreground, but time will correct this perspective by revealing to all concerned the true character of our Imperial

* Cmd. 2,768, pp. 25-6. † Cmd. 2,768, p. 22. ‡ Cmd. 2,768, p. 28.

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relations. And it is because the Imperial Conference has described these relations in a lucid and authoritative statement that its achievement, both practically and psychologically, stands high.

Now, our unity of purpose can be stated in terms which easily command universal assent so long as they express the general philosophy of the Commonwealth. It is the descent from the general to the particular that is our difficulty. Let us consider the matter once more in the light of its most recent test. Diplomatic unity, which is only unity of purpose canalised towards an immediate aim, implies consultation and agreement as the preparation for action. The theory of our diplomatic unity held good for a while after the war, but suffered a serious reverse at Locarno. The preparation for Locarno actually entailed nothing but the supply of information to the Dominions of what Great Britain proposed to do. There was no effective consultation and no agreement. From that General Smuts drew the conclusion that, if the Locarno method became a precedent, "more and more the foreign policy of the British Government would become simply that of Great Britain." Let us acknowledge that there are grounds for this fear, and that it would be possible for the British Foreign Office to pursue a purely British policy without violating the letter of the agreed procedure now governing the negotiation of treaties. We say *possible*, but we do not believe it to be *probable*, after the object lesson of Locarno. None the less, and for some time to come, there is a very definite sense in which British foreign policy must be that of Great Britain. The British Government is involved in a tangle of questions which is the *European* legacy of the war; and much of it still lies outside the orbit of the League of Nations. With the best will in the world, Great Britain cannot disengage herself from these responsibilities; but, in playing her inevitable part, she must liberate herself from the necessity of assuming peculiar obligations which may disturb her Imperial partners.

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There thus devolves upon the British Foreign Secretary a very delicate task in the discharge of which he may sometimes appear *distrain*, as our candid friend "Pertinax" has suggested. His difficulties will be greatly lightened by an increasing resort to the League, for we are not of those who fear that the League of Nations will weaken the links of Empire; and we agree with General Smuts in the speech already quoted,* that "incidents like Locarno are far more likely than the League to sow seeds of dissension." Locarno or no Locarno, our common membership of the League is a sufficient incentive to combined action; for there are many questions on which the Empire may reasonably be expected to have a common policy. The Imperial Conference has agreed to pursue, if possible, a joint policy in the matter of Compulsory Arbitration. Moreover, the British Empire has a peculiar responsibility as a Mandatory Power, holding different kinds of mandate; and the civilised world will expect enlightened leadership from all its partners in respect of the whole mandatory system. Here is a matter of great import on which our inner unity of purpose should issue in beneficent action. But, in order that we may all see clearly where we are going, it is essential that we should take counsel with one another in something more than triennial conferences and occasional cablegrams. THE ROUND TABLE, therefore, welcomes once more Sir Robert Borden's proposal that all the Dominion and British representatives to the League should meet in London and discuss the problems of the moment before proceeding to their places in the Assembly at Geneva. But such discussion cannot be conducted *in vacuo*. It must take its natural place in a process of consultation which, for effective continuity, requires special organs of its own. We, therefore, turn to those pages of Lord Balfour's Report which deal with the "System of Communication and Consultation."

* At Pretoria, November 11, 1925.

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The Process of Consultation

In any system of communication there are two termini ; but, in the British Commonwealth there are two sets of termini : (1) London, and the capital of each Dominion ; (2) the Dominion capitals *inter se*. There is to-day no organic process of consultation by which these termini are linked ; and the Imperial Conference, recognising the defect, proposes to remedy it. Let us examine first the *status quo* in the Dominion capitals. The Governor-General is the only political representative of Great Britain, and is, therefore—or was until the other day—both Viceroy and British Agent. His functions in the latter capacity represent the last vestige of the colonial status of the oversea possessions of the Crown, and with the disappearance of that status they also disappear. Where this leaves the Governor-General we shall see in a moment. Meanwhile we are only concerned with the fact that the process of stripping him of his active political function, while strengthening the Crown in each Dominion, leaves the British Government voiceless and bereft of all effective contact with the life of the Dominions. As matters stand to-day, the Governments of the British Commonwealth, *inter se*, do not possess effective means of communication such as all foreign Powers possess in their embassies. To remedy this serious defect in Imperial organisation is the most urgent need of the moment, and the Imperial Conference recognised “that closer personal touch should be established between Great Britain and the Dominions.” Readers of THE ROUND TABLE know that it has long foreseen this necessity, and they will welcome with us the decision to inaugurate a new system.

The details of the plan are to be settled between the Governments concerned—it being understood that the new system will not supersede, but only supplement,

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those direct communications between Governments and Prime Ministers which have been the custom since 1918. Whatever decision may be taken, we hope that the British Government in choosing their representatives and in defining their status and functions will take a large view of their importance, both in the character of the persons chosen and in the conditions of their office. In respect of their official standing, of their emoluments and staff, they should take a high place in the ranks of the servants of the Crown, for they will discharge a duty of uncommon importance. We think, moreover, that the British Government will be well advised to take a somewhat unconventional view of the public duty of these Imperial envoys by entrusting to them the task of representing the people of Great Britain as well as its Government. Ambassadors in foreign countries are hedged by a strict etiquette which confines their action to a recognised official sphere. The British Ambassador in Washington, however, has always enjoyed a wider scope, and by direct contact with the people of the United States has given his office a happy and peculiar eminence among all British missions abroad. The analogy of our Washington practice—of which Lord Bryce was *artifex maximus*—offers an example for our new representatives in the Dominions. They should be public men in the largest sense of the words, not officials, or even diplomatists *de carrière*. The duty here suggested will require tact and imagination for its effective discharge, and the prior condition of its success is that the envoy has earned and continues to enjoy the close and cordial confidence of the Dominion Government to whom he is accredited.

The counterpart of the British envoy overseas is the Dominion envoy in London and in other Imperial capitals. His status and duty should be conceived in like manner, and the political nature of his function must raise him above the present standing of the High Commissioner. It is, of course, for each Dominion to decide the relation between

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the new function and the old, but it is desirable that, both in organisation and in nomenclature, the significance of the new departure should find expression in visible and definite changes. The precise routine of duties to be performed by these British and Dominion envoys need not be discussed here in detail, for there will be occasion to examine it at a later stage in the development of the new system. We, therefore, content ourselves with the expression of extreme satisfaction at the promise of real personal contact now offered and with the hope that the appointment of our envoys will not be delayed. It is little short of absurd that Ireland and Canada should both be represented in Washington, and not (politically) in London.

The Conference noted, as a development of special interest, the appointment of Irish and Canadian Ministers in Washington; but made the significant comment that, in other cases, it was "very desirable that the existing diplomatic channels should continue to be used." Australia and New Zealand have, it appears, no intention of appointing such Ministers. It may be said that the Canadian and Irish appointments at Washington have special reasons to explain them; and that, for the time being, there is no reason to expect similar action by the other Dominions. None the less, it is probable that all the Dominion Governments will find that, as their interests and responsibilities expand, they will need first-hand knowledge of foreign conditions supplied by representatives of their own choosing. Even to-day such knowledge is desirable in an especial degree for Canada, Australia and New Zealand, in respect of China, Japan and other lands which play a part in the politics of the Pacific; while an intimate knowledge of India has an importance which will increase as time goes on.

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The Position of Governors-General

The Governor-General of each Dominion is now a Viceroy and nothing else. His appointment is now the result of agreement; and when appointed, he is no longer the agent or representative of the British Government. He exercises only the constitutional functions of the Crown; and if he were to appeal to Downing Street for advice he would be told that he possesses, in his Dominion Cabinet, the only advisers who have the right to his ear. That is the plain English of equality of status; and, despite the learned opinion of some constitutional pundits, we cannot conceive of any circumstances in which a Governor-General could act in a manner which would be unconstitutional for His Majesty the King. The Canadian crisis of 1926, for instance, showed the difficulties in which a Governor-General may find himself involved; and it is conceivable that a Governor-General might find himself in a predicament similar to that which confronted the King after the General Election of 1923 in England. "Your country calls you," said his friend to the Member for Mudshire. "Yes: but the difficulty is that different parts of the country are calling me different things." In times of political confusion it may be difficult, if not impossible, for an outgoing Prime Minister to give the Governor-General any advice regarding his successor. In an extreme emergency it might be the duty of the King to reject the unconstitutional advice of his Ministers, for the Crown is, in the last resort, the protector of the rights of the people against Parliament itself. He could, however, at such a moment always find counsellors of standing at hand to advise him with regard to his constitutional duties. It should also be open to a Governor-General in a similar predicament to obtain advice in the same way without his action being considered to show any want of respect for

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his Ministers. He is now cut off from Downing Street, and the traditions of the functions of the Crown tend to differ in different parts of the Empire, which adds to the difficulties of his position.

Within constitutional limits, as already suggested in *THE ROUND TABLE*,* the Crown is an extremely important factor in the working of our institutions, and the Viceroy of a Dominion is no more a cipher than His Majesty himself. And once it is clear that the Governor-General is not "the subaltern of Downing Street," to use Mr. Bourassa's pungent and misleading phrase, the controversy over his functions will, it is to be hoped, emerge from the passion and smoke of party conflict into a more serene atmosphere where the constitutional realities are once more taken into account.

Such, in brief outline, is the political work of the Conference. It furnishes no essential novelty, nor any real departure from known conditions—that is to say, conditions known to those who know—but it is none the less epoch-making in a high degree psychologically. As has been pointed out above, its value is sure to be interpreted in very different ways, and we shall see in later paragraphs of this article that the variants in interpretation represent something more than the difference between a serene assurance and an inferiority complex, for they arise out of real differences of Imperial conception.

Questions left for future treatment

The psychological value of the proceedings of the Conference is so great that there is little reason to regret the comparative scarcity of practical conclusions. Most of the important subjects on the Conference programme were left for more leisurely consideration by an *ad hoc* Expert Committee (e.g., the operation of the Colonial Laws Validity Act, the reserving of Bills and the extra-territorial

* *THE ROUND TABLE*, No. 64, September 1926, p. 686.

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operation of Dominion legislation) : or by a Sub-Conference (e.g., Merchant Shipping Legislation). These bodies have still to be appointed, and the question of appeals to the Judicial Committee of the Privy Council was not pressed by the Irish Free State. The next three years will be usefully spent if the Imperial Conference of 1929 finds on its table competent reports by the Expert Committee and the Sub-Conference on which action can be taken or policy inaugurated. And they will be even more fruitful if the details of the new plan of communications between Government and Government, which was "left for settlement as soon as possible after the Conference," are settled now.

II. THE RECEPTION OF THE BALFOUR REPORT

THESE decisions, and more particularly the exposition of equality of status and its consequences, have been received with general satisfaction throughout the whole Commonwealth.* The British Press welcomed them and offered comments which vary from the statement of *The Times*, which we have already quoted, to the opinion of the *Daily News* that this conception of Empire is "rather startling," and that the problem is "still unsolved" whether "one part of the Empire can be at peace while another is at war." The *Manchester Guardian* considers that the Conference declarations carry with them "everything except the right of secession," and that, in South Africa, "the abandonment of the Imperial connection has ceased to be a political issue."

The Australian and New Zealand Press practically endorse the view that we have now no more than "an agreed and authoritative picture of the Empire as it is." The *Sydney Morning Herald* strikes a critical note and refuses

* The Irish, Canadian and South African articles describe the effect produced by the Report in those countries. There is also a section on the Conference in the New Zealand Article.

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"to join in the optimism which declared that 'though every Dominion is the sole judge of the extent of its co-operation, no common cause would be imperilled.'" It maintains that "Mr. Bruce . . . had set his mind against any such development . . . as this latest decision connotes." The *Adelaide Register* remarks that "the enthusiasm for equality has been most marked in the representatives of those Dominions which are least inclined to assume a fair share of the responsibility for the common security"; while the *Melbourne Herald*, describing the Balfour Report as "a documentary record of the process of evolution," says that "the declaration of status is something to which Australia can subscribe, because the status already exists."

The South African attitude is, in the main, one of approval; and it is commonly believed there that the Balfour Report has revolutionised the domestic situation. General Hertzog is credited with the chief responsibility for the proclamation of status, for without his insistence it would probably not have been made. Dr. Malan, the Union Minister of the Interior, in an interview with *Die Burger*, said that "if ever there was anything which could move us Dutch-speaking Afrikanders to identify ourselves heart and soul with the idea of remaining in the British Commonwealth of Nations, it is this declaration of the Imperial Conference." And the Prime Minister said he was no longer afraid of the word "Empire." The *Cape Times* underlined its favourable comment by printing a heading across the whole page—"Vision of a New Era in South Africa."

In Canada controversy was more pronounced. The *Montreal Gazette* said, "there can be no equality of status . . . without corresponding equality of responsibility." The *Toronto Globe*, describing the conclusions of the Imperial Conference as, not a "compromise" but a "surrender," said that they would be regarded by some as a capitulation to those elements of the populations . . . bent on loosening the bonds of the Commonwealth. Mr. Guthrie, the

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Conservative leader in the Canadian House of Commons, declared that the Resolutions of the Conference could not be accepted in their present form, but would "have to be limited, otherwise on some future day they will spell disaster to this country." The Prime Minister in reply said that status was one thing, stature another, and that Canada had not presumed to claim equal seniority in the Empire. None the less, the Conference had been epoch-making. Mr. Guthrie also urged that Canada could not have equality of status unless she also had equality of burdens and responsibilities, particularly in the matter of Empire defence.* The Premier of Quebec said that the Imperial Conference, so far from disintegrating the Empire, had cemented it, and that the link with Great Britain was more than ever necessary for the survival of French Canada. And with regard to this aspect of Canadian opinion, there are signs that the Conservatives may seek to wean Quebec from the Liberal party by endeavouring to prove that a Liberal Prime Minister has endorsed proposals which will impair the French-Canadian guarantees in the British North America Act. Canada bids fair to be the arena of most animated controversy over the whole field; for, while she has taken action which gives visible body to her quasi-sovereign status, she possesses a powerful element in her citizens that "will look in the future, as in the past, to the Motherland as the source of power and the chief inspiration of the race."

Foreign comment stresses the note of surprise; for there are not many Europeans who can appreciate our psychology as well as M. de Jouvenel in the epigram already quoted. Germans oscillate between wonder at the magnitude of our achievement and puzzlement over its refusal to conform to any known measure of constitutional propriety. The lack of institutions to give body to our Imperial sentiment seems to many of them to condemn us to eventual disruption, and the peculiarity of our inter-

* See *The Times*, February 1, 1927.

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locking Dominion sovereignties defies specification by any standard known to the human mind. The *Frankfurter Zeitung*, in an interesting article (December 12, 1926), after saying that the League of Nations ought at least to live long enough to convince the European Powers that "our chess-board of 1914 was far too small . . . and that our European land can in future be nothing more than a small group of fields in a political chess-board which covers the whole earth," describes "the League of Nations as the public platform of the world-policy of the British Empire." "The new conception of the Empire," it adds, "points the way to the practical organisation of large world complexities inside the League." The French ask how it will affect our action as a European Power. "Pertinax," in the *Echo de Paris*, is the most explicit of them in his fear that, either we may turn away from Europe, or, when there, we may seek to evade our duty and to limit our obligations to the point where we lose all value as an ally. American comment ranges from the half-truths of the one-eyed in the Kingdom of the Blind to the open adulation of the *Baltimore Sun*. The sum of a thousand transatlantic articles is a general chorus of admiration of our past achievements, which echoes the improved tone of America towards England, with a prophecy that the Empire will steadily grow less European, and that Great Britain will have to choose whether she will take her place in the purely English-speaking ring of two hundred million seeking salvation apart from Europe, or gravitate more closely to her own continent.

Conclusion

III. CONCLUSION

FOR a policy, which is still malleable and glowing on the anvil, these criticisms and doubts, fears and applause and prophecies, have a value of their own. They are as a mirror, liable sometimes to distort the truth, but suggestively revealing our features as others see them. For that purpose they are transcribed here; and in trying to extract the truth from them, we shall probably do well to remember that some of our critics, in both hemispheres, believe that they can estimate tendencies as they would measure a current of water flowing in a pipe. There is little allowance for elasticity in their calculations, and the imponderable thus escapes their *avoirdufois*. It is precisely this imponderable that is incalculable; but its strength is not an unknown quantity and has been put forth decisively, in times of crisis, to reveal the unity of the Empire. It is by an intuition of its really great power that men, in millions, confidently believe that "it will be all right on the night." And when it emerges in action, as in the rally of the Dominions in 1914, or in the significant intensity of the controversy in South Africa, as to whether the Union Jack is to figure in the Union flag, it is seen for what it is, the marrow of our Commonwealth unity, which no formula can imprison nor constitution express.

Now, there are many who conceive this invisible thing like the principle of fertility which must be left to operate without any process of conscious selection. But fertility only becomes clothed with meaning in offspring, and we are now face to face with the problem of the offspring from the Imperial connection. The period of irresponsible growth has passed: the period of a more deliberate purpose has begun. Translated into practical terms, this means that the Commonwealth must be something more

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than a picture of the British nations enjoying free institutions: it must show a positive purpose.

There can be no more positive aim in the modern world than the establishment of peace on new international foundations. It has often been said that peace is the greatest of British interests, and never was that truism truer than it is to-day. Only in the last resort of war can any real peril now assail the British Empire; and, therefore, both as an insurance for our interests, and as an expression of the inner spirit of our own family relations, the League of Nations is an instrument peculiarly appropriate to our peaceful purpose. Without it, the world would be condemned to a precarious reliance on safeguards which provide no safety.

The League is a world-wide organisation, and the absence of Russia and the United States only serves to throw into bolder relief its well-nigh all-embracing character. None the less, it is not a vessel of unlimited capacity; and to use it as a vat in which to blend all the discordant elements of the world, is to court disappointment. If it has great possibilities, it has also its limitations; and those who recognise both aspects of its character do it no disservice. The British Commonwealth is committed, irrevocably and sincerely, to its underlying principle; but in contemplating the magnitude and the multiplicity of the problems which are gradually being placed within its jurisdiction, we cannot fail to see that it will soon be beyond the power of any Member-State to bear a responsibility, proportionate to its power, in all the obligations which may arise. Every State will have its own geographical sense of proportion; and if Great Britain loses hers by becoming a predominantly *European* State, she may lose her overseas perspective and strain her relations with the Dominions. She cannot help being a great World-State and must play a part in the League commensurate with her responsibilities and with her history. But the nature of her responsibilities and the lesson of her history alike warn her that no regional

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obligation should be permitted to overshadow her general mission. Her influence in Europe will be the more decisive if she confines her commitments to issues of first-rate importance which, by their very nature, are something more than a purely European concern.

A policy based on these principles should secure the willing assent of the Dominions. If properly executed it will express the spirit of Locarno, but not the method; but before it can be executed it must be conceived as the offspring of the Commonwealth as a whole, and not merely the child of Great Britain. To-day it is no more than a project, unembodied and without form; and it can only find its true embodiment through the process of organised consultation upon which the British Commonwealth ought to embark forthwith.

AMERICAN INDUSTRY AND ITS SIGNIFICANCE

I. GIANT STRIDES SINCE 1913

THE immense fact of American industrial expansion is being slowly, but forcibly, borne in upon us. As long as its fruits were practically confined to the frontiers of the United States, the European manufacturer and exporter went on his way comparatively unperturbed. He usually had little hope of surmounting the tariff anyway; and as long as the Americans kept inside their own garden wall he did not worry much about them. But the tremendous impetus given by the war purchases of the belligerents to American productivity has now introduced a new and most formidable rival into every competitive market. It is only necessary to look at the export figures of the last few years to leave no doubt on this point. In 1913 the exports of manufactured goods from the United States amounted to \$1,052,400,000, in 1923 to \$1,850,700,000, which the Board of Trade calculate as equivalent to an increase of 48 per cent. at pre-war prices* as compared with a decline of 20 per cent. in the corresponding class of British exports. Again, in 1923 the United States held 16·88 per cent. of the world's manufactured exports as against 14·03 per cent. by the United Kingdom, whereas in 1913 the position was reversed—U.K. 13·02, U.S. 12·47.† At the present time, therefore, there is no doubt

* *Survey of Overseas Markets*, p. 670.

† *Ibid.*, p. 667.

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that American production for export is considerably higher than that of the United Kingdom or of Germany. The American figures assume an even more significant complexion, however, when they are seen as representing only 8 per cent. or less of the total production of the United States. It is true, as Americans often assert, that they have not yet "begun to get into the export business." Foreign trade only represents an outlet for their surplus manufacture, whereas for us it is a basic condition of national existence. In the first six months of 1926 the United States produced 2,173,097 motor-cars, but only 143,507 went abroad—about 6·5 per cent. In the same period 154,155,000 pairs of boots and shoes were manufactured, of which 3,473,000 were exported*—a mere 2·2 per cent. What is true of these industries is true generally. American production as yet rests almost exclusively on the home market. How long this state of things will continue is impossible to foresee, but there is reason to suppose that American productive power will increase more rapidly than American consuming power. It seems inevitable that American manufacturers and merchants will turn their eyes more and more towards foreign markets, in which they will become increasingly formidable competitors.

It may seem natural enough that America with its 115 million inhabitants should produce considerably more than the United Kingdom with 44 million, especially when its vast natural resources are thrown into the scale. It is, however, somewhat startling to find that its production in manufactures is altogether disproportionate to the size of its industrial population. The U.S. Census of Occupations gives the total number of persons employed in manufacture in 1920 as 12,818,524, while 1,090,223 were engaged in the extraction of minerals. Assuming a substantial increase since that date, it may be hazarded that the manufacturing population is now about 14 millions. The

* *Survey of Current Business*, U.S. Department of Commerce, September 1926, pp. 31-34.

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British statistics for the number of insured persons in 1926 show that about 7,000,000 persons were occupied in manufacture and 1,335,000 in the extraction of minerals. Roughly speaking, therefore, the manufacturing population of the United States is about double that of Great Britain, while its mining population is actually smaller. Unfortunately, it is not possible to make any accurate comparison of total production, because whereas the United States Government publishes a biennial census of production, the Board of Trade has not published any statistics for British production since 1907. It is possible, however, to arrive at a rough estimate. The total value for 1923 of the manufactured and semi-manufactured goods of the sixteen principal industrial groups in the United States was £12,101 millions (\$60,507 millions)*; of this total, exports to the value of £894 millions went abroad, as compared with the British total for the same classes of goods of £743,500,000.† But whereas the American exports only represented less than 8 per cent. of their total production, our exports represented at least 25 per cent. of ours and probably considerably more. Taking this as a safe figure, however, it indicates a total British production to the value of about £3,000 millions,‡ as compared with the American £12,000 millions. This means that, on a very conservative estimate, the British industrial population produces only a quarter as much as the American, although it is half as big; or, in other words, the output per head in the United States is double that in this country.§

Whichever way one looks at the facts, there cannot

* *Statistical Abstract of the U.S.*, 1924, p. 726.

† *Survey of Overseas Trade*, p. 667.

‡ This rough figure, taken for the purpose of argument, errs, we believe, well on the high side, and is therefore, for this purpose, a conservative estimate.

§ Mr. J. Ellis Barker, in a comparison based on the British Census of Production of 1907 and the American Census of 1909, shows that over 26 industries the average annual output per worker was nearly three times as great in the U.S. as in the U.K. (£1,747 to £617), and the horse-power per man more than twice as great. *Economic Statesmanship*, pp. 519, 524.

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be any doubt that the American employer and the American workman somehow produce between them far more in the same time than their British competitors, and to this must be added the further fact that in many fields they do it at a cost which enables their product to compete with ours, and that in spite of wages which are usually at least double those paid in the corresponding British industry. How can it be done? This is the riddle which has drawn numerous missions of inquiry from Europe during the last few years, and among them one sent by the British Government. The importance of a thorough investigation into American conditions was pointed out in this Review some eighteen months ago,* and the report of the British Mission will be awaited with great interest. In particular, it may be hoped that, while bringing out the true facts, it will correct some of the exaggerated pictures which have been drawn of American superiority and some of the excessive depreciation of British methods and capacity which has done us a great deal of damage in the United States. While there is much we can learn from it, the American scene is not so uniformly roseate as it is frequently proclaimed by the professional panegyrists who attribute American well-being to the wisdom and virtues of the Republican party; nor is British industry so backward in the matter of organisation or of co-operation between employers and workmen as is gathered by foreign readers of our sensational Press. The bitterness and short-sightedness betrayed by both parties in the coal strike are taken by many people abroad as typical of our industrial conditions, while others at home have exalted a certain number of striking experiments in the United States into a glowing panorama of industrial peace and plenty, in which every man is happy, where wages are universally high, and where the struggle between capital and labour has been miraculously eliminated. Unhappily for the picturesqueness of life, truth is rarely highly coloured.

* THE ROUND TABLE, No. 60, September 1925, pp. 692-716.

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It normally resides modestly somewhere between two sensational extremes. A few impressions based on recent observation in the United States may serve to counter some of the more salient misconceptions about its industrial conditions, while in no way belittling the undeniable magnitude of the American achievement.

II. THE SECRET OF HIGH WAGES

FIRST of all, what is the secret of high wages? Almost every American employer will tell you that he believes in high wages. The reasons he usually gives are that they promote high production and create a widespread purchasing power throughout the country, which has stimulated and maintained national consumption. That these results have on the whole flowed from the payment of high wages is beyond doubt. It has not been found that good money breeds slackness. It may be that the incentive to earn is greater than in Europe, because the avenues of social and material advancement are broader and the barriers between classes as yet hardly discernible. The American workman still thinks of himself as a potential employer, and the chances of a new country are still so many that no ambition is foolish in a man who has grit and brains aided with a slice of luck. If he can make money, many paths are open to him which are closed or nothing but blind alleys in an old country. His chances of promotion too are better, not so much because the ladder from the bottom to the top in industry is easier to climb in itself as because constant expansion is creating a growing demand for men of ability and experience in the higher ranks. These psychological factors no doubt give an added stimulus in America to the more ambitious, but, when all is said, the vast majority pursue their course steadily through life as working men and simply do their best at their job, if they feel they will reap an adequate

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reward. In this respect the American mentality does not differ from that in other countries. If high wages have not bred demoralisation in the United States, there is no reason to think that they would elsewhere.

A surplus above the necessities of life means, however, demand for many articles previously beyond the reach of the working man. Not only can he buy his own house, but he finds many small luxuries at his command for the first time, including the inevitable motor-car. In America this means less than with us, for a second-hand Ford may be bought for \$50 and paid for by instalments. Still the fact that outside the River Rouge plant 7,000 workmen's cars are parked for every shift is in itself a striking fact, which denotes a real difference in values. Prohibition has also had a real influence. Though it presents many undesirable features, American employers generally agree that it has enhanced the efficiency of their workpeople and has diverted a great sum which would otherwise have gone in liquor to the purchase of other goods. There is no question that the diffusion of wealth downwards is one of the elements which have made production on a huge scale possible and have thus accentuated the cycle of prosperity. But to suppose that high wages were paid by the American employer because he foresaw this result is to credit him with a prescience to which he would hardly lay claim. The fact is that after the great boom of 1920 there came a depression, which led to a general reduction of wages accompanied by acute industrial conflict in many industries in 1921-22. It was found impossible, however, to make very substantial cuts, especially in the organised industries, where wages still remained above the high level of 1919, while even in the unorganised steel industry they still stood above the 1917 mark.*

The reason for the maintenance of high wages even under relatively adverse conditions and for their subsequent rise as trade resumed its advance is in no way

* *Statistical Abstract of the U.S.: Wages and Employment.*

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abstruse. It is mainly due to the supply of labour being unequal to the demand. Before the war wages were kept down because the tremendous inrush of immigrants met every requirement of industrial expansion. The war reduced the torrent to a trickle, and the Quota Law has kept the sluice gates well screwed down ever since. The American Federation of Labor always pressed for the restriction of immigration, because they held that no real improvement in the standard of living could be effected as long as unlimited foreign labour could be imported, glad to get wages which for the American-born were equivalent to semi-starvation. Statisticians have calculated that on this account real wages actually declined from \$635 per annum in 1889 to \$568 in 1914.* In any case, subsequent events have clearly justified the estimate of Mr. Gompers and his colleagues as to the correlation between immigration and wages. The Bureau of Labor Statistics shews that the index number of weekly union wage-rates rose by 10 points from 1907-1914, eight years of unfettered immigration during which nearly eight million persons entered the United States. But the index rose by 112 points, in spite of a progressive shortening of the working week, between 1914 and 1924, ten years during which less than four million persons were admitted to the country. The establishment of the quota coinciding with the rapid expansion of industry has given to labour of all kinds a higher value. The negro now finds he can get good employment in Chicago, Detroit and other manufacturing cities and is migrating north in considerable numbers. The European immigrant is now being replaced by Mexicans for gang work on the railways as far north as Montana. It is significant that, whereas only 84,000 Mexicans came into the United States to stay between 1910-14, no less than 232,000 were officially registered between 1920-24, and it is generally admitted that many thousands more slipped over the border without registration. But these

* W. E. Walling, *American Labor and American Democracy*, p. 220.

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new sources of supply are not enough to meet the demand. Labour commands a higher price because it is scarcer, and in his last Congressional Message Mr. Coolidge actually mentions "restrictive immigration" as one of the methods adopted by the Federal Government to raise the status of the wage-earner.

High wages are primarily based, then, on competition for a limited labour supply. Nevertheless the benefit which they confer on industry by enhancing the purchasing power and therefore the effective demand of millions of work-people has led the American employer to believe in the value of their maintenance and therefore to seek every other means of reducing costs before he touches wages. There is also no doubt that a higher standard of comfort has had a sweetening effect on industrial relations. But high wages could not be paid unless a correspondingly high production made it possible. It is in meeting this problem of obtaining greater output from a smaller working force that the American employer has shown remarkable energy and versatility, and it is just this that constitutes the most impressive feature of American industry. In order to find his solution he has been driven to experiment in three principal directions—the substitution of machine-power for man-power, the improvement of management, and the study of industrial relations. To treat each of these subjects even summarily would require three separate articles. All that can be attempted here is to sketch in a few salient points in each picture.

III. MACHINERY VERSUS MAN-POWER

THAT the output per man has enormously increased in the United States during the last ten years is beyond question, though of course the increase has varied greatly from industry to industry. The Bureau of Labor Statistics* has recently attempted to estimate it in the steel,

* *Monthly Labor Review*, July, 1926.

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automobile, shoe and paper industries, and though it does not claim more than approximate results, their general soundness can hardly be doubted. They show that output per man had increased by 25 per cent. between 1914-16 and 1924-25 in the steel industry, by 34 per cent. between 1917 and 1925 in the paper and pulp industry, by nearly 81 per cent. since 1916 in the automobile industry. In the boot and shoe industry, however, there has been a decline of 6 per cent. since 1921, and the reasons adduced to explain this exception are interesting. The principal ground is

the great increase in demand of retailers for varied and fancied styles. This affects production directly, because it means a decrease in standardisation. . . . This in itself would probably be quite sufficient to account for the decreased productivity in shoe production, since it tends to prevent the substitution of machinery for hand labour.

Here we find clear proof of what is indeed obvious enough—that increased output per man is only possible on a large scale in the case of a mass-product, which permits of an extensive use of automatic machinery. Where a highly finished and specialised product has to be manufactured the same methods cannot be equally applied.

The fact remains, however, that whenever possible labour is economised by the utmost use of machinery. Just as the "conveyor" has abolished all pushing, pulling and carrying in many American factories, so it is doing the same in the ports. At Montreal the great grain elevators pour wheat into vessels at the rate of 9 tons a minute and unload them with similar rapidity. At Mr. Ford's docks his coal and iron ore are unloaded and handled entirely by machinery. In his huge power plant at River Rouge, which is designed to develop 500,000 horse-power, a shovel and a rake are kept in a glass case as relics of a bygone age, all the stoking and raking of the furnaces being performed automatically. The human element is represented by a few engineers walking about in clean white ducks. In the big clothing factories in Chicago wholesale suits are no longer

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cut out of the cloth one at a time by hand, but twenty at a time by an electric cutter. In baking the dough-mixing machine with one operator performs the work of twenty bakers. In the steel industry one charging machine does the work of forty men. Such examples could be multiplied indefinitely, and could be found in every branch of industry. Everywhere human effort is being replaced by the machine, with the result that cost of production is diminished and higher wages are paid. It is significant that the cost of building in New York and London is about the same—75 cents per cubic foot as against 3s. Yet, whereas with us the bricklayer earns 1s. 9d. an hour, in New York his trade union scale is \$1.75—four times as much, and on buildings run up by speculators he often earns far more. What is true of the bricklayer is true of the other building crafts.

It is often alleged that the huge production of America is due to the harder work of the American workman and to the absence of trade union restrictions. General statements of this kind are difficult to disprove, but the writer's impressions did not lead him to think that the pace and intensity of work in the United States were greater than can be found in many British factories. This view is confirmed by the report of the German trade union delegation which visited America in 1925. In engineering works they noted that

the speed was not faster than with us in Germany. It might often be rather observed that the work was done at a quieter pace than with us. . . . Our observations showed that the higher productivity of American industry and the output of the American workman, which, generally speaking, is undoubtedly higher, is not to be attributed to the greater physical intensity of his work. In the foregoing inquiries we have been struck by the difference in methods of production, which result in higher output.*

There is no reason to suppose that the American workman should naturally excel the British or the German. The former is still largely drawn from the immigrant classes,

* *Amerikareise deutscher Gewerkschaftsführer*, pp. 40-48.

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whose intelligence and education are entirely below the level of Western Europe.

Nor is the absence of trade union restrictions sufficient to account for more than a very small part of the difference in output. These restrictions do, in fact, exist in some American industries, such as the building trade, in a marked degree. It is probably true, however, that they are less prevalent in some other trades than in Great Britain, and this is a point upon which the conclusions of the British Mission will have a special interest. In particular, American trade unions have not been generally opposed to the introduction of new machinery. It is frequently stated that such opposition is the cause of our backwardness in the adoption of mechanical methods, but very little substantial evidence has been produced to show its extent, whereas there are certainly numerous establishments which have been completely modernised without opposition from the unions, and in some notable instances with their active co-operation. What we really need is an authoritative survey conducted by the employers and employees in each industry, which would ascertain the real facts on subjects such as this. The shipbuilding industry has recently set a noteworthy example which might well be followed by others. It may, however, be affirmed with some confidence that no amount of extra effort on the part of the American workman could account for more than a fraction of his added output. It is mainly attributable to the mechanical appliances and power placed at his disposal, which enable more abundant production by fewer men.

It may be asked whether this process can be indefinitely prolonged, whether saturation point will not soon be reached even for a market so large as the American, whether economy of labour must not ultimately produce unemployment. The answer to these questions lies in the realm of speculation and depends on a number of indeterminate factors. The general American view, which, on this as on most things, is tinged with an impregnable optimism, seems to be

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that one demand breeds another, that when one is satisfied another springs up, and that those who are displaced in one industry find employment through the growth of another. To quote Mr. Julius H. Barnes, formerly President of the United States Chamber of Commerce :

With relatively fewer workers, we steadily increase industry's contribution to living possessions. These workers are not released to unemployment, but to the service of enlarged old industries and the establishment of new ones.*

In the last twenty years this story has been repeated in a hundred ways. There have been developed four major industries—the automobile, the motion picture, the electrical industry and the chemical industry. These four industries, practically non-existent twenty years ago, to-day furnish the livelihood of thirty million people.†

There are others whose vision is less sanguine than Mr. Barnes's, and who view the danger of over-production with apprehension, but as yet its arrival seems to be constantly postponed, though there are signs that the present boom has passed its peak. Moreover, there are considerable fears that when depression does come it will have disastrous effects owing to the tremendous extension of instalment purchasing. Of the cars sold by the General Motors Corporation 75 per cent. are sold on credit, and what is true of cars is true in a lesser though considerable degree of furniture, clothes, jewellery and many other articles. It has been estimated that there are now some \$4,000 millions of credit outstanding, but no one knows the exact amount. Hitherto the system has been worked with little loss and has undoubtedly stimulated consumption. Many bankers and economists, however, question its soundness, and fear a severe financial crisis if reduced wages and unemployment rendered the instalment buyer unable to fulfil his commitments and "to keep the wolf from the garage door." But this, again, is a pessimistic

* *America's Conquest of Poverty*, by J. H. Barnes.

† *Production and Living Standards*, by J. H. Barnes.

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query addressed to the future. For the average American in his present mood "sufficient for the day is the profit thereof."

IV. SCIENTIFIC MANAGEMENT

THE second method by which economy has been effected is in the direction of better management. Since F. W. Taylor invented his system of "scientific management" nearly a generation ago, a vast amount of research and discussion has been devoted to this subject. Various schools have sprung up which preach their particular doctrine with an almost fanatical enthusiasm. There is now a class of consulting engineers many of whom make a very good living by advising on problems of organisation. Among these the pure "Taylorists" are comparatively few in number, and even the Taylor creed itself has undergone substantial modifications in the light of experience. All of them, however, are seeking the same goal by different though converging roads, namely, the utmost efficiency through economy in administration and the simplification of processes. It is a mistake to suppose that their main object is the "speeding-up" of work or that they are only concerned with the way in which the manual worker does his job. Their aim is rather to ensure that everything is done with the utmost economy of effort and the utmost smoothness of rhythm from beginning to end. They pay quite as much attention to the organisation of the directing staff, the method of accounting, the planning of the purchase of raw material, the amount of stock carried, and the science of distribution, as they do to analysing the motions of the machine-feeder or to setting a fair basis for premium bonus rates. The methodology of industry is the object of their investigation, the elaboration of the system best fitted to the needs of each particular establishment, so that every man and woman from the heads of departments to the typists and cleaners have

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their work clearly defined, following a regular course and performed without unnecessary exertion. They seek to introduce all changes affecting the workmen with their full co-operation and consent, and many engineers express their preference for dealing with unionised men, as it is easier to demonstrate the advantages of better methods to a few experienced leaders than to a large number of individuals separately. Their difficulties usually lie far more with the managerial staff than with the operatives. The very word "science" breeds scepticism and alarm in the breasts of men who have advanced by purely opportunist methods and who have a fundamental distrust of anything "new-fangled." But when analysed the greater part of so-called "scientific management" resolves itself into the thorough study of every detail in industrial administration and practice and the discovery of the best means to eliminate every element involving waste of time, labour and material. No doubt in some instances there is a good deal of over-elaboration, needlessly minute timing, filming and so on, but that very surprising improvements in production have been achieved by making numerous small and often absurdly simple changes in method or by introducing thorough-going reform in administrative organisation is beyond dispute. The scientific management school have certainly spread the gospel of war against waste in every form very effectively, and have thus made a substantial contribution to improving American efficiency.

V. THE STUDY OF INDUSTRIAL RELATIONS

CLOSELY related to the question of scientific organisation is the systematic study of industrial relations. Here again the incentive came largely from the shortage of labour. With a surplus of labour of all grades available the employer does not feel the same obligation to ensure

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that his employees will remain in his service. But where as in the United States a good man is replaced with difficulty and may easily be persuaded to go elsewhere by higher wages or better conditions, it becomes a matter of primary importance to study his welfare and to offer him every inducement to stick to his job. During the war employers were in constant danger of finding their machines idle, because their minders had found a more tempting prospect elsewhere. The same risk is still constantly present in many big industrial centres where the competition for workers is acute, and it is greater in America than in other countries owing to the extraordinary fluidity of labour and the national restlessness, which leads men to forsake one kind of work and seek another, even when they are well paid and successful.

Out of these abnormal conditions has evolved a new science of what is called "personnel administration," around which a considerable literature has grown up and which has caused the whole relationship of employer and employed to be subjected to the closest scrutiny. Originating from the welfare movement which was a product of war industry, it has logically advanced to the consideration of industrial relations in their widest sense. No system which aims at securing good and constant service in industry, seeking to avoid "grievances" arising, by providing medical and recreational facilities or by giving a financial interest in its success, can proceed very far without encountering the more ultimate problems which centre round the claim of workmen to have some effective share in determining the conditions in which they work. From welfare to "employee representation plans" was therefore a natural transition. These plans have been set up on many varying models and in many industries during the last few years. They may be found on railroads such as the Pennsylvania; in meat-packing plants such as Swift's; in great engineering establishments such as the International

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Harvester; in the refineries of the Standard Oil Company; in huge concerns like the General Electric and the Westinghouse; in the steel plants at Bethlehem; in fact, in many of the most representative establishments in American industry. They are all more or less in the nature of experiments and the degree of "industrial democracy" which they imply varies enormously. At one end of the scale stands a scheme like that of the Philadelphia Rapid Transit Company, founded by a remarkable man, Mr. T. E. Mitten, as long ago as 1911. It consists of a regular system of committees elected by the 10,000 tramway, bus and taxi employees of the city, who have a considerable say in the general management of the company and who now own more than one third of the \$30,000,000 common stock, thereby nominating two directors. There is no discrimination against trade unionists and the company are prepared to deal with their employees on a trade union basis, if two-thirds of them so decide. At the other end of the scale are "plans" which set up councils with no power to consider wages and based on contracts prohibiting membership of a trade union. Between these two extremes lie schemes containing very diverse features and carrying with them very different benefits or methods for stock-distribution. In most cases the stock does not carry any voting rights and in only five out of some 800 plans has any effective degree of joint ownership been established. There is no doubt that most of these plans were initiated with at least the partial object of "keeping the union out." Whether they will ultimately be successful in this aim is, however, very problematical. The American Federation of Labor has hitherto been organised almost exclusively on craft lines and has paid relatively little attention to the semi-skilled and unskilled men. The "Company unions," which have been formed under the employee representation plans, imply organisation on industrial lines which is often better adapted to the establishments in which they exist. Many impartial and

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qualified judges regard them as a transitory phenomenon destined to give place to regular trade union organisation on industrial lines. Whether this forecast be justified by future events or not, a closer contact has certainly been set up in many plants between employer and employee and a better understanding created of each other's problems. Moreover, the attention paid by the big corporations to industrial relations has called into being a new professional class in the Labour Manager, whose business it is to ensure that the men's point of view is fully known and considered by the firm on all questions affecting them and who is allowed considerable latitude in determining its general labour policy. The existence of such a class is in itself some guarantee that the human element in industry is carefully studied and sympathetically approached.

But it should not be supposed that "employee representation" as established in many of the non-union shops is the typical form of industrial relationship in the United States. Probably not more than one million men and women are covered by such plans. Outside them there are about three million organised in trade unions, whose conditions are for the most part determined by collective bargaining and perhaps another eight million who are without any form of organisation. The struggle for trade union recognition is still proceeding with considerable energy, but it is far from true that trade unionism is impotent or inactive in America. Some industries such as printing, building, clothing are very highly organised. The same is true of the coal-mining and textile trades in some localities. The Railway Brotherhoods comprise the great majority of the operating staffs of the railways. It would be too long a story to trace the history of the bitter fight which has been waged for the last thirty years by the employers against the unions, a fight which has been marked by methods of violence on both sides which are little known in this country. Although less in evidence now during a time of general prosperity these methods

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have not been abandoned. The trade unions usually try to enforce the "closed shop," which means that the employer binds himself to employ no non-unionist and sometimes even to collect the union dues. The employers stand for the "open shop," which sometimes means that no unionist is employed, but more often that no discrimination is made against non-unionists and that no trade union is recognised. The trade unions employ the boycott against non-union goods, while the employer uses the injunction to cripple their collective action. In the telephone directory of almost any industrial city may be found advertisements of detective agencies who conduct "industrial inquiries" and provide "guards and watchmen" in case of strikes. The unions charge the employers with wholesale espionage and "victimisation," while employers charge the unions with graft and blackmail. As long as the industrial atmosphere is impregnated with suspicions and antagonisms of this kind, it can hardly be regarded as free from trouble.

Trade unionism is a powerful force, and exercises considerable political influence. Though there has been a substantial drop in the membership of the American Federation of Labor, which was swollen artificially during the war, it still counts nearly a million more members than in 1914. As has been already mentioned, it has up to now been primarily a craft organisation catering for the skilled trades. The problem of organising the masses of semi-skilled and unskilled men in engineering, steel and other industries has not been solved. There is a wide gap between the wages of these classes and those of the aristocracy of American labour. Whereas the average weekly wage of the skilled man runs from \$40 upwards, that of the unskilled even in the North rarely exceeds \$25, and in the South is only \$16. These figures mean that with uninterrupted work for 52 weeks the labourer earns an average of \$1,300 a year in the North and \$832 in the South. It has further to be remembered that

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seasonal unemployment is common in a number of industries, and that there is no State provision to aid the American workman when he is old, sick or out of work. All these contingencies have to be met out of his savings or by charity from the Community Fund, except where he receives assistance from his employer or trade union. When these things are taken into account, it will be seen that the income of the common labourer at best brings him hardly above the poverty level, which is usually fixed at \$1,100 a year. As Mr. Coolidge said recently to Congress, "skilled labour is well compensated. But there are unfortunately a multitude of workers who have not yet come to share in the general prosperity of the nation."

Mr. William Green, its President, recently defined the position of the American Federation of Labor in these words :

Because of the opposition which has come to labour at every turn of the road, it has been forced to assume a militant attitude. . . . Labour does not want to waste its energies and resources by engaging in industrial conflicts. . . . Labour understands fully the cost of industrial strife and the sacrifice it must make when forced to strike. It is determined, however, to assert its right to organise and to bargain collectively, regardless of the cost or sacrifice.

There is, however, another side to the picture. In the speech from which the above quotation was taken and in many others Mr. Green has held out the olive-branch to capital. In return for the recognition of trade unionism, he is prepared to recognise "the right of the employer to manage his industry, to control it and to receive a fair profit from his investment." From this relationship he thinks will come "understanding co-operation and the manifestation of a mutuality of interest in the management and conduct of industry." There is a substantial number of employers in the United States who are anxious to bring about such co-operation. This sentiment is quite as much the guiding motive in some of the representation plans mentioned above, as the desire to ensure a regular

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working force. It is interesting to find that it is also operating in some of the organised trades under different forms. The experiment of Co-operative Committees now functioning for some years on the Baltimore and Ohio, the Canadian National and other railways, has often been described. It is based on the stabilisation of employment through increased production, and there is no doubt that it has brought very real benefits to both parties coupled with a better mutual understanding. The collaboration between the Amalgamated Clothing Workers and the employers in Chicago and New York has revolutionised that industry and greatly reduced industrial strife for ten years past. Instead of being one of the worst paid in the country, it is now among the most prosperous. The general index of wages has risen from 87 in 1911 to 296 in 1924, while hours have decreased from 50 to 44 per week. These results have been attained by the co-operation of employers and unions in reorganising the shops, introducing machinery, setting up joint bodies for settling wages and conditions, and making joint provision against seasonal unemployment. Similar instances of collaboration could be cited from the printing and other trades. While too much stress must not be laid on them, they show that there is a marked tendency towards co-operation between employers and trade unions in the organised trades in sharp contrast to the antagonism to organised labour which prevails throughout the greater part of American industry.

One thing is certain, however. Whatever the state of industrial relations may be in the United States, they are not stagnating. They are the subject of constant, lively and anxious discussion both by employers, workers and the public. The mass of books, articles and pamphlets on the subject is steadily augmenting. There is unremitting research and experiment in progress. It is probable that relations in this country are on the whole at least as good as they are in the United States. One could find in England works councils as successful, co-operation between trade

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unions and management as striking, scientific management as scientific as any in America. But there is one vital difference. There everyone knows about the "high spots," which stand out as examples to others; here nobody knows about them. There you can read about them in the *Saturday Evening Post* or any popular magazine. With us the Press never mentions the bright features of industry, because they are poor "copy." The public only hears about the quarrels between employers and workers, never of good feeling and co-operation between them. Yet the American Press with all its love of sensationalism pays quite as much attention to the successes as to the failures. The result is that the handling of the labour problem is generally believed to be better in the United States than is really the case, while with us the converse is true. Our methods of industrial government have acquired a worse reputation than their success in avoiding strife and promoting production in many industries deserves—and it has done us a great deal of harm by breeding doubts as to our industrial future both at home and abroad. There is much that can be learnt from American examples, but there is probably just as much to be lost by some of our own, if only we were better informed about them. There are many cases in which excessive modesty is not a virtue, and where publicity is not mere self-advertisement but a public duty.

VI. THE MEANING FOR OURSELVES

THE main lesson to be derived from the American experiments in the direction of co-operation, both in organised and unorganised industries, lies in the resurrection of something like human contact between management and workpeople within the works. Their aim is to give to the workman a better understanding of the concern from which he derives his livelihood and of the importance

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of his own contribution to its prosperity. Such understanding is an antidote to the deadening effect of large-scale industry on the individual. It does something to restore to the workman the old pride in production, which was the chief joy of the handicraftsman; it affords him some insight into the risks of industrial enterprise, and into the responsibilities of management. He is often blamed for not understanding these matters and for swallowing communist fairy tales of exorbitant profits at his expense; but if he is ignorant, the fault is not his, but his employer's, who alone can educate him in the truth and give him a sense of effective co-partnership. That is exactly what the more far-sighted American employers are doing. No doubt the same thing can be found in many British factories, but it is not widespread enough and too little is known about it. Occasionally we hear of striking examples such as the Stanton Ironworks, which was recently described in *The Times*, but there is no source from which the employer anxious to improve his own relations can find the experience of others fully and impartially described, whereas in America there are a dozen books by competent investigators giving particulars and estimates of all the most successful schemes. A survey of this kind would be of great value in England and would incidentally correct some of the current pessimism about relations in industry.

The same secrecy has hampered the spread of better management methods and the prevention of waste. If British employers were more ready to exchange ideas and less anxious to hide their light under a bushel lest it should possibly illuminate and help someone else, there would be no need to go to America for instruction. No doubt there are British works just as well managed and equipped as the best American, but what is raising the whole standard of management in the United States is the habit which has been generated among employers of discussing these problems openly among themselves, of comparing the methods of one industry with those of another and of

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founding associations for research and conference. The American is by temperament eager for change and novelty. He is rarely satisfied that he has found the key to prosperity and that having found it he can sit back and see it grow. Just as he tears down a perfectly good building to build a better one, so he is disposed to scrap good old methods, if he can find better new methods. But this natural tendency has been immensely strengthened by the interchange of information and the openness of discussion which are very noticeable among American industrialists. They are not afraid to teach each other or too proud to learn from each other. In this respect we certainly have something to gain by imitation. There are few things so perfect in this world that by forethought they cannot be improved. It is therefore a matter of satisfaction that an International Management Institute has just been established in Geneva to act as a clearing house between the different European countries and the United States for information on all questions relating to factory administration. A British Committee is now being formed to co-operate with the Institute and to co-ordinate national research along these lines. It is to be hoped that British manufacturers will avail themselves of the facilities thus afforded for pooling their own knowledge and for becoming acquainted with foreign practice and experiment.

As a nation we seem prone to oscillate between undue self-depreciation and undue self-satisfaction. Though modesty and confidence are pleasing and desirable qualities, they are easily exaggerated into defects. In regarding America it is as well to avoid either extreme. It is as dangerous to think that we have nothing to learn as to think that we have everything to learn from the United States. Just because mass-production has been introduced with great success there, it does not follow that it would always be equally remunerative here. We have an excessive rather than an inadequate labour supply. We have not the same broad home-market to build on, the same

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abundance of capital, the same prodigality of consumption or uniformity of taste in our public. Nor would it be wise to sacrifice our unequalled ability to produce highly finished articles which command a good price in order to manufacture great quantities of cheaper goods, which others can make equally well. When all this is said, however, there are certainly some fields in which greater and cheaper production could be applied with advantage, and in which American competition may become very formidable, unless it is achieved. There is no escaping the fact that American production in manufacture as in agriculture is far greater per head than ours. The difference may be explained by all sorts of considerations, but no amount of explanation will conjure it away. Our farmers are suffering, because the agricultural population of the United States produces 159 per cent. more per head than the agricultural populations of Belgium, France, Germany and Great Britain, although the average yield per acre in those countries is 41 per cent. higher than in America.* Our factory-workers are threatened by a similar competition based on the same unstinted application of mechanical power. In the face of this situation we cannot afford to neglect any means of improving our output, whether it be by securing closer contact and co-operation between employer and employee, by ruthlessly revising methods of organisation and administration, or by seeking to enlarge our markets by stimulating Imperial trade and by assisting the development of an European economy. Now that a spirit of optimism is beginning to replace the gloom of last year the time seems ripe for a new start in every direction. It is a time for casting aside old animosities and old prejudices, for throwing the mind wide open to new ideas, for reviewing critically old ones, which may have served well in the nineteenth century, but may be anachronisms in the twentieth. Above all let us abandon for good the aim of "getting back to pre-war conditions." It cannot

* See Prof. Julius Hirsch, *Das Amerikanische Wirtschaftswunder* p. 23.

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be done industrially or economically any more than it can politically. The clock has moved forward, and if we try to put it back, it may stop altogether. We are living in a new industrial world, in which the organisation, the machinery and the relationship between employer and workman of twenty years ago are no longer adequate. It is only the men and the nations who best realise this fact and act accordingly that can hope to hold their own in the economic race of the present and the future.

THE WORLD ECONOMIC CONFERENCE

I. THE CHARACTER OF THE CONFERENCE

THE Economic Conference for which the League of Nations has been preparing for more than a year will be held in Geneva in May next. Its principal characteristics, so far as they are determined by decisions already taken, can be briefly summarised. It will be a World Conference, with a large and comprehensive membership. All countries of any economic importance, including those which are not members of the League, such as the United States, Russia, Turkey, Mexico and Ecuador, have been invited to select members up to a maximum of five. These members, though selected by Governments, will not be the spokesmen of official policy. They will cover a wide range of personal qualification and experience and, like the Preparatory Committee which has been organising the Conference during the last year, may be expected to include industrialists, merchants, financiers, officials from Boards of Trade, economists, agriculturalists and representatives of workers' and consumers' organisations. The British Government has chosen Sir Arthur Balfour, Sir Norman Hill, Sir Max Muspratt, Mr. Walter Layton and Mr. Arthur Pugh; and separate nominations, though not up to the maximum of five in each case, may be expected from the Dominion Governments.

The main purpose of the Conference will be to serve as a forum of public discussion; it will be a "general con-

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sultation in the course of which doctrines may be freely exposed without the freedom of discussion being restricted by any immediate necessity to transform the conclusions of the Conference into international agreements."

Lastly, the agenda, in conformity with this purpose, has been widely drawn. Its first part provides for general discussions of the principal features and tendencies in the economic situation from the point of view both of the peace and the prosperity of the world; while its second part contemplates more specific examination of the problems of industry, commerce and agriculture, and in particular the problems connected with tariffs and commercial policy, and with "international industrial agreements."

II. EARLIER CONFERENCES

SO much for the bare facts. But what is the Conference likely to be and to do? And why has the present year been chosen for it? The best approach to these questions is to trace in main outline the action hitherto undertaken by the League in the financial and economic sphere and to attempt to find in it a policy naturally leading to the present plan of an Economic Conference.

The League, under the Covenant, has few specific duties in this sphere. Apart from the economic sanctions against an aggressor, which have not hitherto been enforced, there is only the provision of Article 23 that Members undertake to "secure and maintain freedom of communications and of transit and equitable treatment for the commerce of all Members of the League"—a very wide and rather vague undertaking which may obviously mean much or little as the future development of policy in the different countries may determine. But quite apart from any specific duties the League is an organisation through which States may properly co-operate to achieve any kind of international purpose which is not out of harmony with the

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general spirit of the Covenant. It was natural, therefore, that the League should consider how it could help the world in its efforts to recover after the destruction and dislocation of the war. The first important initiative taken was to convene the Brussels Financial Conference of September 1920 and a consideration of the main features of this Conference already gives an indication of the lines of future policy and development. In contrast with such a Conference as the later one at Genoa, arranged outside the League, the Brussels Conference was limited and expert in character. At Genoa there were delegations headed by Prime Ministers or other responsible statesmen, assisted by their respective experts; and the agenda was a complex of political, economic and financial questions. Except for some elaboration of the Brussels financial resolutions, no useful results were reached; the task was too wide and the time not opportune. But at the earlier League Conference at Brussels the members, though named by the Governments, were chosen on the basis of personal qualifications; they did not represent Government policy, and their essential task was to recommend the principles of policy which countries would be wise in adopting in order to return to the pre-war financial system. The result was a body of authoritative expert doctrine which, as one can see in looking back after six years, has been a powerful influence in bringing the world back to financial stability. It is, however, significant that the future utility of these resolutions was very doubtful and much questioned at the time, and that the only attempt at immediate practical action by the Conference (the creation of the so-called Ter Meulen bond system) was as abortive as the later proposals at Genoa of a great European consortium. Another notable feature about this early League Conference was the careful preparation made beforehand. Genoa was improvised and such preparation as was made was almost entirely by the experts of the respective Governments working separately. For Brussels not only was a body of international officers

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at Geneva continuously engaged in arranging the necessary documentation, including statistical memoranda and special monographs by economists, but an international committee of financiers (the nucleus of the later Financial Committee of the League) supervised the later stages. No less significant is the concentration at that date on financial, as distinct from economic, questions. No general economic conference was at that time thought practicable or likely to lead to useful results. The reasons are not difficult to discern.

The establishment of a satisfactory financial system in different countries, and in the world, is eminently a matter for Governments, acting nationally or internationally, and so far as action extends beyond Governments, at least for *centralised* action. Governments alone can establish the essential condition of a sound financial system—balanced budgets; and they alone, or they alone with a relatively small number of bankers and financiers, can institute sound currencies and create the institutions (Banks of Issue with suitable statutes) and the legislative basis necessary for their maintenance.

Economic reconstruction, on the other hand, the gradual repair and the readjustment of production and supply to demand, in every form of economic activity, is essentially the task of individuals, of manufacturers, merchants and workers. Governments can help and can hinder. But the main task is not theirs.

Moreover, financial reconstruction claimed first attention because it is the prior condition, and *basis*, of any economic recovery. No efforts of individual enterprise can achieve any stable economic result if the financial system, and therefore the medium of exchange, is liable to collapse beneath it.

Apart from these reasons, however, which in themselves would doubtless have been decisive in limiting the agenda, it was very necessary in a first attempt to choose a field in which there was a reasonable prospect of agreement. And

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it is evident that agreement is immensely more difficult in economic than in financial policy. In finance there was the standard of the pre-war system, and the members at the Brussels Conference, from practically all countries, were agreed as to the desirability of returning at least to the main principles of this system. With a fundamental agreement as to objective, therefore, the questions for discussion mainly concerned opportunity and method. The divergencies of economic policy, on the other hand, while intensified by war and post-war conditions, are rooted in much older controversies. There were fundamental differences as to the principles of tariff policy long before the war, and these differences were entangled with every sort of conflict of national and individual interest. Moreover, any general discussion of economic policy would necessarily trench upon such deep-rooted controversies as those on the relative merits of individual enterprise and public control.

These considerations, which led in 1920 to the convocation of a conference which concentrated on financial questions, have been set out at some length because they indicate some of the more important factors which had to be taken into account in choosing the time, and arranging the agenda, for this year's Economic Conference.

It was also more possible to limit the sphere of discussion in 1920 because there was behind the Brussels Conference (in contrast with Genoa) a permanent organisation able to watch its moment and deal, in what seemed the most appropriate way, with each class of problems left over after the first Conference.

Thus we find that the League shortly afterwards set up a permanent transit organisation, responsible to a periodical Transit Conference, to deal with problems of communication and in particular to facilitate the transit trade and codify the law governing it. This work has been proceeding steadily ever since. But besides this, two standing committees, the Economic Committee and the Financial Committee (uniting for some purposes in a single Com-

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mission), were appointed. These committees meet periodically, normally every three months, and report to the Council. They consist of industrialists, officials of Boards of Trade, bankers and treasury officials. As they meet only for some four weeks in the year, and are for the rest of the year engaged in their several tasks in their own countries, they constitute a link between official international work and national and private activities throughout the world. Of these committees the Financial Committee has since supplemented the general principles of Brussels by specific tasks of financial reconstruction in Austria and in Hungary, and has indirectly aided the national finances of Greece and Bulgaria by arranging for the settlement of their refugees. The Economic Committee, on the other hand, has made a modest but useful beginning with some of the questions which will fall within the sphere of discussion of the Economic Conference. It has, for instance, through an *ad hoc* Conference, preceded by long preparation, secured a convention providing for the simplification of customs formalities, and another facilitating commercial arbitration. The difference in the character of the financial and the economic tasks is significant. In the Austrian, Hungarian, Greek and Bulgarian schemes we see a number of stronger countries co-operating to assist a weaker one; in the Economic Committee's tasks we see an attempt to secure agreements affecting the daily administrative and legal procedure in all signatory countries. The second is necessarily a slower task; it needs a much stronger impulse towards international co-operation to give it the required driving force. As we shall see, it may well be one of the chief results of the Conference to provide this new impulse.

General Scope of an Economic Conference

III. THE GENERAL SCOPE OF AN ECONOMIC CONFERENCE.

THIS outline of action has in itself suggested the reasons for caution in choosing the moment for an economic conference, and great care in preparing for it. Let us develop these reasons a little. Economic questions are at once very wide in range and in subject-matter, and at the same time very specialised in character. Tariffs, prohibitions and licence systems, transit questions, labour problems, commercial law (as to arbitration, bills of exchange, industrial property) are instances of the practical problems of economic policy. Each of these, at the stage of convention framing, can only be dealt with by highly specialised experts. It is inconceivable that any conference could include delegates from each nation with sufficiently comprehensive qualifications to cover the general range of economic questions, and sufficiently specialised to discuss effectively and responsibly the principles of separate and concrete conventions. It is for this purpose that the Conference will be a "general consultation," not aiming at the immediate conclusion of conventions though likely to supply the motive power and procedure by which such conventions may, in certain defined spheres, be concluded later.

If we conceive of a conference in this way as primarily and essentially a forum of public discussion, designed indeed to facilitate future practical results but not to achieve them during its own session, the difficulty of the range and complexity of economic questions is greatly reduced, but it is not eliminated. Unless the moment is carefully chosen, and the conditions are favourable, the discussions are likely to be aimless, discursive and impotent. In particular a conference of this character, with its long and careful preparation, is appropriate rather for the discussion of the more deep-rooted of economic troubles than of those

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which are very transient or change rapidly in their character, such as were dealt with at earlier international meetings.

It is a great advantage, therefore, that now that eight years have elapsed since the end of the war, the more fundamental troubles stand out more clearly from those which have been either transient or trivial. If we examine the agenda of earlier international discussions this advantage becomes very evident. We now know, for example, that the radical difficulty is not, as it was often thought to be in the years immediately after the war, either a shortage of raw materials, or an inadequate productive capacity, or an inadequacy of sea or land transport. The essence of the trouble is no material inadequacy in the resources of nature, or in man's capacity to exploit them. Various as are the shapes which our difficulties and their proximate causes assume, they are all forms of disorganisation, dislocation and maladjustment. Demand, the myriad needs of the consuming millions of a world turning suddenly from war to peace, changes so rapidly that neither the groping finger of changing prices can discover it nor production, rooted in fixed plant and the acquired skill and habits of workers, can be re-adapted sufficiently rapidly. The efforts made, in this country and that, to mitigate the dislocation resulting from this disparity take the form of trade barriers which, by their nature, retard readjustment, involve loss of economic opportunity, and at last collectively involve more loss than they avert. Here, in a sentence, is the central problem with which any World Economic Conference must be primarily concerned. Innumerable as are the forms which the trouble takes, there is a certain unity which would have been absent from any conference held sooner after the war.

Among the causes of maladjustment, however, there is one which has occupied the first place in the greater part of the last eight years, but which could only be a confusing element in an economic conference, viz., the instability of currencies. It was this factor which constituted the

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greatest difficulty in choosing the date for a conference. It was a trouble in which no further international discussions were likely to be of value. The general principles of financial reform had been authoritatively determined at Brussels and Genoa. After that it was a question of separate action in each country with an unstable currency whether by unaided national effort or with international help. At the same time the existence of serious currency fluctuations was a fatally complicating factor in the discussion of the proper subjects of an economic conference. Take, for example, such an obvious proposal as that tariffs should at least be stable for substantial periods. It would be impossible to discuss this under favourable conditions so long as many countries were anxious about the effect on their industries of a possibly sudden depreciation of a neighbour's currency. The idea gradually developed, therefore, that the most suitable time for an economic conference would be just after this first trouble, of fluctuating currencies, had been overcome by the action already initiated, always provided, of course, that the general international atmosphere should then be favourable.

This indicates at once why it was that the recommendation to prepare for an economic conference emanated from the Assembly of 1925. At that date the improvement in the political atmosphere which found expression shortly afterwards in Locarno was already evident. And the return to general financial and currency stability seemed in sight. For some eighteen months there had been no serious depreciation in any European currency. Fluctuations in the exchanges, the chief impediment to international trade in the four years after the war, had for the time ceased to be a factor of importance. The specific financial obstacles to stability in the form of unsettled reparation or allied debts seemed likely to disappear, at least for a long time, as a result of the Dawes plan and the progress in the debt negotiations. Unhappily the next year saw a serious set-back. The French, Belgian, Italian,

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Russian, Polish, Greek and Roumanian currencies, all showed varying signs of weakness. In these circumstances the decision at the end of last year to hold the Conference in May presented some difficulties. Fortunately there had again been some improvement and the hope that, before May, the complicating factor of unstable currencies will at least have been reduced to modest dimensions, has so far been confirmed by subsequent events.

IV. THE AGENDA

IT is time to refer, in rather more detail, to the agenda of the Conference. The object of the Conference, as the original Assembly resolution made clear, is a twofold one. It is concerned not only with the prosperity but with the peace of the world. This is not so much a separate part of the agenda (though there is an item for the discussion of "economic tendencies capable of affecting the peace of the world") as a point of view which the Assembly hoped would be borne in mind throughout the discussion of particular subjects. Economic conflicts and divergence of economic interest are perhaps the most serious and the most permanent of all the dangers which are likely to threaten the peace of the world. No machinery for the settlement of international disputes can be relied upon to maintain peace, if the economic policies of the world so develop as to create not only deep divergencies of economic interest between different masses of the world's population, but a sense of intolerable injury and injustice. No task is more urgent or more vital than that of securing agreement on certain principles of policy which are necessary in the interests of future peace. And there is perhaps no question which, in comparison with its intrinsic importance, has had so little careful and collective deliberation. No single conference can do more than make a first beginning in

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such a task, but the ultimate results are incalculable. It is to be hoped that the opportunity will not be lost.

The first part of the agenda also contemplates general and unrestricted discussion on any factors in the world economic position which seem to the members to be of primary importance. This discussion, besides covering the subject referred to above, will include a general analysis of the "economic causes of the present disturbed equilibrium in commerce and industry" from a general world point of view, and also statements of the "principal features and problems as seen from the point of view of different countries," the latter being based on brief printed reports to be circulated beforehand.

After a general review of this kind, which will, of course, be supplemented and founded on the wide documentary material now in preparation, the Conference will proceed to more specific questions, doubtless through the medium of appropriate special commissions. The three main headings are "Commerce," "Industry" and "Agriculture." Under commerce there will be discussions of "Liberty of Trading," with reference to import and export prohibitions, trade limitation or monopolisation, and the treatment of foreigners; of customs tariffs and commercial treaties, with reference to the form, level and instability of tariffs, and to nomenclature and classification; of indirect methods of protection through subsidies, dumping, etc., and the effects of reduced purchasing power. Under industry after a review of the situation in the principal industries, the industrial, commercial and monetary causes of the present difficulties will be examined, and the possibilities of action in organisation through international industrial agreements and the interchange of better information. Under agriculture there will be a similar review of the position in comparison with the pre-war period, and an examination of the possibilities of action in developing international co-operation between producers' and consumers' organisations, development of scientific research and

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communication of its results, and the development of the purchasing power of agricultural producers.

This is obviously a wide and varied agenda, in spite of all the efforts to restrict it to subjects on which discussion is likely to be valuable. The following comments of the Preparatory Committee in publishing it give an important indication of its real scope and purpose.

It will be observed (the Committee remark) that financial questions have not been added as a special group. The reason is that finance, while affecting the whole economic situation, is not, as at Brussels, the primary purpose of the Conference; it claims a place as bearing upon economic problems. It has also been thought inopportune to include the question of population as a separate item. Like finance, it will be taken into account as a factor always present in the whole industrial, commercial and agricultural situation. . . .

There are two classes of questions to which the Committee has given special prominence because of their intrinsic importance and the public interest in them at the present time. The valuable report of the International Chamber of Commerce, and the consultations in many countries of which it is the fruit, are among the many indications of the interest which attaches to problems of *commercial and tariff policy*. And, secondly, to take a more limited sphere, recent discussions have shown the great public interest in the proposals for *international industrial agreements*.

Lastly, the Committee would remark that some of the difficulties which are referred to in the agenda are to a peculiar extent difficulties, in the first instance, of Europe. The Committee presumes that attention will be given in discussing such questions to the special features of the European situation. The most important questions on the agenda are, however, clearly of world importance.

We thus have, as the essence of the Conference, a general review of the world situation, problems of commercial and tariff policy, the questions arising from international industrial agreements, and the special difficulties of Europe.

It is interesting to note the solution adopted as to two subjects, "raw materials" and "population" questions, which some countries desired to exclude from the agenda and others no less keenly to insert. These subjects do not form specific items, but any member who desires to advocate proposals will find items in which he can discuss them without being out of order.

Preparation

V. PREPARATION

ONE of the most distinctive features of the Conference is the elaborately organised system of previous preparation. It has been under the direction of a widely representative Preparatory Committee, under the presidency of M. Theunis, consisting of 35 persons of 21 nationalities and including the most varied range of qualification and experience. This Committee has during the last year arranged for a series of studies both on the general world position and on the special questions in the agenda which probably has no analogy in any previous conference. In this work the members of the Committee themselves, a large number of industrial organisations with which they have connections, the International Chamber of Commerce, the Institute of Agriculture, the International Labour Office, the Secretariat of the League, and a considerable number of eminent economists throughout the world have all collaborated. The resulting studies, which are being published as they appear, have a great intrinsic value quite apart from their purpose as the basis of discussions at the Conference. A large part of their utility, as indeed that of the contact of the representative persons who met in the Preparatory Committee, consists in the preparation of the most expert and directly interested public opinion of the world on which the success of the Conference mainly depends. The publications, when complete, should give an unequalled picture of the world situation. Those already issued include a study on production and trade, which itself gives the main outline of the picture, a picture in some respects less discouraging than might have been expected. It suggests clearly, for example, that, in the world as a whole, the average level of prosperity is higher than before the war, and even in Europe scarcely lower. The population and trade of the world in 1925 were both

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about 5 per cent. greater in 1925 than in 1913. The production of foodstuffs (exclusive of China) and of raw materials is probably 16 per cent. to 18 per cent. higher than in 1913. In Europe, as compared with an increase of population of 1 per cent., the production of raw materials and foodstuffs was in 1925 4 per cent. to 5 per cent. above the pre-war level, but trade about 10 per cent. below that level. These are striking figures. They do not minimise present difficulties, but they set them in their due perspective, and the last of them points to their real character. The point is enforced by the valuable report of the International Chamber of Commerce on Trade Barriers. In addition, memoranda have been issued on the balance of payments, on currencies and on public finance. These publications will shortly be followed by a comprehensive volume on "Commerce," covering the subjects in this division of the agenda, with a separate study on the levels of tariffs. Meantime a series of a dozen studies of the situation in the principal industries is in preparation with the aid of the respective industrial organisations. A further series of memoranda on agricultural problems is being prepared by the International Institute of Agriculture at Rome. The individual monographs include one on estimates of working population in different countries in the years 1931 to 1941, a calculation which is capable of some precision as it is independent of future changes in the birth rate, since workers in these years are already born; a study on "Methods of Economic Rapprochement" by Prof. Grossman, on "Dumping" by Prof. Viner, on "Cartels and Combines" by Prof. Niederfeld, and on "Stability of Customs Tariffs" by M. Brunet; and others are being arranged. Lastly a number of memoranda have been prepared by the Secretariat and the International Labour Office which affect all parts of the programme, including a statistical year book, studies on population movements and changes, on the standard of living in different countries and labour legislation, and a most necessary "Guide to the Conference" and to the

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documentation as a whole. All these documents will be published as they are ready, so that there will be a steady stream of publications between now and May.

This material preparation is as important for its indirect as for its direct utility. It has engaged the collaboration, and therefore the interest and attention, of industrial, commercial, consumers' and workers' organisations throughout the world, and assures the Conference of the critical support and stimulus of many thousands of expert and interested observers who will not themselves be at Geneva. Whatever be the haul, at least the net has been thrown wide.

VI. POSSIBLE RESULTS

WE are now in a position to make some sort of guess at the probable character and possible results of the Conference. It will be primarily, as we have seen, and for reasons which have now become clear, a forum of public discussion. It will not aim at the conclusion of immediate conventions. Its members will have neither the governmental character nor the specialised knowledge necessary for that purpose. It can scarcely indeed, on the more contentious questions, hope even to reach unanimous resolutions with much substance and detail in them, and without unanimity there can be no resolution, but only an expression of opinion carrying such authority as the persons supporting it can give; there is no majority vote. What then can it do and what may be its value? The following suggestions may be hazarded.

In the first place, the publication both of the memoranda previously prepared and the more important speeches at the Conference will give a picture of the world situation, unrivalled in its range and authority, and have a value, impossible to estimate exactly, but in total very great, in educating and influencing the public opinion of the world,

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the conduct of those who direct industry, and the policy of Governments.

This result will be increased by the personal contact of the leaders in many spheres and countries secured at the Conference, and, at least equally, in the long work of the previous preparation. This incidentally, it may be remarked, is one of the main methods by which the League achieves its real results. It is not sufficiently recognised that, not only in the Council and the Assembly, but in some scores of temporary or standing expert committees, the leading personalities in work of every kind which has international reactions are meeting their "opposite numbers" and forming the personal relations which nothing can so effectively establish as collaboration in a common work. In the course of a few years, in each one of which some thousands of persons so collaborate, a very large proportion of those who are forming and directing policy, whether as statesmen, officials or the leaders in industry and finance, will have passed through this educative process. It will soon be scarcely possible for any statesman or official to take in his own country any decision with important international results, without the vivid sense of its external effects which the memory of his foreign colleagues on a League committee will give him. This network of committees of persons normally engaged in national work is indeed the essential mechanism of the League. Its own secretariat is only a kind of "coupling." The national administrations are linked together and themselves form the instrument of international work. The League does not attempt to govern its constituent States; it offers them an instrument by which they govern themselves. And the immediate work which is done by the committees so formed is not more important than its indirect effect in penetrating national administrations with the international point of view.

In the next place, it may be hoped that the discussions on the relation between economic tendencies and the peace

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of the world will at least make a beginning towards securing ultimately a code of recognised principles in economic policy.

Coming next to the more specific questions, the Conference will doubtless examine in detail the various forms of trade barriers which most impede the world's commerce. In this it will have the help of the valuable report of the International Chamber of Commerce, prepared after consultation with its National Committees throughout Europe and some other parts of the world. It may be expected that advocates of such ambitious ideas as a "Pan-Europe" tariff system will express their views and test the measure of sympathy which they command. But obviously no general agreement will be reached, and the discussion will proceed to detailed forms of tariff and prohibition systems with a view to discovering which are at once most injurious to the world as a whole and least advantageous to the countries imposing them. Certain general characteristics of the tariff system may also be treated with useful results. It is conceivable, for example, that the Conference may discover and express a collective sense that tariffs as a whole tend to be too high, too unequal and too unstable. The very people who in their own countries (where they must take as given factors in their problem the high tariffs of other countries) advocate the raising of their own tariffs, may well take this view when they survey the system as a whole. They may recognise that in this, as in so many other cases, individual wisdom is collective insanity. There is at least a growing agreement as to the evils of the *instability* of tariffs. A tariff in itself, even a high one, is in its effect not unlike a natural obstacle to which trade can adapt itself; but if it changes rapidly the result is bound to be dislocation and waste. This feature of tariff policy should be easier to remove as currencies become more stable, but for the time the evils of fluctuating and falling currencies have been followed by those of fluctuating and rising tariffs. There are also certain forms of tariffs, for

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example, "*tarifs de combat*" and discriminatory tariffs, which may be generally condemned. Agreement on such questions, if reached, will of course not find expression in immediate binding decisions, which the Conference will have no authority to take. Its essential value will be, first, that it will strengthen those who in each country are trying to modify commercial policy, and then that it will, through these means, facilitate the separate negotiation of commercial agreements.

The next subject of interest to be discussed will be the growth of "international industrial agreements," in their various possible forms (fixation of prices, limitation of output, division of functions, division of markets). Here it is possible that the developments in America, where the range of the territory covered is so great as to offer some analogies to international agreements, may suggest some useful principles, for it is said that the later American trusts present greater advantages and fewer dangers from the point of view of the public interest than those first formed. It is obvious that, under certain conditions, agreements between producers may secure very great economies, in facilitating large-scale manufacture, in reducing the loss caused by rapid changes in demand, in the elimination of certain wasteful forms of competition, in enabling the removal of certain tariffs, and that these advantages may be so great as, if fairly shared, to benefit all three parties concerned—the employers in higher and more stable profits, the workers in higher wages and the public in lower prices. It is no less evident that they present certain dangers of abuse. The leaders in cartelised or semi-cartelised industries may indeed concentrate their attention on effecting economies in production, on extending their sales through reduced prices; they may, as some have done, develop a sense of public service and a public spirit in their industries. Or they may turn to what is often the more tempting task of maintaining or increasing prices. Much depends upon the existence of an informed and

Conclusion

vigilant public opinion. It is possible that the Conference may do a work of great value in guiding this movement, as it develops, on to the best lines, by stating the conditions on which it can be recommended as in the public interest, and perhaps by helping the public, the consumers of the world, to watch whether these conditions are observed.

Another topic of current interest will doubtless be the differences between conditions in America and in Europe,* and the extent to which the greater prosperity of the former is due to methods or policies which could be imitated.

Lastly, there is a considerable range of special technical problems, of which we may take the need of securing greater uniformity in tariff nomenclature and classification as an example, in which the Conference may have a useful rôle. It cannot directly solve these problems, but if after its general review of the world situation it states that certain reforms are at once important and practicable, it may initiate the required special action to deal with them. Indeed, one of the most valuable results of the Conference is likely to be its effect in extending the range, and above all, increasing the motive power, of the normal and permanent work of the League's economic organisation.

Conclusion

This, then, in general outline is what may be expected from the Conference of May. If we regard the work which has preceded it as of no value except as preparation for some three weeks of discussion and the results of the Conference as no more than the resolutions with which it terminates, the result is bound to be disappointment and disillusion. But if we think rather of the permanent necessity of adjustments in the economic policies and developments of the world, and the part which a representative

* A special article dealing with this question will be found on page 242.

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world discussion can take in helping in this continuous task, we may well consider it one of the most important events of recent years. As the Preparatory Committee wisely states in the forefront of its Report, the "Economic Conference must be regarded not as an isolated event but as a stage in the continuous work of international collaboration in the economic sphere which had begun before the project of a general conference was launched and will continue when the Conference itself is over."

This work is indeed both illimitable and unending.

CHINA AND THE BRITISH PROPOSALS

THE events which have led up to the present crisis have already been described in THE ROUND TABLE and certain suggestions put forward with regard to the principles which should determine our attitude to the new China.* We do not therefore propose at this juncture to publish anything in the nature of a regular article on a situation which is shifting so rapidly. The dispatch of the British Memorandum is, however, too important a step to be passed over in silence. We therefore print a summary of its terms below. Two things, moreover, have happened since it appeared. First, a division of troops has been sent to protect British life and property in Shanghai; and, secondly, the Government has implemented its Memorandum by officially communicating both to Hankow and to Peking its readiness to do the following things :—

1. To recognise the modern Chinese law courts as the competent courts for cases brought by British plaintiffs or complainants, and to waive the right of attendance of a British representative at the hearing of such cases.
2. To recognise the validity of a reasonable Chinese nationality law.
3. To apply, as far as practicable, in British courts in China the modern Chinese Civil and Commercial Codes (apart from Procedure Codes and those affecting personal status) and duly enacted subordinate legislation as and when such laws and regulations are

* THE ROUND TABLE, No. 52, September 1923, p. 726; No. 58, March 1925, p. 276; No. 60, September 1925, p. 674; No. 63, June 1926, p. 534.

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promulgated and enforced in Chinese courts and on Chinese citizens throughout China.

4. To make British subjects in China liable to pay such regular and legal Chinese taxation, not involving discrimination against British subjects or British goods, as is in fact imposed on and paid by Chinese citizens throughout China.

5. As soon as the revised Chinese Penal Code is promulgated and applied in Chinese courts, to consider its application in British courts in China.

6. To discuss and enter into arrangements, according to the particular circumstances at each port concerned, for the modification of the municipal administrations of British Concessions so as to bring them into line with the administrations of the special Chinese administrations set up in former Concessions, or for their amalgamation with former Concessions now under Chinese control, or for the transfer of police control of the concession areas to the Chinese authorities.

7. To accept the principle that British missionaries should no longer claim the right to purchase land in the interior, that Chinese converts should look to Chinese law and not to treaties for protection, and that missionary, educational and medical institutions will conform to Chinese laws and regulations applying to similar Chinese institutions.

When communicating these proposals to Mr. Chen at Hankow on January 27, Mr. O'Malley, the British diplomatic representative, prefaced them with the following paragraph :—

When a satisfactory settlement has been reached in respect to the British Concessions at Hankow and Kiukiang, and when assurances have been given by the Nationalist Government that they will not countenance any alteration, except by negotiation, of the status of the British Concessions and International Settlements, His Majesty's Government will be prepared to concede at once, and on the lines indicated in the enclosure hereto, a part of what is desired of them by the Chinese Nationalist party. So liberal and generous a step cannot, in their view, be regarded otherwise than as an earnest of the fair and conciliatory spirit with which they are animated.

There was nothing very revolutionary about the Memorandum. The questions of both Customs duties and extra-territoriality should, under the Washington Agreement, have been dealt with long ago. At present, Chinese duties may not, under the treaties, exceed 5 per cent. Washington would have allowed $7\frac{1}{2}$ per cent. The delay in giving effect to the Washington Agreement was due, at first, chiefly

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to the French, who wanted to get the gold franc question settled, and later, to the chaotic state of China. Then Canton took French leave and levied the surtax of $2\frac{1}{2}$ per cent. on its own account.

Nevertheless, the Memorandum marked a new departure. In the past our attitude to China was, in the main, sensitive only to pressure from the British residents, merchants or missionaries. The result was spasmodic moments interspersed with lethargic periods. Throughout, in concert with the other Powers, Great Britain had, to a greater or less extent, intervened directly in Chinese affairs. For this attitude the Memorandum would substitute a policy. It recognises the desirability of restoring full sovereignty to China as soon as ever a national government can be created by the Chinese. That, too, it will be said, is nothing new. The principle was agreed to at Washington in 1922. But the Government's proposals, though based on that principle, go further than the Washington Conference went, and they also show the intention of our Government to take a line of its own. Hitherto we have been rigidly loyal to the concert of the Powers under Article 7 of the Washington China treaty. More than any other single cause, this has made impossible the elasticity that the changing character of the Far East demands. The Memorandum, it is true, took the form of an appeal to the Powers, and we have joined in their protest against the attempt of Peking to levy the surtaxes without their concurrence, just as we did when Canton levied them, and no doubt for the same reason. But the publication of the Memorandum precludes a return to the old rut, and the proposals to Canton and Peking are a definite step in the new direction. At the moment of writing our only active supporter among the great nations appears, oddly enough, to be Italy—France prefers to wait and see. So does Japan. America is sympathetic but inclined to delay till someone can speak for all China. For the other novelty in the British Memorandum, and perhaps the most striking one, is our readiness to deal with North

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and South on the same footing, both as regards surtaxes and the other things mentioned in the British proposals, until there is a central government which can speak for the whole country and enable us to complete our concessions. The North represents the old conservative and the South the new radical China.

The British move naturally evoked criticism, but as is usually the case with liberal measures proposed by a Conservative Government, it has had a good press. Mr. Ramsay MacDonald has been troubled about the dispatch of military force, and though Labour opinion is divided, a resolution was moved in the House by the Labour party, urging its diversion and recall, and a sympathetic message sent to Mr. Chen by the National Joint Council. But the Memorandum was blessed by both parties of the Opposition and the need of taking early steps to protect British life and property in Shanghai was very generally recognised. Our countrymen went there under the protection of well-defined treaties, and the troops were asked for by our representatives on the spot. The doubts of the man in the street as regards the offer turned mainly on the question of its timeliness. Why did we wait till now to make our concessions? Was it any use offering them at a moment when they would more likely than not be set down to "cold feet"? Would they not merely lead to further demands? In the end we should surely find ourselves pressed to surrender everything, possibly even Hongkong itself. Was it not absurd to let both the warring factions take the surtaxes? Would they not be just so much fresh fuel on the bonfire? If Customs dues attracted the combatants to the rich ports before, would not the surtaxes make them more of a bait than ever? Peking, moreover, still claims to be the central government, with authority, however shadowy, over far more of the country than Canton. Shall we not offend the North by this new idea of backing the field? And so on. Then the question arose, were the Customs to obey the Chinese orders and collect surtaxes or to wait till the Powers

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agreed? The dismissal of Sir Francis Aglen brought home to the British public the cruel dilemma in which the British Customs officials were placed, and the fall in Chinese bonds showed the extent to which the country's credit depends upon the Customs service. It has hitherto operated throughout China, but as a further complication Canton will not recognise Sir Francis Aglen's successor, or any Peking appointees. Doubtless, too, the proposed concessions, though they are not unconditional, will mean a serious change for the British merchant in China. Lastly, good or bad, Mr. Chen turned the offer down.

The answers given to these criticisms may be put briefly as follows. The inconveniences and difficulties of the moment are admitted, but it is a question of our relations with China for the next 100 years. We are there not as Imperialists, but as shopkeepers. The British trader, it is true, may suffer, but British trade has in the long run enormously more to gain by a policy of persistent friendliness than by sticking to the privileges of a cramped, out-of-date system. Imagine the advantages, should the whole of the new China—the largest market in the world—be thrown open to our commerce. It is sometimes the best policy to burn one's boats. If, moreover, there are sinister influences at work against us, is not a persistently friendly line the most difficult one for them to meet? The negotiations have not been abandoned at the moment of writing, and the last report was that a provisional arrangement had been arrived at, subject to a general settlement of all points in dispute being effected, that the Hankow Concession would be returned to us and administered by a Sino-British Council on the principle of equal rights for both British and Chinese. Mr. Chen further reaffirmed the assurance of his government's desire to settle everything by negotiation and disclaimed any intention of using force. On our side, we have undertaken, if an agreement on all the disputed points is signed,

(1) to co-operate whole-heartedly in carrying it out;

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(2) to keep all troops within the Concession except in the case of grave emergencies ;

(3) to land only such troops as, in the opinion of our advisers on the spot, are immediately necessary for protection, *i.e.*, only those coming from India, and to keep the rest in Hongkong, so long as there is no new danger ;

(4) to observe strict neutrality in the Chinese civil war.

As regards the Labour strictures, the necessity for military measures has no doubt added to the complications. First the North protested, then—some say as a consequence—the South followed suit. The dispatch of troops, at all events, supplied the Canton extremists with the reason put into Mr. Chen's mouth for his refusal to accept our offer, though he also complained that we had made it to the North as well. It is asked why the other Powers have done nothing. The answer to that is that Japan is only a couple of days away for troopships, and one or two of the other Powers are taking certain steps. No doubt the rest are content to let us act as policemen. The waiting game was, however, impossible for us. We have far more lives at stake in Shanghai than any of them—9,300 was the figure given in the House of Commons—and at this distance it would have been madness after the dead set against Great Britain and what happened at Hankow, to delay precautions. Our people can be moved from the smaller Concessions—there are another 6,000 of them settled about China—but the evacuation of so large a centre as Shanghai would be out of the question. The smallness and the composition of our force sufficiently disprove Mr. Chen's charge of aggressive designs.

The dispute could not have been referred to Geneva, for there is nothing at present to refer. The Government, however, on February 8, wrote to the Secretary-General that it was ready, if an opportunity should arise, to invoke the good offices of the League.

To return, however, to the offer. There are other reasons given besides the material ones already mentioned.

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The old treaties are out of date. This was admitted when our Foreign Minister offered to meet China half way over a year ago. We were then all waiting for a national government to emerge. Delay was, however, found to be no longer possible. "The demand for treaty revision" had, we are told, "become so insistent and so reasonable," that it was decided "to try to negotiate with the contending Governments." It must be remembered that want of political cohesion has never affected the solidarity of the Chinese as a people. Government is not to them what it is to us. Towards the foreigner they are always one. And whatever their dissensions, they agree in their resentment at the failure to deliver the goods promised at Washington. The real justification for our policy was summed up by Sir Austen Chamberlain as follows: "It is the right and the only right thing to do."

APPENDIX

Summary of the British Memorandum

The Memorandum, which is dated December 16, 1926, reminds the Powers of what was promised China at Washington as long as five years ago. The idea was to assist the political and economic development of China. She was to be allowed to increase her treaty tariff, and a Commission was to amend the extra-territoriality system. The Tariff Commission did not unfortunately meet for four years, and then the situation had completely altered. Eventually the negotiations ended because there was no longer a Government in China with which to treat. The Extra-territoriality Commission has reported, but there is now no authority capable of carrying out the reforms it suggests or of entering into engagements for all China. Our Government, like the other Powers, has never taken sides in the Chinese civil struggles, and it never means to do so, but it expresses its sympathy with the nationalist movement which has accompanied the political disintegration of China. It then suggests a new policy: The Powers should issue a statement setting forth the facts and declaring their readiness to negotiate on treaty revision, etc., as soon as there is a Government to treat with. In the meantime, a constructive policy in harmony with the spirit of the Washington

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Conference, but developed and adapted to meet the altered circumstances of the present time, should be followed. In the first place, the Powers should show their readiness to recognise China's right to tariff autonomy as soon as she herself has settled a new national tariff, and no foreign control, either in the economic or political sphere, should be forced on her. Any intention of doing so should be disclaimed. China should be required to respect the sanctity of treaties, but the Powers should recognise the essential justice of her claim to treaty revision and, as the substitution of new treaties is at present impossible, the strict letter of the old treaties should not be insisted upon. While uncertain conditions continue an expectant attitude is counselled. Any reasonable proposals from any Chinese authorities, wherever situated, should be sympathetically considered, even if contrary to the strict letter of treaty rights, in return for proper treatment of foreign interests. The Powers should not wait for the establishment of a strong central Government. The principles of their policy should be applied to the realities of the situation.

Certain recommendations of the Extra-territoriality Commission, and other reforms not dealt with by it, but coming under the head of extra-territoriality, can at once be given effect to even now. The immediate and unconditional grant of the Washington surtaxes is particularly advised, notwithstanding the failure of the Tariff Conference (which met in Peking, October 26, 1925) to arrange the grant of these surtaxes.* The Conference was for placing the proceeds under foreign control and applying a large part of them to the liquidation of the unsecured debt, an idea which the British Government had always opposed, as its report to the Consortium of Powers as early as 1923 showed. In its view, the money from these surtaxes should be spent on things that would benefit China, such as railways, and social and economic reforms, especially the abolition of *likin*. It was against making the consolidation of the unsecured debt one of the purposes of the Tariff Conference. That would only help any faction in power in Peking to indulge in more ruinous borrowing. It was also against foreign control being extended over additional revenues resulting from tariff autonomy. China was no longer in a mood to submit to such control. Nor is this idea new. As long ago as May 28 last, the British Government proposed to the United States that the surtaxes should be levied and no guarantees or conditions exacted. Now Canton has actually levied them. Our Government joined

* By the China Customs Treaty, signed at Washington in February 1922, the Powers promised to grant China certain tariff increases commonly known as the Washington surtaxes, "for such purposes and subject to such conditions" as the Tariff Conference might determine.

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in the protest, but it did so only for the sake of solidarity. It regrets it did not press its views more insistently before, and it now urges the Powers to authorise the immediate levy of the Washington surtaxes throughout China. Such a levy would, it is admitted, be against our treaty rights, but the latter must be adjusted to the equitable claims of the Chinese. Protests should be reserved for cases of repudiation or attacks on the legitimate and vital interests of foreigners, and then the protests ought to be backed by *united* action. The first step in the new policy recommended should, the Memorandum says, be the immediate unconditional grant of the surtaxes, and the proceeds would not necessarily be sent to the custodian banks at Shanghai, but where the competent Chinese authorities decide.

THE UNITED STATES AND NICARAGUA

I.

THE writer seems to remember a good story about the late Queen Victoria. A British minister had been publicly slighted in Bolivia. After indignantly inquiring the whereabouts of Bolivia and being shown its location on the map, the story ran, she dismissed the problem with a truly regal gesture and the statement "For us, Bolivia does not exist."

It is regrettable that President Coolidge lacks authority to make a similar adjustment of the embarrassing situation in Nicaragua. But for the President of the United States, for those associated with him in the Republican Administration, and indeed for the man in the street, Nicaragua indubitably exists. Moreover, it is in some respects typical of other nations lying south of the Rio Grande and known on the most unimpeachable authority to be equally existent.

Nicaragua is a republic of Central America bounded on the north by Honduras, on the east by the Caribbean, on the south by the republic of Costa Rica and on the west by the Pacific Ocean. It has a population of rather over half a million and an area of 49,200 square miles. That is to say that in size it is a trifle larger than the State of New York and only a trifle smaller than England without Wales. So much one may learn authoritatively from the *Encyclo-*

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pædia Britannica. Scrutiny of a map of Central America reveals the further geographical facts that it is separated from the highly Americanised republic of Panama by only one or two hundred miles of the republic of Costa Rica on the south, and that only some three hundred miles of Honduras and Guatemala separate it from the highly un-Americanised republic of Mexico on the north. It holds entirely within its borders the great alternative inter-oceanic canal route through Central America. This route, which lies near the southern frontier of Nicaragua, was the scene of actual operations by private American enterprise during the years 1889 to 1893. Bankruptcy of the construction company halted the work at that time, but American interest in the canal has never ceased and in 1914 the United States acquired by treaty from Nicaragua for a consideration of three million dollars the exclusive proprietary rights necessary for the construction, operation and maintenance of the canal. By the same treaty the United States acquired a lease for ninety-nine years with option of renewal for the same term of the Great Corn and Little Corn islands in the Caribbean off the Nicaragua coast, and of a naval base on the Pacific Coast in the Gulf of Fonseca whose shores are bordered upon by Salvador, Honduras and Nicaragua.

The political facts are not quite so easy to come by as the geographical. But they are substantially as follows :

In 1910, as a result of a revolution, Senor Estrada became President and Senor Adolfo Diaz Vice-President of the Nicaraguan republic. The merits of their cause are for our present purpose neither here nor there. Somewhat later Estrada resigned and Diaz as Vice-President succeeded him. In 1912 the Diaz Government sought a loan from the United States and in so doing brought about a situation which threatened a new revolution in Nicaragua. The United States intervened with gunboats and a large force of marines and prevented or put down the revolution. From that time until 1925 a legation guard of American

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marines was kept in the capital of Managua "to protect American lives and property." This is stated to have been with the "consent" of the Nicaraguan Government. It was under these circumstances, with a Nicaraguan Government which probably could not have been held in power in any other way, kept in power by American marines, that the United States negotiated with Nicaragua the treaty of 1914 to which reference has already been made, whereby the United States secured a proprietary interest in the canal site and in the places necessary for its naval defence. Honduras and Salvador, whose interests in the Gulf of Fonseca were at least equal to Nicaragua's, protested against the treaty to the Central American Court of Justice, which sustained their opposition. But nobody bothered about the opinion of the Central American Court of Justice, which soon afterwards went out of existence.

In October 1924 a popular election was held in Nicaragua under an Act said to have been drafted by American experts. It was held under the supervision of a disinterested American citizen who characterised it as a fair and full election. In this election 48,400 votes were cast for Carlos Solorzano, Conservative, as President, and Juan Sacasa, Liberal, as Vice-President; 28,700 votes were cast for General Chamorro, as President; a third party received 7,800 votes. The President- and Vice-President-elect were duly recognised by the United States and by the other Central American republics as *de jure* officers of the republic. No question has been raised by anyone as to the propriety of their recognition. The American marines were withdrawn from the country in August 1925. Two months later disturbances broke out between General Chamorro and the Solorzano Government. Chamorro succeeded in capturing a fortress dominating the capital and in dictating the terms of peace. Chamorro men were substituted for Solorzano men in the Cabinet; eighteen Solorzano members of Congress were expelled on the pretext that their election had been fraudulent and their

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places were filled by their defeated opponents: Sacasa fled the country. On January 16, 1926, Solorzano's resignation as President was forced from him and Chamorro took office. Costs in the comparatively modest sum of ten thousand dollars followed this forcible verdict.

Neither the United States nor the other four Central American Powers recognised General Chamorro as President. Notwithstanding, he continued to hold the office of President and to exercise its functions until October 30, 1926. Meantime in May 1926 a revolution broke out which, after preliminary reverses, resulted in putting the east coast into the hands of the "Liberal" revolutionists. Pursuant to requests upon the United States by its citizens for protection, Admiral Latimer with war vessels of the special service squadron of the United States Navy was sent to Nicaragua at the request of the State Department in September 1926. In the following month, at the request of both parties, Admiral Latimer brought about an armistice in order to permit a conference. This conference came to nothing and hostilities were resumed on October 30. On the same day General Chamorro resigned and turned over the executive power to Sebastian Uriza who had been named as Designate by the Congress composed of the eighteen unelected members. Uriza was never recognised by the United States. He, however, restored to the Nicaraguan Congress the eighteen members who had been expelled from their seats. On November 10, 1926, Congress with the restored members met and designated Adolfo Diaz as First Designate. This was by a vote of 44 to 2 over Solorzano, fourteen members being absent and seven present but not voting. Diaz was inaugurated on November 14, 1926.

All this time Senor Sacasa was in Guatemala. Article 106 of the Nicaraguan Constitution provides that *en caso de falta absoluta ó temporal* of the President the executive power shall devolve upon the Vice-President and *en defecto* of the Vice-President upon the person designated by the

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Congress. On November 17 the United States accordingly recognised President Diaz as the *de jure* President on the ground that his election was entirely constitutional under Article 106 of the Nicaraguan Constitution, President Solorzano having resigned and gone to California, Vice-President Sacasa having fled and sought refuge in Guatemala. Immediately following his inauguration, President Diaz sought the support of the Government of the United States, complaining that he "found the republic in a very difficult situation because of the attitude assumed, without motive, by the Government of Mexico in open hostility to Nicaragua." These requests for support he has frequently repeated.

In December 1926 Sacasa sought to re-enter Nicaragua from the north and repossess himself of the authority of which, by force of arms and against the peace of Nicaragua, he had been deprived. Admiral Latimer, pursuant to orders from Washington, landed marines and declared most of the territory occupied by Sacasa to be neutral zone, thereby cutting off the base of supplies of the Sacasa forces. He also declared a censorship in the territory.

Senor Diaz, who was the designed or adventitious beneficiary, as the case may be, of this protection of American interests, is a man of interesting history. Born in 1875 of Nicaraguan parents living in exile in Costa Rica, he entered Nicaraguan affairs when in 1909-1910 he participated in the Estrada revolution against Zelaya. At that time he was a clerk employed by an American oil company at a stipend of one thousand dollars per year. Nevertheless, he is said to have contributed six hundred thousand dollars to the "campaign" or revolution fund of his then colleague, President Estrada, whom he later succeeded. There can be no doubt that the support which as President he received from the United States Government was his political salvation, and probably it saved his life as well. There can be scarcely less doubt

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that he has been for many years the favorite American pawn on the Nicaraguan chessboard.

It will be observed that the position of the United States in recognising Senor Diaz as *de jure* President of Nicaragua on the occasion of his latest accession turns on what may well be deemed a nice constitutional point under section 106 of the Nicaraguan Constitution. We may concede for purposes of argument what seems not altogether clear, that President Solorzano's resignation, even though procured by duress, created a vacancy (*falta absoluta*) in the office of President to which Sacasa succeeded. But did Sacasa's flight from the country under the circumstances create a second vacancy (*defecto*)? In other words, does the Spanish word *defecto* as employed in the Nicaraguan Constitution mean simply the physical absence from the seat of authority of the Vice-President who has succeeded to the Presidency, or does it comprehend merely absence caused by death, physical disability or voluntary abstention as opposed to acts caused by political opponents, the restraint of princes or American marines?

It might be presumptuous for a foreigner to attempt the correct solution of this constitutional question; but it seems at least arguable that enforced absence from the country does not constitute a *defecto* within the meaning of the Nicaraguan Constitution, or if it does, that such a *defecto* ceases once the Vice-President returns to Nicaraguan soil, ready, willing and eager to assume the duties of the post to which he was fairly and honestly elected. It therefore seems not unreasonable to say that, as a matter of abstract law, the United States was wrong in "recognising" President Diaz, and Mexico right in refusing to recognise him and recognising the title of Sacasa. Confronted with what appears to be a genuine legal and constitutional doubt, the American State Department, instead of supporting either pretender, might have insisted upon a new election and employed its marines for the purpose of ensuring a free and unfettered choice at the polls.

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However the American Government might or should have conducted itself, it is not remarkable that its actual conduct of affairs, which amounted to giving support to its old favorite Diaz, was sharply criticised. Newspapers broke out in the most unrestrained condemnation. It was said that American policy was being dictated by selfish oil men, by a fantastic and over-suspicious anti-Mexicanism, by a cynical and relentless Imperialism seeing in Nicaragua only a canal and American money. The traditional policy of safeguarding American life and preserving the property and rights of neutrals was not sufficient to satisfy the clamour. In vain did President Coolidge on December 31 use his high personal prestige and authority in bespeaking from the press "proper presentation" of the nation's Latin American policy and "correct" representation of the American attitude. There was nothing, he explained, which called for a "divided American opinion," and it would be unfortunate for foreign Governments to feel that our opinion was divided. But American opinion is divided and the newspapers have resented the suggestion that they should be less critical upon a matter of capital interest and importance. They demanded to be told the bases of the Administration's conduct.

II.

ON January 10, under pressure of this vehemently adverse comment, President Coolidge sent to Congress a formal message defending the course of the Administration.

After a detailed review of the facts he pointed out that the United States in common with the Central American countries had placed an embargo on the shipment of arms and ammunition into Nicaragua. The Mexican Government had not only refused in an evasive manner to participate in the embargo, but munition ships had been fitted out in Mexican ports with munitions bearing evidence of having

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belonged to the Mexican Government. Ships were fitted out "with the full knowledge of, and in some cases with the encouragement of, Mexican officials, and were, in one instance at least, commanded by a Mexican Naval Reserve officer." When, at the end of November, Sacasa re-entered Nicaragua and placed himself at the head of the insurrection, the Mexican Government immediately recognised Sacasa as the *de jure* President. The United States Government upon learning of the shipments of arms and munitions from Mexico to Sacasa, withdrew its own embargo so that Diaz would be free to purchase munitions in the United States. Not only American citizens but the British chargé d'affaires at Nicaragua and the Italian ambassador at Washington sought the protection of the American forces for themselves and their fellow-countrymen in Nicaragua.

Moreover, President Coolidge reminds his countrymen in the most illuminating part of his message that the United States is interested to the extent of three million dollars in the Nicaraguan canal route. One million dollars of guaranteed customs bonds are held by American citizens.

There is no question (said the President) that if the revolution continues American investments and business interests in Nicaragua will be very seriously affected, if not destroyed. The currency, which is now at par, will be inflated. American as well as foreign bondholders will undoubtedly look to the United States for the protection of their interests. . . . The proprietary rights of the United States in the Nicaraguan canal route, with the necessary implications growing out of it affecting the Panama Canal, together with the obligations flowing from the investments of all classes of our citizens in Nicaragua, place us in a position of peculiar responsibility. . . . It is not the desire of the United States to intervene in the internal affairs of Nicaragua or of any other Central American republic. Nevertheless, it must be said that we have a very definite and special interest in the maintenance of order and good government in Nicaragua at the present, and that the stability, prosperity and independence of all Central American countries can never be a matter of indifference to us. The United States cannot, therefore, fail to view with deep concern any serious threat to stability and constitutional government in Nicaragua tending toward anarchy and jeopardising American interests, especially if such state of affairs

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is contributed to or brought about by outside influences or by any foreign Power.

Public opinion had scarcely had an opportunity to crystallise upon the President's utterance when Mr. Kellogg, the Secretary of State, issued two days later a public statement to the Senate Committee of Foreign Affairs which, far from gaining confidence and support for the Administration's policy, has subjected it to further criticism.

The point which Secretary Kellogg chooses to labor is the menace of Communism to the American Government by contact of Moscow through Latin America. Under the caption of "Bolshevik Aims and Policies in Mexico and Latin America," the Secretary asserts that the Bolshevik leaders "have set up as one of their fundamental tasks the destruction of what they term American Imperialism as a necessary requisite to the successful development of the international revolutionary movement in the New World." There follow lengthy excerpts culled by diligent civil servants from speeches made and resolutions adopted in Soviet Russia.

A resolution of the third Congress of the Red International of Trade Unions held July 8-22, 1924, sets forth its hope of a Latin American base against American Imperialism. An unnamed representative of the American Communist party speaking at the session of the Enlarged Executive Committee of the Communist International on February 4, 1926, went so far as to say: "The Communist party must become the defender of the oppressed peoples of Latin America." In the thesis adopted at the 58th Session of the Enlarged Executive Committee of the Communist International, it is stated that "Latin America can and must become a basis of support of the liberation movement against Imperialism." A resolution adopted at the Sixth Enlarged Plenary Session of the Executive Committee of the Communist International at Moscow on March 15, 1926, points out that the working class and peasantry of

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Latin America will play a tremendous rôle in the "future struggle for the overthrow of the yoke of the bourgeoisie of the United States." A report on "anti-Imperialist work" made at the Fourth Convention of the American Workers' party in Chicago on August 21-30, 1925, sets forth a good deal about the comrades. Comrade Johnstone had attended the convention of the Pan-American Federation of Labor at Mexico City in November 1924. Comrade Wagenknecht had visited the Philippines. Comrade Gomez appeared as a fraternal delegate from the Chicago Communists to the Communist Convention in Mexico. The All-American Anti-Imperialist League has a special secretariat located in Mexico City and is publishing both manifestoes and leaflets. A long resolution was adopted by the Central Executive Committee of the Workers' party on November 12, 1926. This committee has found striking evidences of the widespread movement for Latin American unity against Wall Street. Tchitcherin himself said at the One Hundred and Eleventh Session of the Union Central Executive Committee in March 1925:—

The Soviet Republic is extraordinarily popular in Mexico. Our plenipotentiary representative, Peskovsky, met in Mexico the most enthusiastic reception, receiving constantly from all sides expressions of the most friendly, even enthusiastic, attitude toward the Soviet Republic. Mexico gives us, thus, a very convenient political base in America for the development of our further ties.

A Mexican Labor Deputy, Ricardo Trevino, speaking in the Mexican Chamber of Deputies in September 1925, spoke approvingly of Communist work in Mexico against the United States. The Central Committee of the Mexican Federation of Labor, by direction of its seventh Congress, directed a communication to the Soviet Minister. In this communication, however, the representative of Russia in Mexico was informed that the Mexican labor movement "maintains the principle that the workers of each country must be organised in accordance with their opinions and necessities, and that no nation has the right to impose or

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to lay down for another the doctrine which must control its activities." Surely this is not so horrible. It might almost have come from a Labor Day speech by President Coolidge. And the last gun in the Kellogg broadside blows out its breech-block and wounds the gunner. Because in a resolution adopted on the sixth day of March, 1926, at the Seventh Annual Convention of the Mexican Federation of Labor, it is urged: "That a courteous invitation be extended by the Central Committee to the diplomatic representative of Russia accredited to Mexico so that his office *may abstain from lending moral and economic support to the so-called radical group, enemies of the Mexican Federation of Labor and of the Government.*"

Whatever one may think of the Nicaraguan policy, Secretary Kellogg's document in its defence bears the marks of having been hastily thrown together from miscellaneous data taken from some file in the Department of State, probably indexed under Communism-Latin America. It may strike terror into the hearts of those timid Americans who look under their beds for Communists every night before they retire, but as the responsible statement of the basis for the foreign policy of a peaceful nation it is highly unsatisfactory. When not so many years ago Secretary Kellogg, as one of the leading lawyers of the trans-Mississippian Bar, was making his reputation as a special prosecuting attorney "busting trusts," he doubtless knew that one could not convict X of participation in a conspiracy by showing that A, B, C, D and E would have liked him to join. And certainly the Secretary's indictment of Latin America goes scarcely further than to show that she was ogled by the Soviet. Perhaps after all the Mexicans were not so extraordinarily pleased with Comrade Peskovsky as Mr. Tchitcherin said to his fellow-Communists. Mr. Tchitcherin could hardly have spoken less favorably of his emissary. There is nothing to show what the Mexicans thought of him except that they did not want him to lend "moral and economic support to the radical group"—a not unlaudable

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sentiment. The only direct evidence from Mexico which the Secretary of State divulges is that that nation shares the desire of other nations to be let alone, not to be bribed or browbeaten or bullied.

Is there any American Imperialism menacing Latin America? Is Wall Street antagonistic to its independence and security? Does its peasantry feel "the yoke of the American bourgeoisie"? It ought not to be difficult for the Government at Washington to give the lie to all this conventional claptrap from enlarged plenary sessions. But the landing of marines is at least a dubious method of performing this wholesome task. To show the Communists of Moscow and Nicaragua that we are not Imperialists we make a few of the very same gestures that we would make if we were. In other words, Secretary Kellogg's policy seems open to the objection, first, that it is not based on any adequate knowledge of Nicaraguan constitutional law or Nicaraguan Communism or Nicaraguan public opinion; second, that it is not well conceived upon the facts as at present understood or misunderstood; and, third, that it is against the traditional American maxims of non-intervention.

Moreover, one cannot suppress the feeling that the Secretary's defence of his Nicaraguan policy is characterised either by a sort of intellectual indolence or by genuine inability to treat seriously a serious question. Ever since the War, politicians, preachers and professional lecturers, the hounds of righteousness and the children of Chatauqua, who have gone up and down the United States to preach a gospel or to carry a message when they had no particular gospel to preach or message to carry, have had two infallible resources. One has been Rum and the other Bolshevism. An experienced public speaker with nothing to say can always lash one of these demons around the stump and win the applause of enthusiastic audiences who honestly love sobriety and capitalism and do not want to be bothered with having to listen to a lot of new and

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unfamiliar and possibly distasteful ideas. They are always willing to welcome the public orator who comes to reveal the dangers which only they the vigilant understand.

That there is in fact a good deal of Communist agitation in the United States no one denies. There is some labor unrest, though probably as little as ever in the history of the country. There is some intellectual sympathy with the Bolshevik Government, though there is incomparably more with Fascist absolutism. In a nation, placing its capital wealth at half a trillion dollars, with wealth probably as evenly distributed as it has ever been in complex societies, with the automobile, the telephone, the radio and the porcelain bathtub working down into the poorest classes, the actual menace of Communism or Bolshevism to characteristic American institutions seems to the writer relatively slight. The very popularity of these anti-Communist speakers is in itself some evidence of the fact. And less than the insidious danger of Communism from within is the danger of Communism entering from the Latin American countries, which send few or no immigrants into the United States.

III.

IT is impossible, however, for one to understand the attitude of the United States in Nicaragua without comprehending the general outlines of what is sometimes called our Caribbean policy. The statement of President Coolidge and the message of Secretary Kellogg make it abundantly clear that Mexico is the key to the situation in Nicaragua. To attempt an extended consideration of the present state of affairs in Mexico would be far beyond the scope of this article. It appears at the moment in two phases, a religious phase which threatens the overthrow of the Mexican Church and an economic phase which threatens to invalidate American titles to oil and mineral lands in Mexico.

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The persecution by the Calles Government of the Roman Catholic Church in Mexico has aroused the indignation in America not only of some eighteen million Roman Catholics but of millions of plain Americans, who, without strong religious feelings, are bred in the tradition of religious liberty and the sanctity of Church property. Different in a sense but not dissimilar is the resentment felt by Americans who regard as plainly confiscatory that provision of the Mexican Constitution which purports to abolish retroactively the freehold title to oil lands in Mexico and to substitute therefor mere concessions for a term of years. Some idea of the international importance of this question is gained when it is understood that credible writers assert that no less than two-thirds of Mexico's wealth is in the hands of foreign capital. While to some people arbitration would offer a solution for this difficulty it is undoubtedly true that others believe in and advocate resort to force as the only way in which Mexico may be made to feel the justice of our wrath. In a sense, of course, the American oil interests may be personified as "Wall Street" or "Big Business." But such expressions are crude, superficial and misleading. Everyone in the United States who uses gasoline in an automobile, in a farm tractor or a fishing boat, is affected and concerned. Here is the actual or potential American "Imperialist" and it is foolish to ignore him.

As a matter of fact the record of the United States in Central America has been largely one of intervention or "Imperialism" if one wishes to use that invidious word. Everyone knows of the semi-violences by which President Roosevelt made possible the Panama Canal. A recent treaty between the United States and Panama practically constitutes that republic a military protectorate of the United States. The record of the United States in Nicaragua is definitely one of intervention. We have secured the stability of Nicaragua by supporting one faction against another and the actual cost in dollars and cents has been trivial.

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The intervention of the American marines in Haiti is a familiar enough chapter in recent history. Competent military and naval experts point out that with highly trained troops and our superior personnel, we could intervene in Mexico, support some of the local leaders, train a native constabulary and give that country the best government she has ever enjoyed. This is the process which people probably have in mind when they advocate, as they often do, "cleaning up the Mexican situation."

To this bloc of American opinion, the violation of the formulæ of democracy brings no shudder. They take the pragmatic view that democracy in Latin America has never been democratic—that, in fact, it has never worked, that in some of the richest nations of the world, revolution has been both a principal crop and a popular pastime and is still in favor, that in bringing stability to those countries we do them no injustice though we come by the sword. We shed no blood or practically none, and though our only right is might, it is the might of beneficence and not of tyranny. It is, if you will, dollar diplomacy and dollar Imperialism, but the dollars are not all for American pockets. The Mexican and the Central American will get his share of the money and his first taste of law and order. There is no reason to feel surprised at this bald statement of the "Imperialist" view. It is a rather refined development of the philosophy which governed the Great Powers throughout the nineteenth century and left Africa a patchwork of protectorates. In this connection one recalls the language of Sir Charles Napier, who refers in his diary to the annexation of Scinde as "a very advantageous, useful, humane piece of rascality." It is regrettable that the language of Imperialism has become not so much less common as more euphemistic. The last part of President Coolidge's statement is a good example of this. We will never, of course, think of intervening in Nicaragua, but we must answer for the maintenance there of order and good government. This is perilously near to nonsense. It is absurd to think

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that we can "stabilise" Nicaragua or the "banana republics" of Central America without intervening and establishing what are in effect military protectorates. And if we are going in for the stabilisation of the Caribbean countries, why not be logical and stabilise China, which needs it as badly? Why one policy for the Americas and another for Europe, Asia and Africa? If we are too much afraid of involvement in world affairs to join the League of Nations, why do we go on so blithely sending marines to the Spanish Main?

It may be suggested that the United States has a more intimate relation to the other American republics than it has to the nations of the Old World. It is true that under the Monroe Doctrine we have assumed the rôle of protecting the nations of America from every act of aggression by the nations of Europe and Asia. But the Monroe Doctrine has never been carried to our sister republics. It is one thing to keep a German colony out of Nicaragua and another to take the part of one pretender to the Nicaraguan presidency against the rival pretender.

Upon President Coolidge's own statement, it is difficult to reach any other conclusion than that we are violating our well-established maxims of public policy for the sake of saving American dollars and an American canal, that we are doing what the nations of Europe have done again and again, under the censorious eyes of this continent, and that we are drifting into precedents which might commit us definitely to intervention and the "stabilisation" of Central American affairs whenever American commercial interests demand it. Furthermore, the policy concedes the principle that small and militarily insignificant nations, if conveniently located geographically, are to be viewed in a different category and treated on a different basis from great and powerful nations. The United States never owned an inter-oceanic canal in Russia, but American nationals certainly have many times more millions in Russian Government bonds than are ever likely to be tied

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up in Nicaragua. Yet we did not land marines on the Prospekt Nevskiy in 1917 or join the banners of Koltchak or Denikin in restoring "constitutional" government to Russia. How far are we travelled from the days of self-determination!

It may be possible to exaggerate the consequence of the Nicaraguan episode; and some of the leader writers of the last few weeks may live to look back upon their language as intemperate. The fact remains that the challenge to Republican foreign policy has been the sharpest that the Coolidge Administration has had and constitutes in our foreign affairs the outstanding event since the Conference on the Limitation of Armaments. To hazard predictions would, of course, be dangerous. There is already talk of arbitration in the air and the particular crises in Nicaragua and Mexico may shortly cease to be critical. But the clash of opinion is only a new phase of the old controversy between the old Imperialism and Wilsonian idealism. We shall see it again, and very likely the Wilsonian idealism will come off second best. Nevertheless, Mr. Coolidge and his advisers will probably be rather more wary in the immediate future about the debarkation of marines. They must not expect the press or public opinion to be altogether satisfied with "stability" and the "protection of American interests." Certainly we are not going to take into our bosoms the oxymoron "Stabilisation without Intervention."

United States of America.

January 1927.

INDIA: THE RIDDLE OF POLITICS

I. THE ELECTIONS

THE last article from India was written on the eve of the elections for the third Legislative Assembly and Provincial Councils. The elections were unusually important for more than one reason. In the first place, the legislatures to which they were about to return members will be the last legislatures to be elected before the formation of the Statutory Commission of 1929, which is to review the working of the Montagu-Chelmsford Reforms and report "*as to whether and to what extent it is desirable to establish the principle of responsible government or to extend, modify or restrict the degree of responsible government then existing (in British India), including the question whether the establishment of Second Chambers of the local legislatures is or is not desirable.*" Thus a very heavy responsibility rests on all those who have been returned to the Legislative Assembly or to the various provincial Legislative Councils, because the members of the Statutory Commission are bound to be influenced very largely by what they see going on under their eyes.

Another reason for the importance of the elections is connected with the foregoing. Up to the very moment of the elections, and indeed up to the moment of the writing of this article, the policy of the Swaraj party was and is somewhat doubtful. Readers of THE ROUND TABLE are well aware of the fluctuations in the fortunes of this

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arty during the past two or three years. They know now, after boycotting the first Assembly and Councils, its members entered the second as the strongest single party in the Legislative Assembly and in most Provincial Councils, with the determination to bring the working of the reformed constitution to a standstill. Only in Bengal and in the Central Provinces were they able to accomplish their object, and their success in these two provinces proved to be one of the main causes of the movement which, at the end of 1925, split the Swaraj party from top to bottom, causing many of its ablest men to leave it and establish another political group under the title of Responsive Co-operators. It was also one of the chief reasons for the undeniable change of feeling which took place in the constituencies with regard to Swarajist tactics and Swarajist policy—a change which expressed itself in impatience of mere obstruction and a demand in many quarters for something constructive to be accomplished. The dismal fiasco of the “walk-out” of March 8, 1926, has already been chronicled in these pages* and was the last desperate move of the Swaraj leaders to recover by a spectacular gesture the sympathy of the Indian public. Nothing could demonstrate more eloquently the utter failure of this gesture than the return of the Swarajists to the legislatures later in the year when the Swarajist leaders found themselves in an unpleasant dilemma. The doctrine of Responsive Co-operation, that is, of co-operation with the Government of India when the latter's actions were clearly conceived in the true interests of India, is on the whole the most popular doctrine in the country, and it is well known that some important members of the Swaraj party believe that serious attempts should be made to reunite its die-hard and Responsivist wings even at the cost of substantial concessions to the latter. Many people in close touch with Swarajist opinion believed

* THE ROUND TABLE, No. 64, September 1926, p. 774.

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that these concessions would be made and that the party would be reunited on a platform differing in no essentials from that of the Responsive Co-operators. However, nothing had been decided by the time the elections began.

The Swarajist leaders made one very significant move. For election purposes they altered the name of their party from the Swaraj party to the Congress party. Their reasons for this were, perhaps, somewhat complex. In the first place the name, Swaraj party, connoted three years of futilities and wasted opportunities, whose chief memorials were the disastrous “victories” in Bengal and the Central Provinces and the ludicrous harlequinade of the “walk out” and the subsequent “walk in.” In the second place, it was believed—possibly rightly believed—that the name Congress would rally once more to the side of the Swarajists large numbers of old-fashioned people, for whom the name Congress still stood as representative of Indian nationalist ideals but who were beginning to realise that the real political arena in India was now to be found in the legislatures, and who were repelled by the way in which the Swarajists had thrown away opportunities for doing real service to their country. Lastly, the change of name did, no doubt, denote that all hopes of a reconciliation between the two wings of the Swarajist party had been by no means abandoned. For the name of the Congress was one which could claim the loyalty of all parties, and, if the elections were to go too badly against the Swarajists, it might still be possible for the Indian National Congress to discover some way by which they could act with the Responsivists without too great a loss of face.

(A queer medley of competitors lined up for the election race. There was the Swarajist Congress group and Pandit Madan Mohan Malaviya's new party group; there were Responsive Co-operators, Hindu Mahasabha candidates, Moslem candidates, Independents, Liberals, the “Justice” group in Madras, and candidates who represented no party

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but themselves. Some seats were contested by four or five candidates and wherever there was an organization—whether on behalf of the Swarajist Congress candidates or, as in Bombay, the Responsivist candidates or, as in the Punjab, the Hindu Mahasabha candidates or, as in the United Provinces, the Liberals—the organisation as a rule won.

The elections began in the first week in November and the Madras results were the first to be completed. They flattered the Swarajists by allotting to them almost half the seats in the Provincial Council and all but two or three of the seats in the Legislative Assembly. It is generally admitted that these results represented not so much a conversion of the Madras electorates to the Swarajist party as a natural reaction against the long continued dominance of the Non-Brahmin party in Madras politics. Signs of a coming revolt against the Non-Brahmins had been in evidence for long enough and the Swarajists organised themselves to take advantage of this revolt. It must be admitted, however, that the full extent of the Swarajist success at the Madras polls had not been foreseen even by the Swarajists themselves. Elsewhere, however, the Swarajists lost ground and in the Punjab and the United Provinces they almost disappeared from the legislatures. In the Bengal Council they were left with rather less strength than before. In the Central Provinces they were decidedly worse off. In Bombay the Responsivists met with a fair measure of success and, in fact, the only province except Madras in which the Swarajists could contemplate the election results with any equanimity was Bihar and Orissa. There, however, the paradox is witnessed that the chief supporters of the Swaraj party are found among the comfortable middle classes who elsewhere form the conservative element in politics. Thus, no matter how many seats the Swarajists may have in the Bihar and Orissa Legislative Council, they are not likely to prevent the formation of Ministries and the functioning

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of the Constitution, because the middle classes do not desire these things to happen. In fact in Bihar and Orissa the name Swarajist seems to be a label rather than the title of a body of men holding a certain political doctrine.

In every province in India, therefore, we are justified in expecting that the formation of Ministries will be successfully accomplished and that the Constitution will be allowed to function. The Swarajists are strongest in Madras and in Bengal, but it is doubtful whether they will seriously attempt to prevent the formation of Ministries there. Certainly, in Madras the last thing the electors want is that the Swarajists' exploits in the Central Provinces and in Bengal should be repeated. In Bengal, too, there seems to be a general desire for the resumption of Ministerial administration of the transferred services, and within a few days of the writing of this article it will be known whether the Bengal Council is prepared to go back on its earlier decisions which forced the Governor of Bengal in Council to administer the transferred departments himself.* In the Central Provinces a motion for the payment of Ministers' salaries for one month passed through the Council by an overwhelming majority and two Ministers have already been appointed. In other provinces, too, the names of the new Ministers have now been announced and there seems to be every prospect of their continuing to receive the support of their respective councils. It cannot be denied, therefore, that the results of the elections to the Provincial Councils have on the whole been condemnation of the old Swarajist policy of bringing the Constitution to a standstill.

In the Legislative Assembly the Swarajists nominally have almost the same numbers as they had last time. They are supposed to number 40, but it is possible that when the members take their seats this month, some of these 40 will be found to belong to some group other than the Swarajists.

* Dyarchy has now been resumed. Two Ministers, one a Hindu and the other a Mahomedan, having taken office.

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Still the Swarajists will continue to be the strongest single group in the Assembly though their position is materially different from what it was in the second Legislative Assembly. Then they were able to persuade the Independent group to join with them for a time in forming a "National" party which proceeded to inflict a number of reverses on the Government. It is hardly likely that they will be able to repeat this performance in the new Assembly. The Independents are a shrinking body and are not likely to attach themselves blindly to the Swarajists again. The Responsivist group and the group led by Pandit Madan Mohan Malaviya and Lala Lajpatrai are not likely to coalesce with the Swarajists owing to personal reasons. During the elections no quarter was given between the Swarajist leader and his chief opponents, and the angry feelings engendered by the election campaign will in all probability prevent harmonious action between the Swarajist leader and the leaders of the groups just mentioned. The attitude of the Mahomedan members of the Assembly, about 30 in number, is still a matter of conjecture. The possibility of the formation of a Mahomedan party is being mooted but it is too early at present to hazard any opinion on this question. It seems likely that they will tend to act together as a party, certainly on all communal questions. But more than that it would not be safe to say until the Assembly has met.

II. ANNUAL POLITICAL CONFERENCES

THE last week in December is the time chosen by many of the political or quasi-political bodies in India for holding annual meetings. These meetings are of unequal interest and importance ranging as they do from those of the Indian Liberal Federation, the All-India Moslem League and the All-India National Congress down to meetings of "Political Sufferers" and the always pathetic gatherings of

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the representatives of the "Untouchable" classes, who are making a brave effort to ameliorate the conditions under which they live or, it might even be said in some places, under which they exist. Here we need only notice the meetings of the National Congress, the Liberal Federation, and the Moslem League.

The National Congress

The circumstances in which the National Congress met this year are in many ways reminiscent of the circumstances in which the Cawnpore Congress met in December, 1925. For at the Cawnpore Congress the quarrel between the Swarajists and their rebellious members, the Responsive Co-operators, had to be fought out. This year it was expected that the Responsive Co-operators would make another strong attempt to bring the majority of the delegates to the Congress to their side. Also, as has been stated earlier in this article, a division of opinion had once more shown itself in the ranks of the Swaraj party itself, some of its members, undoubtedly, favouring some relaxation of its stricter tenets, if not actually reconciliation with the Responsive Co-operators more or less on the latter's own terms. It cannot be said that the elections had done very much to solve the difficulties of the Swarajist leaders. They could point to successes in Madras and Bihar and Orissa, but, as we have seen, neither of these provinces are likely to prove very suitable fields for the implementing of the Swarajist doctrine of Ministry and Constitution wrecking. Against these successes in the south and the east they had to set the absolute land-slide of the north and north-west, in the United Provinces and the Punjab, and less important losses in other provinces. Therefore, right up to the delivery of the Presidential address on December 26, the public was in doubt as to the future course of Swarajist policy. The President this year was Mr. Srinivasa Iyengar, a gentleman of whom very little was known

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outside the ranks of the Swaraj party and his own province of Madras. The audience which he was addressing was composed almost exclusively of adherents of the die-hard section of the Swaraj party. Mahomedans were almost entirely absent and the one or two who were present were in no way representative of their community. Also, at the last moment, the Responsivists and others decided that there was very little prospect of achieving anything this year and Pandit Madan Mohan Malaviya was the only important non-Swarajist present. The thoroughly unrepresentative character of the Congress therefore robbed its proceedings of much of their interest. The President's speech was declared even by Swarajist and other Indian newspapers to be flat and disappointing. It dealt with none of the really important questions of the day, such as Hindu-Moslem antagonism, the depressed classes and so on, except in terms of vague platitude. It mostly consisted of a long talk on the shortcomings of the present Constitution, and even this was not novel either in form or in treatment. Outwardly, the speech was an uncompromising defence of the Swarajist policy of the past and an expression of the determination of the leaders of the party to continue to adhere to that policy. It announced definitely that the Swarajists would oppose the formation of Ministries in the provinces by other parties until the All-India National Congress Committee was satisfied with the response made by the Government of India to the national demand. The policy of the Swaraj party was defined in the following resolution which was passed by the Congress with a large majority :—

In pursuance of the policy and general lines of work laid down in its election manifesto, this Congress reiterates its resolve that the general policy of Congressmen in the Assembly and various Councils shall be one of self-reliance in all activities which make for the healthy growth of the nation and of determined resistance to every activity, governmental or other, that may impede the nation's progress towards Swaraj.

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In particular, Congressmen in the legislatures shall refuse to accept Ministership or other offices in the gift of the Government and,

Shall oppose the formation of Ministries by other parties until, in the opinion of the Congress or the All-India Congress Committee, a satisfactory response is made by the Government to the national demand.

Refuse supplies and throw out budgets until such response is made by the Government, or unless otherwise directed by the All-India Working Committee.

Throw out all proposals for legislative enactments by which the bureaucracy proposes to consolidate its powers.

Move resolutions and introduce and support measures and Bills which are necessary for the healthy growth of national life and the advancement of the economic, agricultural, industrial and commercial interests of the country, and the consequent displacement of the bureaucracy.

Take steps to improve the condition of agricultural tenants by introducing and supporting measures to secure fixity of tenure and other advantages, and

Generally protect the rights of labour, agricultural and industrial, and adjust the relations on an equitable basis between landlords and tenants, capitalists and workmen.

Other resolutions relating to the wearing of *khaddar* and to the so-called "repressive" legislation were passed, but call for no comment here.

Thus, on the surface the policy of the Swaraj party remains what it was, but it is by no means certain that the Swarajist leaders will be able to give full effect to it. There are undoubtedly divisions of opinion within the party, and, it is even said, by people whose word is entitled to some respect, that a struggle is going on for the leadership of the party. Certainly there is a strong feeling among some sections of Swarajists in favour of accepting office and it will be interesting to see how far the policy of that party, as reaffirmed at the recent meeting of the Congress, will be able to withstand the disapproval of public opinion which, on the whole, is decidedly hostile to it, and the force of circumstances which are working strongly against the outworn doctrine of automatic obstruction and mere negation. Indeed, when the Congress resolution, which has been

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quoted above, is carefully read, it will be seen that the Swarajist policy is by no means so uncompromising as the President's speech made it out to be. For, it will be noticed that after the clauses dealing with the breaking up of Ministries, refusal of supplies and throwing out of budgets, there is a clause referring to the moving of resolutions and the supporting of measures calculated to benefit Indian national life. Now, if the Swaraj party does take the action contemplated in this clause, it cannot profess any longer to regard the legislatures and the present Constitution as useless, for, by their own admission, work of national benefit can be done in the legislatures and under the present Constitution.

The whole truth is that the Swaraj party is not what it was three years ago. It has lost much of its support in the country and if its opponents at the last elections had been better organised there is no doubt that Swarajist successes would have been very few indeed. As it is, but for the purely temporary and fortuitous circumstances in Madras, their representation in the Legislative Assembly and in the provinces generally would have looked comparatively meagre. Sooner or later the Swaraj party will have to come into line with the Responsive Co-operators, the Independents, Moderates and others who want to work the Constitution, and although the journey of the party from non-co-operation to co-operation may take some time and will be camouflaged as much as possible, nevertheless it must in the end be accomplished. But before it can become an ordinary constitutional Opposition, either alone or in conjunction with other parties, the Swaraj party will have to drop definitely and finally the present practice of using the Congress as a party caucus. This practice, which has grown up during the last two or three years, is a most pernicious development and one full of danger for the growing Indian Constitution.

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The Indian Liberal Federation

Speeches delivered at the meeting of the Indian Liberal Federation were naturally different in tone from those delivered at the Congress. The President of the Liberal Federation this year was Sir Sivaswami Ayyer, a veteran politician with a long and very honourable record of public service to his credit. He made great play with the mistakes committed by the Swarajists and the harm done by them to the cause of Indian political advance. In an interesting passage he pointed out the steady change of Swarajist policy from the extreme of non-co-operation to a measure of co-operation. He doubted whether the Swaraj party as a whole would openly acknowledge the wisdom of making co-operation part of its avowed policy. He showed clearly that the only argument which would weigh with the British Parliament would be proof given by actual working of the present Constitution by all classes of Indian politicians that India was fit and ready for the advance to responsible self-government. He spoke of the Hindu-Moslem problem and paid a fine tribute to Lord Irwin's great speech on the subject in Simla last July, and pointed to the necessity for supporting Government and its officers in administering the law in cases of communal disturbance. In a striking and very able passage Sir Sivaswami supported the currency proposals of the Government of India including the vexed question of the rupee ratio. He affirmed that the Moderates were prepared to work with the members of other parties whenever it was possible for them to do so. The most important resolutions adopted by the Liberal Federation at this meeting were one relating to the rapid Indianisation of all the superior civil services and the vesting of conditions of recruitment for all such services in the Governments in India, and a long resolution asking for Dominion status for India. Important clauses of this

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second resolution recommended the abolition of the Council of the Secretary of State, the free admission of Indians to training in all branches of military service, fully responsible government in the provinces, and the transformation of the different Indian legislatures into wholly elected bodies with provision for the protection of the rights of important minorities.

The All-India Moslem League

The last meeting to be noticed here is that of the All-India Moslem League, which took place at Delhi. Unquestionably this meeting came to closer grips with the realities of present circumstances in India and was more practical in its outlook than either of the other two. The President was a well-known and influential Mahomedan leader from the Punjab, Khan Bahadur Sheikh Abdul Qadar. In his speech he dealt with the ways in which Mahomedans could secure and advance the rights and privileges of their community. He showed the meeting the necessity in present day circumstances for co-ordinating the work of Mahomedan organisations all over India, and in a passage full of sound common sense he demonstrated the mischief caused by Indian Mahomedans interfering in the affairs of other Mahomedan countries. He made it quite clear that in his opinion the Mahomedan community meant to retain the existing system of separate communal electorates and that so far from being prepared to accept any system of joint electorates the Mahomedans wanted more seats in both the Legislative Assembly and Provincial Councils. The speech, in fact, was almost entirely concerned with the best way to advance the interests of Mahomedans in India and practically the only digression into general politics was a recommendation for the Congress and the Moslem League to set their affairs in order and act in harmony together so as to be able to

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present a strong and united demand for further political advance before the Statutory Commission. Among the resolutions which were moved at this meeting of the League, the one which caused the most enthusiasm related to the increased representation of Mahomedans in the different branches of Government service.

On the whole none of these three meetings helps us very much to read the riddle which Indian politics presents at present. The Swarajists in the Congress were obviously playing for time, and their action with regard to the formation of the Ministries in the provinces and to the obstruction of government business in the central legislature will be determined by circumstances. The Moderates are, perhaps, prepared to stiffen their demands a little in the hope of inducing other groups to join them in the formation of a grand Indian National party, whilst Mahomedans are plainly trying to improve and consolidate their position in preparation for the next political advance whenever it comes. All parties have got their eyes on the approaching Statutory Commission, and it is clear that all except the Swarajists realise that there is only one way of getting results from the Commission which will satisfy their hopes, and that is by working the present Constitution to the best of their ability, testing its suitability to Indian needs, and by putting forward claims based on actual experience and not on mere theory. Even in the Swaraj party there are some who see this no less clearly than the Responsive Co-operators or Moderates themselves, but at present the party policy seems to be dominated largely by personal considerations and it will only be altered by the irresistible force of events and the less obvious but not less powerful pressure of public opinion.

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III. GENERAL

THIS article ought not to be closed without some mention of the controversy which is at present going on with regard to the currency legislation which the Government of India proposes to undertake during the forthcoming session. The Government proposals were described in the last issue of *THE ROUND TABLE*,* which also mentioned the opposition to them in certain quarters. After the December article was written, the opposition flared up fiercely, being inspired and sustained by the so-called Currency League of Bombay. The Currency League issued a number of pamphlets and wrote or caused to be written an immense number of articles in the daily press opposing the Government's proposals with regard to the stabilising of the rupee at 1s. 6d. gold. Attempts were made by the Bombay interests affected to start currency leagues and associations in other important centres in India, but it must be said that these attempts have failed. A Currency Association was started in Calcutta, but after this body had held one or two meetings it seems to have died of inanition. Similar bodies which were started in Madras, Lahore, and one or two other places seem also to have fizzled out. The insistence of the Bombay Currency League on one only, and that a minor one, of the Currency Commission's recommendations, which were accepted by the Secretary of State and the Indian Government, is significant. The far more important question of the standard of value, and the immensely more important question of the creation of a Reserve Bank for India have been left almost entirely untouched by the Currency League, but the ratio issue has been magnified out of all proportion. The Indian public has

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been informed that the adoption of the 1s. 6d. ratio would utterly ruin Indian agriculture by depriving the agriculturist of no less than 12½ per cent. of the return from his produce, and would correspondingly benefit foreign countries, particularly England. The only argument which the Currency League was able to find to support its attack on the 1s. 6d. ratio was this argument of the alleged ruinous effects of this ratio on agriculture. The leaflets and articles published by the Currency League reiterate this one argument over and over again and are written to appeal primarily to ignorance and prejudice. For a time, however, they did make a deep impression on public opinion, but lately their effect has greatly weakened, and the sound reasoning of the majority of the Currency Commission has been put before the Indian public by journalists, university professors and lecturers, and particularly by the leaders of Indian economic thought assembled in the annual Economic Conference last month. The question of the ratio is at last beginning to be seen in its proper perspective and it is likely that the propaganda of the Currency League with its exaggerations and mis-statements will recoil on the heads of those responsible for them. There is much significance in the fact that the Indian National Congress could not be persuaded to pass a resolution condemning the Government's currency proposals. The President in his speech certainly spoke against them, but no resolution was put to the Congress on the subject, and it is well known that members of the Swaraj party are divided in their opinions on the subject of the rupee ratio. At the moment of writing there is good reason to doubt whether the Swaraj party will make the proposals a party question next session. However that may be, opinion in favour of the Government's proposals is undoubtedly strengthening in the country and it is not perhaps rash to anticipate a majority for the Government when the division is taken in the Legislative Assembly.

The arrival of Sir Samuel Hoare in Delhi on January 8

* *THE ROUND TABLE*, No. 65, December 1926, pp. 105-108.

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in the giant Hercules aeroplane was an event of more than mere picturesque or passing interest. It has a permanent importance, and may well prove to be an outstanding landmark in the history of the relations between England and India. For it showed that the air route between the two countries had at last become a practical possibility. It cannot now be very long before there is a regular aeroplane service all the way from London to Karachi, and when night flying becomes a normal feature of aerial travelling, the two cities will be only a few days' journey from each other. The whole journey from London to Delhi was accomplished by the Hercules in exactly 63 hours of flying. The consideration of these figures gives rise to certain thoughts of great importance. It cannot be doubted that one of the main factors in the growth of national ideals in India, and in the remarkable progress which she has made on all sides during the past half century, has been the steady annihilation by means of mechanical inventions of the space which separates her from the Western world. This process of annihilation will receive a vast impetus when the new air route is fully developed and a continual stream of aeroplanes transport passengers between India and Europe. The contact between India and the West will be closer and more immediate than ever before and the reactions on Indian thought and politics must be great and far-reaching. Sir Samuel Hoare, in an interview which he gave to the Press within a few hours of his arrival in Delhi, said that India on account of her position and her natural features ought to become the centre of flying in the East, and this saying of his was repeated with approval by the Viceroy two days later at the pleasant little ceremony at the Delhi aerodrome when Lady Irwin named the great aeroplane "The City of Delhi." Perhaps this is looking some distance ahead, but the opinions of these two statesmen are worthy of record. Railways have already linked together the remotest parts of India, and when air routes

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have been opened in this country and the habit of travelling by air developed among the Indian peoples, the process of fusing the various elements of the Indian population into a more homogeneous whole will be aided by yet another motive force.

India. January 13, 1927.

GREAT BRITAIN : THE OUTLOOK

I. AFTER THE STRIKE

A FEW years ago, when Europe was still struggling to free herself from the worst entanglements of war-making and peace-making, a famous British statesman was asked what chance he saw of early improvement. To which, in the bitterness of experience, he replied: "the resources of human folly are not exhausted yet." England's troubles in 1926 rank high among calamities which sanity foresaw and could, with the aid of goodwill, have averted. At the beginning of 1927 the only contribution to good causes made by its predecessor consists in the reduction of resources which "human folly" has unquestionably undergone. Wisdom after the event is of the costly kind. We have paid well for the event. The present problem is how are we going to apply the wisdom, first to defray the charges of the lesson and then to establish more securely the resources of national wealth in the future.

The immediate prospect is brighter. There were hopes even a year ago, when all the New Year forecasts, the speeches of the chairmen of the banks and others promised better times. But they were promised with an "if," and the condition, which was industrial peace, was not fulfilled. This year the annual forecasts are not without their speculative element. One menacing contingency has been eliminated; or, to speak accurately, has eliminated

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itself by happening. Confidence cannot be said to have returned, because it never departed. We have recorded more than once its extraordinary hardiness through all the rigours of the past year. It is safeguarded now by the assurance that the Great Strike, like the Great War, cannot repeat itself annually. It is still too early to compute the costs. They are alarmingly vast or surprisingly light according as you look at them. We shall know more when the national accounts are presented in April. The chairmen of the banks and the Chancellor of the Exchequer are hopeful. *C'est leur métier*, a pessimist might say. But there is no disputing the unexpected power of resistance that British industry has shown, or that there are facts to warrant its fortitude as well as tasks certain to deserve it.

On the side of promise is a revival of activity in iron and steel, although it is too early as yet to say whether this is more than a response to delayed and accumulated demands in the home market. Stabilisation on the Continent is giving the British worker and manufacturer a fairer opportunity again. Cotton is emerging from chronic short-time and making a beginning once more. New factories for other production are also going up, while the enforced halt in 1926 has been partly employed as an interval for reconditioning. Generally, while there is no boom and no desire for one, there is a feeling that the long-awaited revival date may have been reached and passed. The coal industry itself, at once a cause and a victim of national misfortunes, and an index of national well-being or the reverse, is fully active, and confident of recovering most of its hold on lost markets. Shipping, which came by some gain in the import of foreign coal, looks to an increase of legitimate employment in the current year. But the sum of these movements and expectations has still to show itself effectively in the unemployment figures. Slowly falling, they are still well above the level of twelve months ago.

When all is said that fairly can be said of an improved

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prospect, there is still a bill to be paid and a quarrel to be mended. At the close of the calendar year the gap between revenue and expenditure was much above normal even for that stage of the year's accounting. The year's trade balance was heavily adverse even when generous allowance had been made for "invisible exports." The task of manœuvring the unwieldy burden of deadweight debt has not been eased. Taxation will continue at an excessive level and the country will be fortunate to escape an increase. All this may be cheerfully borne if the waste of the seven months' stoppage is so much and no more. But is it all? It is impossible to think that an industrial stoppage of this magnitude has lasted for the best part of a year without definite consequences for better or worse. But for which? That is another of the still unresolved uncertainties of the time, which matters in the long run more than all the rest and is worth a little exploration.

The coal dispute ended without a settlement. It was silenced by a crushing defeat. Yet there was less bitterness among the miners themselves than might have been expected. As for the rest of Labour, despite official pronouncements and the "unity of front" cherished by propagandists, its verdict broadly was "serve them right." Men are not willingly sacrificed for a negative. The coal stoppage lasted long enough to impress upon Labour generally, and even upon a considerable section of the miners, the hardly believable futility of Mr. Cook's diehard inspiration. It outlasted diplomatic silences and polite evasions. It was the show-up of extremism. When the Trade Union Congress had to consider the action of its representatives in refusing to continue the General Strike for the benefit of Mr. Cook's unattainable "slogan," it approved by a huge majority (when the miners' vote is put aside) what was done, and tacitly condemned the miners' leadership.

For the present the effect of the self-defeat of extremism symbolised by Mr. Cook has been to mark out more clearly

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the line of cleavage between the moderates and the minority, between those for whom the unions are the means of improving industrial conditions and those for whom they are the instruments of power. The moderates have come more and more into the open. Industrial unionists are warning politicians to keep out. Socialists are taking a stronger line about Communists. There is less fear of "weakness" in face of capitalism and of saying what capitalists may overhear, more readiness to preach the modifying of capitalism by co-operation as the right way of advance towards the attainment of Labour ideals. It would be too sweeping to say that British Labour had made its choice and that the day of doctrinaires was over. For one thing, British Labour has always been more interested in results than doctrines. For another, the choice between two ways of using the experience of the last decade is just as much a choice for employers as for Labour. And both will be partly governed by, as also both can help to decide, the course of economic events. For the present, we repeat, the initiative appears to lie with the moderates and the prevailing mood is not vengeful, but conciliatory and responsive. Since the miners returned to work the air has rung with appeals for inquiries and conferences to rationalise and civilise industrial relations. By themselves they are not likely to produce anything specific, but they should be recorded.

Conservatives and the Trade Unions

It is not possible to be more definite about political than about industrial consequences. For a time the Labour party seemed to live in less fear of its own tail. There was never anything convincing in the efforts of a Parliamentary movement to keep on its good behaviour while dealing with forces definitely anti-Parliamentary. The constructive and reasoning majority has never spoken plainer language to

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Communism than lately. There was a ring of independence about Mr. MacDonald's platform speeches on the Hankow negotiations. He was unhappy about the despatch of troops, but he spoke with favour of Sir Austen Chamberlain's conciliatory policy and resolutely refused to be drawn into discrimination between the contending forces in China itself, despite the red flags that wave over Canton and sway the sympathies of advanced Labour in England.

But it is outside the Labour movement that we must look first for guidance as to developments within it. The most obvious contingency of disturbance is not within Labour, but Conservative, control. It will be remembered that a Bill introduced at the beginning of the present Parliament by a private Conservative member for amendment of the method by which trade unions collect funds for political purposes from their members was dropped after a dramatic interposition by the Prime Minister and after his appeal for a conciliatory gesture inviting a reply in the same spirit from the Labour side. Mr. Baldwin had his way then, but there was much reluctance among the Right wing of his party, strongly represented, as extremer views always are, in the party organisation, to accept this political quakerism in place of a "fighting policy." When the General Strike came, followed by a seven-months' demonstration from the Miners' Federation of the power of a determined minority to work upon and through the apathy of the mass of members, it was inevitable that the demand for "trade union reform" should be revived with greater force and support. Moreover, Conservative members, it appears, have been pressed to take action by working-class constituents whose views they have felt to be entitled to special respect on this question. There is no doubt that a majority of the Cabinet have felt the difficulty of legislating to hamper—it will be so represented—the activities of political opponents and to impose upon trade unions some employers' ideas of how a trade union should comport itself. Many

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Conservatives, not of the Right wing, are against action even now. Their argument runs thus. The General Strike is illegal, and is not to be intimidated by law or the penalties of law. The right way to prevent a General Strike was to defeat it when it was attempted. This has been done, and handsomely. We shall not have another. As to trade union practice and administration, there is a strong paper case for leaving members free to subscribe to political funds if they wish to, and not merely to secure exemption if they do not; for ensuring the proper administration of a secret ballot upon a proposal to strike; for preventing mass picketing and the intimidation of workers who are prepared to go to work and for remedying all the admitted abuses of trade unionism. All these things may be excellent in intention. But the important thing at the moment is to secure easier and ampler production through the improvement of industrial relations, to get on towards a better industrial order, from which the strike may eventually disappear, through agreements and practices established in industry itself, and in short, to convert trade unions to a responsible function in industry. If reforms are attempted, let them be such as will enlist Labour sympathy, or, at least, command Liberal approval. As it is, Conservative action will call into account every anti-capitalist prejudice and suspicion in the Labour ranks and while it does the minimum of good by its alterations of the law, will do the maximum of harm by imposing unreal unity upon Labour moderates and extremists, and by disturbing the prospects of peace, recently bought at a very high cost, in industry generally.

None the less, the Government is pledged to act. The King's Speech, unusually empty of first-class measures, placed in the forefront of the work of the Session legislation for the definition and amendment of trade union law. As we write, the detail of the Bill has not been settled. Mr. Churchill gave the Commons some idea of the Government's intentions when, "without prejudging" the legisla-

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tion to be introduced, he challenged the Labour party to say whether the right to call a general strike, to practise the mass-intimidation of individual workers at work or at home, or to exact contributions for Socialist candidatures from Liberal and Conservative trade unionists were essentially part of the trade unions' bargaining power. Naturally these will be difficult questions to answer. The Cabinet will be careful to select for statutory exclusion practices which Labour will find it most difficult to defend. It has also offered to take trade union leaders themselves into consultation as soon as its measure is drafted. It seems unlikely at present that Labour will welcome a compromise depriving it of opportunities on the platform for denouncing a "capitalist conspiracy" against trade unionism. Yet, if such a conference could be arranged and if the law affecting trade unions could be clearly re-stated with general consent, it is not the Government alone which would be the gainer by the disappearance of a controversy that bodes no good to industrial peace.

II. THE PARLIAMENTARY PROGRAMME.

THE rest of the King's Speech promised a useful rather than a stirring Session. The Budget holds a melancholy interest for taxpayers who have abandoned hopes of further tax-remissions and are only curious to know how an addition to their troubles is to be avoided. The Session itself is shortened. It is to end in the summer, and a new Session is to open in the autumn. This provision allows for the postponement to the autumn of the Factories Bill and the Reform of the Poor Law. These large legislative undertakings are viewed with dark suspicion by a number of Ministerialists. Their place in the programme of social reform has been taken by a Leasehold Reform Bill, which is to secure to an outgoing tenant a certain right to the value of improvements carried out by him, and by an Unemployment Insurance Bill which will free the

The Parliamentary Programme

unemployment insurance system from the unforeseen responsibilities thrust upon it by the industrial consequences of the war and restore its original character. It was devised and, despite the huge number of unemployed it has had to carry, has on the whole worked as, a contributory system. "The unemployed," as inquiry has shown, are not always the same unemployed. The relation between contributions and benefits inseparable from a genuinely contributory plan has never been lost. Only the special payments known as "extended benefit"—benefit, that is, in excess of the contributor's strict rights—could be described as "doles." Now the scheme is to be modified and re-established on its true contributory basis. Benefits are to be reduced below the level at which they could possibly prove a temptation to idleness or a bar to migration. After the existing debt upon the Insurance Fund has been paid off, the rates of contribution are to be reduced. As the system is compulsory and includes trades with greater and less fluctuations of employment, the lowest possible cost to the insured is naturally to be aimed at.

These are the main and unanimous recommendations of a Committee, including all political views, which the Government appointed and by whose advice it is likely to act. The working of the British unemployment scheme—a pioneer social experiment—has been so much misunderstood at home and still more overseas, that there is timeliness in the authoritative inquiry just concluded. So far from presenting the British worker as deteriorating in independence and self-respect, demoralised by "State aid," the Committee was impressed by the efficiency with which the community has discharged an unprecedented duty to its unemployed. The degree to which the scheme has been abused is found to be insignificant. Even in these difficult years, experience in its administration has, as a whole, proved the undiminished self-reliance of the working-class.

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Some minor agricultural measures and a Bill for the assistance of British films complete the programme which Parliament is asked to carry out by the end of July. Legislators look forward to uneventful days. Conservatives rejoice that the country is to have a "holiday from legislation." The Government argues that Parliament will have time to do its work with greater thoroughness. The main truth is that the public interest in politics is keen only where they touch finance and industry. All the preoccupations of the time are economic. The removal of the last sex inequalities from the franchise is being considered. Reform of the House of Lords is promised again within the lifetime of the present Parliament. There is no strong demand for either from the nation. Its thoughts are more concerned with its livelihood.

III. THE LIBERAL DISSENSIONS

THE third of the great parties has taken some steps towards improving its position by limiting its dissensions, though it has opened yet another rift in the process. Differences of opinion and policy over the General Strike left Mr. Lloyd George and Lord Oxford in open variance. The weight of the party was with Mr. Lloyd George, and Lord Oxford resigned rather than perpetuate a controversy that made it impossible for the leader of the party and the leader of the party in the House of Commons even to meet. Formally there is no leader now and, by Liberal custom, there will be no leader until Liberalism furnishes another Prime Minister. But, in fact, Mr. Lloyd George has succeeded to the office. Nor is that merely by virtue of Lord Oxford's resignation. Liberalism had difficulty in accommodating two ex-Prime Ministers. It had as much difficulty in accommodating Mr. Lloyd George by himself as long as the large political fund which descended to him from the break-up of the Coalition was outside the party dispositions. The fund—"tainted

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money," "Mr. Lloyd George's cash-box," and the rest—was a burning centre of disagreement, and the suggestion that it might be for the party's use on Mr. Lloyd George's conditions was indignantly repudiated. He has been wise, with the bulk of Liberal opinion and the Liberal press sympathetic to his policies, to go further than that. In connection with his land campaign, he first offered to place funds at the disposal of party headquarters for the financing of rural candidatures. In the course of the negotiations, this became an offer to hand over unconditionally a capital sum sufficient to ensure "a full fighting line" of Liberal candidates at the next election. The second charges on the fund are to be the expenses of his land campaign and of the industrial enquiry. This offer was accepted. With its acceptance Liberal unity seemed to be on the way again. But there were still those to be reckoned with who had declared after the General Strike that Mr. Lloyd George was "impossible to work with." These, under Lord Grey, rather than accept the "moral obligation" which, they feel, attaches to Mr. Lloyd George's money, have formed a Liberal Council, not to work independently of the party, but, presumably, to preserve their independence within the party. Others, like Captain Wedgwood Benn, one of the ablest and most indefatigable members of the Parliamentary party, have preserved their independence by migrating to Labour.

There are differences over policy, too. Mr. Lloyd George intends to make Labour see that Liberalism will be the balancing force in the next Parliament. Lord Grey sees mischief for Liberalism in this theory of dependence, and wishes Liberalism to fight as the electorate's alternative both to Socialism and "reaction," using whatever Parliamentary situation it may find after the next election in the way it then thinks best. But the sum of the matter is that, if Mr. Lloyd George has still to recapture the whole confidence of the Liberal party, he has re-established himself in a commanding position in its organisation.

IRELAND: EVENTS IN THE FREE STATE

I. POLITICAL

THE Free State Government may justly claim that the Report of the Inter-Imperial Relations Committee of the Imperial Conference concedes and establishes their essential demands. The changes it recommends, which are set out in detail elsewhere in this number, and have since been adopted unanimously by the Conference itself, are mainly those urged from the beginning by Mr. O'Higgins, Mr. Fitzgerald and the Irish delegates. They demanded a precise definition of Dominion status which would establish once and for all the equality and freedom of each community in the Commonwealth. They asked that it should be made clear beyond a doubt that no Dominion legislature was subordinated to Westminster, that communications of common interest should pass between Government and Government and not through the Governor-General, that the right of the Dominions to make treaties with States outside the Commonwealth should be recognised, and that such treaties should be made by the King separately on behalf of each Dominion and not as King of Great Britain. All these things have been conceded, and conceded in a manner which will not only promote the real unity of the British Commonwealth as a true league of States in friendly co-operation with each other, but which also in its change of the King's title recognises the essential unity of Ireland,

and gives us a new toast: "The King of Ireland," which may well be drunk with enthusiasm on both sides of the Boyne. To those of us who remember the Land League campaign of the 'eighties and the cartoons of *United Ireland* it is interesting to reflect that the master hand, clearly visible in this remarkable document, is that of the great statesman who in those far-off days was better known in Ireland as "Bloody Balfour."

The only material point not definitely conceded is the Free State demand for the abolition of the right of appeal to the Imperial Privy Council; but it is understood that the objection to the abolition of this right came from some of the other Dominions rather than from England, and it is obvious that French Canada, for instance, could hardly agree to such a proposal, for this right of appeal is a real safeguard against any interference by the Dominion Parliament with the rights which the Treaty of 1763 guaranteed to the French province. Altogether it may be truly said that the Report of the Inter-Imperial Relations Committee is a statesmanlike achievement of the first importance and a real triumph for Mr. O'Higgins and his colleagues, because it recognises that goodwill between the two mother countries, Ireland and England, can only grow from our racial ties and economic necessities, and not from any artificial political union. It has been generally recognised in Ireland that the results attained have been remarkable and satisfactory. Incidentally it may be remarked that, as by implication it fully recognises the doctrine of "external association," on which Mr. De Valera's (or rather Mr. Childers') famous Document No. 2 was based, it is hard to see what further foothold is left for that agile gentleman in his present precarious position. The debate in the Dail on the results of the Imperial Conference evoked singularly little opposition and no criticism of any value. Mr. Johnson, the leader of the Labour party, harped upon the familiar theme of capitalistic Imperialism, and the impossibility of the Free State being able to maintain neutrality in

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case of war, whilst the inimitable Professor Magennis exercised his undoubted metaphysical talents in an analysis of the Government's iniquities. But the Government leaders spoke out courageously and made it perfectly clear that their policy is now one of friendly and candid co-operation with England and their fellow Dominions, and that it is only through such a policy that Ulster can eventually be won.

The changed policy in the Free State is clearly shown by a speech of Mr. Blythe, the Minister for Finance, made at Ardee on January 20, in which he stated that if we could get a republic for the Free State by holding up a finger he would not hold up that finger, and he went on to say that, if we did get it, whatever prospects there were of re-uniting the country would disappear completely, and that in actual practice we had more liberty and security in our present position than if we had an independent republic. No Minister would have dared to enunciate this simple truth in such an uncompromising fashion a year ago.

But our path during the last four months has not been altogether one of roses. During the month of November the remains of the most active wing of the Republican Army (which has apparently once more thrown off all political control) indulged in week-end operations involving attacks on twelve police barracks containing unarmed Civic Guards, the net result in casualties being that two guards were killed. It was characteristic of Mr. O'Higgins that, with the embers of civil war still glowing red throughout the country, he sent out the Civic Guards without arms to police the countryside, a policy which has been abundantly justified, and from which the writer believes there will be no departure. The Government met this new and futile challenge to its authority by immediately passing a Public Safety Act which gives them power to declare a state of national emergency for three months with the assent of the Oireachtas*, and thereupon they have power to arrest and

* *I.e., Parliament.*

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detain anybody whom they reasonably suspect of treasonable offences, subject to certain rights of appeal. Acting at once under this Act, they proceeded to arrest all the Republican firebrands throughout the country, and the papers were soon full of letters from the internees protesting their innocence. This desire to escape responsibility for organised terrorism and publicly to disclaim it is very significant. The Government wisely released them all after asserting its authority. It would be ridiculous to conclude from these events that the country is once more plunged into turmoil. As a matter of fact the number of persons interned was only about 150, as compared with 15,000 during the civil war, and the people generally voiced in no uncertain terms their abhorrence of the whole performance. It is hard to conceive what object the young bravos who carried out these cowardly attacks had in view, unless they aimed at finally discrediting Mr. De Valera and compelling the Government to maintain the present army, a plaster which is their most serious financial embarrassment. The people who formerly hesitated to vote for a Republican candidate because of the possible results to their own skins are not now likely to feel more inclined to do so.

The "excursions and alarums" have not, however, been wholly Republican. His Excellency the Governor-General, Mr. Timothy Healy, contributed to our disturbance by a picturesque post-prandial performance at the annual dinner of the Dublin Chamber of Commerce early in November. On this occasion, having made a most injudicious reference to the English coal strike and delivered an extravagant eulogy of the Free State Government, he proceeded to belabour the Opposition parties, whom he elegantly described *in globo* as "a number of persons whom we never heard of before except in connection with explosions and assassinations." The writer ventures to say that if the Governor-General in any other Dominion made such a speech he would be recalled within twenty-four hours, but "Tim" is

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both the *enfant gaté* and the *enfant terrible* of Irish politics, and people are more surprised at his exemplary behaviour since his appointment than at this long-expected explosion in which Tim Healy momentarily overcame the Governor-General. The ingenuous explanation that he was mis-reported was hardly fair to the reporters, who immediately retorted by publishing the verbatim notes of his remarks. However, he is now once more confined to the Viceregal Lodge, from which he is hardly likely to play truant again on such a gorgeous scale, and where he can reflect at leisure on his own statement that outside religious opinions and beliefs there is no such thing as principle. One sometimes wonders whether "Tim" does not often sigh for the old days when his caustic wit could find free play, and whether we have not lost more than we have gained by his absence from the political arena, where he gave and received such lusty blows.

The Government, on the recommendation of a Cabinet Committee, have introduced Bills for the amendment of the Constitution. They provide for the abolition of a public holiday on the day of a general election, for a change in the methods of election of the Chairman of the Dail, for the extension of the maximum duration of the Dail from four to five years, and for the abolition of the four external Ministers who were heretofore under a rather ridiculous provision in the Constitution nominated by the Dail and not by the President of the Executive Council, and whom it is now proposed to incorporate in the Government. All these changes are of a minor nature, and no step has been taken to change the method of election to the Senate. It is understood that the Constitutional Committee made definite recommendations on this vital matter also, but that the Government did not feel free to undertake any drastic changes in this direction till after a general election.

The usual ill-informed and misleading criticism has been directed against the recent financial agreement on outstanding points arrived at between the British and Free

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State Governments. A perfectly necessary and humdrum business transaction has been described as if it were an agreement to sell the birthright of the Free State for a mess of pottage. In effect, a number of claims have been abandoned by the British Government; certain previously agreed policies concerning land purchase annuities, pensions and the national debt have been implemented, and certain previously ascertained liabilities have been liquidated. Mr. De Valera has, of course, seized the opportunity to commit his party, Fianna Fail, to a declaration that if they come into power they will stop the payment of the land annuities to England—a declaration which in its elementary dishonesty is worthy of a bankrupt Portuguese statesman. This pledge is not, however, likely to revive his fallen fortunes. Nor will they be improved by his prophecies about Ireland being again led to civil war if it is not rescued from his metaphysical dilemmas. His assumption seems to be that the majority of the people have no right to uphold the existing Constitution because by so doing they run counter to certain abstract rights involved in the conception of nationality as a religion rather than a social and economic condition, and that in support of these abstract rights civil war is justifiable. But it is now too late in the day to mislead the country with nonsense of this kind, and the admitted financial difficulties of both Republican parties are eloquent of the support they may expect in votes. The fact that Mr. Dan Breen, the famous I.R.A. fighting man and Republican Deputy for Tipperary, has deserted Mr. De Valera and taken his seat in the Dail, is also symptomatic, and shows that "the ice is breaking up on every side."

It is pleasant to turn from these futilities to the experiences of the Free State delegation at the meetings of the Imperial Parliamentary Union in Australia. The fact that it was possible for such a delegation to attend marked a new stage in inter-Dominion relations and helped to dissipate many old animosities. One of the delegates, Mr.

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Esmonde, T.D., who had actually been refused permission to land in Sydney as a Sinn Fein envoy in 1920, now came to Australia as a guest of the Australian Government and people. The delegation, which was very representative, consisted of Major Bryan Cooper, T.D., and Mr. Esmonde, T.D., representing the Dail, and Senators Bigger and O'Hanlon, representing the Senate. Senator O'Hanlon is secretary of the Irish Farmers' Union. They were much impressed by the extent of the Irish settlement in Australia. In every town they saw Irish names over the shops, Irish policemen directing the traffic, and in every social gathering they found politicians, judges and captains of industry of Irish descent. Moreover, in all the other Dominion delegations, except Canada, they found men of Irish stock. In short, they found, as one delegate well put it, that "It's just as much an Irish Empire as an English one," a remark which reveals a pregnant fact that has never been dreamed of in Mr. De Valera's philosophy. They cannot speak too highly of the enormous generosity and kindness of their Australian hosts. They felt that Irish hospitality was for once eclipsed. And in their turn the Australians were pleased to meet Irish representatives who came, not to solicit moral or financial support, but to study and discuss common problems and to gain an insight into Australian institutions and conditions of life.

All the present indications suggest that the general election will not take place till midsummer, and that it will be preceded by a popular budget and followed, should the Government be successful, by a new internal loan for development purposes. Captain Redmond's National League seems to be making some progress, although it has apparently revived the slumbering fires of that semi-extinct political volcano, Mr. William O'Brien, who naturally believes it to be the reincarnation of his pet bugbear, the "Molly Maguires," or Ancient Order of Hibernians. It is understood that he has been approached by Mr. De Valera's party to contest Cork City, and his re-appear-

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ance would certainly add to the gaiety of the nation if not to its peace. The Government has sought to spike one of Captain Redmond's principal guns by appointing a commission, of which Mr. Justice Meredith is Chairman, to inquire into the grievances of the town tenants. In other directions they are also girding their loins for the fray, and are about to throw down the gage of battle to the drink interests by introducing a new Liquor Bill on the eve of the election. It is this quality of courage that gives promise of their success in the approaching battle at the polls.

II. ECONOMIC AND GENERAL

THE outstanding economic event of the last quarter has been the publication of the interim reports of the Banking Commission, which have been issued in four separate parts.* The situation that confronted the Commission was that there was, firstly, no legal tender in the country except for the payment of small amounts ; secondly, that of the nine banks operating here only six had rights of note issue, with a fiduciary issue limit fixed as far back as 1845 on an all-Ireland basis ; and, thirdly, that since the Free State is now a separate State responsible for its own financial future, and vested with the power to establish its own currency system, as well as with the responsibility for maintaining that system, changes which may occur in British currency from this time forward will by no means automatically extend themselves to the Free State. The first and main report deals with this situation. It contains no revolutionary proposals and recommends a new currency system based on British sterling. The Commissioners declare that the Free State's freedom from monetary troubles has been due to the fact that it "has found itself automatically provided at the beginning of its

* See THE ROUND TABLE, No. 63, June 1926, p. 597.

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existence with a trustworthy and steadily improving currency basis," and they go on to declare that for a long time to come the Free State must continue to be "an integral part of the economic system at the head of which stands Great Britain." On this basis it suggests the erection of a new currency system, to be administered by a Currency Commission, which will be an independent body, consisting of seven members, and will be the only authority in the Free State empowered to issue notes. The new currency circulation will be divided into legal tender notes and a consolidated note issue. Legal tender notes will be issued to the amount of the present secured bank note issue, plus the value of British Treasury notes in the Free State (about £10,000,000), and will be backed pound for pound by British Government securities. These notes will be the unlimited liability of the Free State, and will be convertible directly at all times into British sterling, so that there will be no question of a rate of exchange. They will be issued by the Currency Commission against payment in gold or in British legal tender, and the profit which will be earned by their backing in British securities will go to the Free State Government. In order, however, to guard against any possibility of depreciation in these securities, an annual sum amounting to 10 per cent. of the outstanding note issue will be set aside every year out of the Government profit, to be used as a sinking fund, which will be held in trust by the Currency Commission. The consolidated bank note issue will be limited for two years to a maximum of £6,000,000, and will be distributed by the Currency Commission among the nine Free State banks in place of their existing fiduciary issue. Hitherto only six of these banks have been empowered to issue notes. They will be the liability of the Currency Commission, limited only by the liability of the participating banks, on the entire assets of which the Commission will have a lien. Thus the currency of the Free State, after these changes become operative, will consist

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of a basis of legal tender notes convertible into British sterling, and a body of consolidated bank notes convertible into legal tender. The Free State pound will, therefore, remain identical with the pound sterling, a fact which is bound to have favourable reactions in Northern Ireland. The Government has announced its intention to implement at once this portion of the Commission's report. One member of the Commission, Senator Jameson, in a minority report, raises certain technical objections, and would maintain the existing partial monopoly of the Bank of Ireland. The second, third and fourth reports of the Commission deal with agricultural credit, business credit and public finance. As regards agricultural credit, the Commission recommends the formation of an Agricultural Credit Corporation with a capital of £500,000, half of which shall be paid up, and power to obtain further funds by the issue of bonds or debentures guaranteed by the Government. The problem of long term loans for farmers in Ireland is complicated by the virtual impossibility of selling Irish land if the owner objects.* So long as this condition exists banks cannot be expected to look with favour on Irish land as security for long term loans, and it is an open secret that some of them have already been badly bitten owing to the difficulty in realising such securities in the face of a dishonest and reluctant debtor. The Commissioners draw attention to the fact that fifty-seven per cent. of the sales of farms in 1925-26 were abortive, and "unhesitatingly express the opinion that unless the existing outlook in these matters is completely altered the farming community should not expect, and certainly do not deserve, any amelioration in the conditions under which they can obtain credit." This condition of affairs is a relic of the land war of the 'eighties, when no one would buy an evicted farm. If it is not altered by the action of the farmers themselves, no legislation can improve their credit.

* See THE ROUND TABLE, No. 63, June 1926, p. 597.

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Dealing with business credits, the Commission recommends the continuance of the existing Industrial Trust Company with an additional capital of one million pounds, and that it ought to be in a position to issue loans in the first instance under a government guarantee. As regards public finance the Commission is sharply divided: six members, including the Chairman, recommend that government business should be divided amongst the various banks, whilst a minority of two, Mr. J. J. McElligott, who represents the Minister of Finance, and Senator Jameson, who represents the Bank of Ireland, declare that no distribution should be made and that the Government business should be dealt with exclusively by the Bank of Ireland as at present. They are, however, all unanimous in recommending that the six small trustee savings' banks should be merged in the Free State Post Office. The report, taken as a whole, is an exceedingly interesting and valuable document, and the Commission deserves great credit for the enormous field it has covered in so short a time. The Chairman, Professor Parker Willis, of Columbia University, was an excellent selection, and has brought a trained mind and a sane outlook to his task. His work justifies entirely the Government's policy in obtaining the best independent expert assistance available to solve such problems.

Another matter of interest which may be mentioned is the recent official opening of the Carlow beet sugar factory by President Cosgrave. The factory, which is said to be one of the most up-to-date in the world, is under the control and management of the Belgian firm of Lippens, and has now been working for some months. It receives a State subsidy and can deal with 1,500 tons of beet a day. About 800 men are employed, and no difficulty has been experienced in supplying the factory with raw material. The second stage of the Shannon Power Development Scheme* has now been reached—namely, the mechanical

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and electrical work. The turbines, generators, and larger transformers are under construction, and the necessary survey for the transmission lines is being carried out. One line will run from Limerick to Dublin, another from Limerick to Cork. These will be 110,000 volt lines, but the South Eastern loop, from Dublin to Waterford *via* Wexford and the east coast and back by Carlow and Kildare, which is to be the first constructed, will be 38,000 volts, and about 250 miles long. It is hoped that this latter line will be completed by the end of the summer, and it will probably be fed at first by the existing Dublin supply station.

The Tariff Commission has at last been constituted under the chairmanship of Mr. J. J. McElligott of the Ministry of Finance, who declares that he and his colleagues, Professor Whelehan, representing the Ministry of Industry and Commerce, and Dr. Hinchcliffe, representing the Ministry of Agriculture, are neither doctrinaire free traders nor doctrinaire protectionists. The woollen trade is busily engaged in preparing its case for submission to this new tribunal, and it is probably the strongest of the many aspirants for protection. Mr. Blythe, encouraged apparently by the increase of employment in the industries already protected, has announced that he will certainly propose fresh tariffs in the future. It remains to be seen how far the farming community will stand the increased cost of living which must inevitably result. But, apart altogether from the theoretical desirability of tariffs, it is clear that the Government cannot obtain increased revenue by other means without raising a violent outcry, and that this is now the only safe road open, and is also, of course, the least obvious to the groaning taxpayer. Two other matters concerning tariffs are worth mentioning. One is the manners and methods of some Irish customs' officials towards travellers. An Irish citizen may have to suffer aggressive rudeness without complaint, but tourists will certainly not tolerate it. The other is the absurd and

* See THE ROUND TABLE, No. 60, September 1925, p. 761, *et. seq.*

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almost prohibitive tariff on wireless sets and parts which has no protective value, and is in effect a tax on education and entertainment, because it prevents the isolated Irish farmer from getting into touch with the world. The Food Prices Tribunal* has, as the writer anticipated, proved an utter fiasco owing to lack of public interest and support. The anonymous correspondents who do not hesitate to fill the correspondence columns of our newspapers with wails about profiteering have not been sufficiently courageous to risk the enmity of the local shopkeepers by proving their complaints in the witness box. This lack of public spirit, and a mean, suspicious jealousy of those who venture to display it, are amongst our besetting sins. We are still painfully learning the lesson that freedom is not the end but the beginning of our national education.

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* See THE ROUND TABLE, No. 64, September 1926, p. 820.

CANADA

I. THE REPORT OF THE IMPERIAL CONFERENCE

THE full text of the Report on Inter-Imperial Relations was published in the Canadian press and provided abundant material for discussion and controversy. Comment in the press has more or less subsided, but it is now being supplemented by a surprising amount of private study. Wide diversity of opinion is revealed, and in many quarters there is serious mystification about the full implications of the Report. In all save rabidly partisan quarters it is admitted that a useful clearance of constitutional debris and a clarification of some troublesome confusions have been accomplished, but there is a growing realisation that only a beginning has been made in the process of readjusting Canada's constitutional arrangements to conditions which have materially changed since Confederation. The *Manitoba Free Press*, which is well satisfied with the Report, insists that the next step must be action by the Canadian Parliament to vest in itself complete control of Canada's constitution, and some of the arguments which it adduces are difficult to answer. How can it be possible, it is argued, to talk of constitutional equality between Britain and Canada when Canada can only amend its constitution by an Act of the British Parliament, and when its final court of jurisdiction consists of judges in whose appointment the Government of Canada has no voice? No stock need be taken in the argument that

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the Report has already annihilated the British North America Act and wiped away the safeguards to minorities contained in it, but no one can deny that many anomalies will persist until some bold constitutional surgery upon the B.N.A. Act is undertaken.

Such an enterprise, however, would open up a disturbing vista of domestic strife and controversy. Admittedly public opinion in Quebec is decidedly nervous about the recent developments, and there was a note of warning in the following observations which Mr. Taschereau, the Prime Minister of Quebec, made on the subject in the Quebec legislature on January 14 :

There was quite recently held in London a great Imperial Conference. The details of what happened there are not yet all known, but much was said regarding the autonomy of the Dominions, and it would seem, the Conference added to what we already have. We are free men, very jealous of our liberties, greedy for autonomy, and wish to be masters of our destiny within the limits of our constitution, which is a contract to which we are party and which we accepted 60 years ago.

What does the future hold for us ? I do not know, but I pray the men who direct our affairs at Ottawa, and I am sure that it is their view also, to remember that the constitution which rules us must never be changed without the consent of the province of Quebec and of each province, expressed by its legislation.

We entered into Confederation on certain conditions which we believed necessary for the safeguarding of all that is dear to us, such as language, schools, laws, belief, and provincial autonomy. One of the clauses of the federal pact is that the Canadian constitution cannot be changed in its essential parts without the assent of the British Government. I believe that this very necessary condition may be even more necessary to-day than it was in 1867.

The province of Quebec has not progressed, according to the number of its inhabitants, as have the provinces of the West, and it is easy to envisage the day when our numerical inferiority will be even more accentuated. We want to be Canadians first of all, to have the best relations with our sister provinces and to contribute all together to the greatness of our country. But we French-Canadians are a little apart from the others. We have, in brief, certain things which we love to conserve, which we will not allow to perish, and which we do not even like to expose to danger.

The Report of the Imperial Conference

I think that fidelity to our British ties is necessary for our national survival, that we should jealously watch over its preservation, and that we are not ready to leave it to a majority of the whole of Canada to say, without the consent of our province, what its future constitution should be.

General indications of the trend of public opinion upon the fruits of the Conference can best be gleaned from quotations from different papers. Generally speaking, the Conservative papers are disposed to minimise the importance of the resolutions, and to assert that they make no serious changes, but merely give formal registration to conditions and practices which have been operative for a number of years. The Liberal press, on the other hand, has hailed them as marking a further stage in the growth of the political stature of the Dominions and in the completion of their emancipation from the tutelage of Downing Street. A notable exception, however, to the Liberal chorus of approval has been the critical editorials of the *Toronto Globe*, which, although no longer a strict party paper, is still an influential organ of the Liberal faith. Given below are excerpts from the editorial comments of leading papers delivered at the time of the publication of the Report.

The Manitoba Free Press (Independent Liberal) :

The heart of the declaration by the Imperial Conference upon the question of the status of the Empire ought to be clear enough to make it evident even to the most sceptical Nationalists on the one hand, and the most purblind Colonial on the other, that a new system by which the British Empire is to be made over into an alliance of free and equal nations has been established, and that other conceptions of the Commonwealth are out of date. Anomalies still remain, but it should now be clear that it is not the law or the technicality that is to govern but the condition of equality which has been given full recognition. The anomalies are survivals from a system which has passed ; it is the business of the Parliaments of the Commonwealth to remove them wherever they interfere with or obscure the working of the new machinery. There is considerable work of this character still to be done, but objections to it being done will perhaps disappear, since it should now be evident that the dream of a highly organised Empire, directed from a centre, has definitely vanished.

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The *Toronto Star* (Liberal) :

There is in the news that comes from the Conference much that is not new but only restated. The self-government of Canada, for instance, has long been more complete in fact than it has seemed in form. As to our treaties, our own Government has been making them. As to our Governors-General, our own Government has, practically, been selecting them. All our laws, we make them.

No attempt is being made to give the Empire a written constitution, but only to straighten out a series of evident anomalies left from the now out-grown colonial relation. It is not to be forgotten that once before, when Mr. Lloyd George was Premier of Britain and Sir Robert Borden of Canada, a good deal was agreed upon along the lines now spoken of. The equality of nationhood was to be established; the Colonial Office was no longer to function between Ottawa and London, but the two Governments were to deal directly between the offices of the respective Prime Ministers. The arrangement was fumbled somewhere. It may be better handled this time.

The Dominions have made important progress constitutionally, but legally the B.N.A. Act stands unchanged through sixty eventful years. It needs revision in the light of the facts of the case, and it can be revised prudently and to the general advantage.

But the *Toronto Globe* offered this cold douche of criticism :

To the British people throughout the widely distributed possessions of the Empire, keenly concerned with the preservation of the ties which bind the overseas States to the mother country and to each other, the conclusions will have the appearance not so much of a compromise, perhaps, as of a surrender. They will be regarded, by some at least, as a capitulation to those elements of the population in the Dominions bent upon loosening, if not severing, the bonds without which the Imperial Commonwealth cannot hold together should interests conflict or sentiment wane.

It is impossible to term them constructive in character, for they aim at removing the foundations on which the Empire so far has rested. Their undisguised intention is to deprive Great Britain of all authority to speak for the Dominions in external affairs, or to give them counsel in domestic matters.

They are destructive, too, of the very principle of partnership, for they grant to each individual State the privilege of declining to be bound by any agreement or to engage in any enterprise on which the other members may unite. Individual interest, in fact, is to remain the sole motive governing the action of the Dominions.

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The *Montreal Gazette* (Conservative) :

The new charter is described as a formal acknowledgment of the equality of status of the Dominions with the United Kingdom under the King. Such an acknowledgment, in itself, means nothing at all; it is something that might have been obtained at any time from any British statesmen and is, in fact, no more than has been expressed in the attitude of the British Government toward the Dominions for many years.

The *Montreal Star* (Independent Conservative) :—

There will be ready credence for the rumour that Lord Birkenhead had a great hand in drawing up the "Magna Charta of the Dominions." It is a very adroit document. It contains little that is both important and new. And yet it is so phrased that General Hertzog will be able to get up before his African audiences on the veldt and quote phrases which will seem to show that he successfully championed their most determined demands. "Equality of status" could not be more deftly laid down. But "equality of status" has been recognised within the Empire ever since Versailles. At the writing of the Treaty of Versailles we had a separate and independent delegation. That delegation signed separately and independently and, as far as Great Britain went, equality of status could not have been more emphatically recognised.

But the *Star* pointed out that this equality of status has been challenged at Washington more than once, and proceeded :

Foreign nations are apt to challenge it at any time. But the adroit document just drawn in London and accepted by all the Premiers wisely does not attempt to discipline foreign nations for their blindness. So on "equality of status" there is no change.

The *Ottawa Citizen*, the *Halifax Chronicle* and the *Regina Leader*, all Liberal papers, agreed that an important step forward had been taken in Imperial relations, but the *Ottawa Journal* (Conservative) found only a restatement of an old situation. The *Farmers' Sun* (Independent) thought it would be prudent to suspend judgment, and pointed out that the Report was far from a formal and

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binding amendment of Dominion constitutions. It regarded the Report "with all its compromises and equivocations" as a forcible statement of Dominion opinion, but it also asked :

How are you to have unity when no one may drive, and anyone may balk? The King, everyone understands, is to sit on the coachman's box without whip or reins.

The comments of the French-Canadian papers were of an equally diversified character. Liberal papers like *Le Canada* of Montreal and *Le Soleil* of Quebec, which are unswerving supporters of the Government, professed complete satisfaction. *Le Canada*, for instance, deprecated the suggestion of some American papers that the work of the late Conference spells the dissolution of the Empire, and contended that

the ties between the Dominion and the Motherland will be strengthened when it is bound by the sentiments of fidelity which carry with them no obligation.

But *La Presse* of Montreal, which has Liberal leanings and is also the most influential paper in French Canada, expressed serious doubts about the advisability of the recent changes. It said :

Think this over : What will become of the guarantees we enjoy under Confederation when the Canadian Parliament becomes absolutely supreme in the country, and when, as a result, the British Parliament will have no control over the Dominion ?

The Canadian Parliament, if it so wishes, will have the absolute, implicit right to change, prune and amend our Constitution. Defenceless, and with no means of redress, we will be obliged to give way before the will of the majority.

In the light of past experiences, is it not right to ask whether the objective sought by some, at least, of the more vehement supporters of this theory is to wield the supreme control, exercised without right of appeal, in order to bring into effect certain aims which they have cherished for many years ?

This must make us think, and must also convince us that we

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should not sacrifice too much for the sake of this fashionable recklessness. Mere words are sometimes an extremely dangerous form of payment. They provide no funds with which to pay back what has been taken.

La Patrie (Conservative) has also been stressing the danger to minority rights which will develop if the decisions of the Conference are carried forward to the conclusion advocated by the *Manitoba Free Press*, and the following is a typical extract from its editorial columns :

The *Manitoba Free Press* is not willing to believe that the British Parliament could offer any guarantees whatever to the rights of the minorities in Canada, if a majority in the Federal Parliament were one day to attempt to remove the privileges which we now enjoy. The Catholics and French-Canadians are without protection against the encroachments of the English-speaking majority. That at any rate is the thesis which the *Manitoba* newspaper submits in relying on the new charter which Mr. King and Mr. Lapointe have brought back from London. Truly a fine perspective. The only authority that would prevail is that of the Parliament of Canada. The Imperial Parliament has nothing to do with us. The *Free Press* speaks so often these days of the rights of the minority and the sovereignty of Canada that we "must keep an eye on the grain." The Western allies of the Liberals would seem to be preparing an assault on something which is very dear to us. Will our representatives at Ottawa have enough perspicacity and independence of spirit to frustrate the plots of our enemies ?

II. CURRENT POLITICS

(a) *The Federal Parliament*

THE political situation in Canada has now reached a reasonable state of equilibrium, and hopes are widely entertained that the increased stability with which the Liberal Government has been endowed as the result of the last election will enable it to provide the country with more coherent policies and more efficient administration. The brief December session, however, of the new Parlia-

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ment, which lasted only a week, provided evidence that the parliamentary position of the Government may not be as commanding as had been predicted. In a House of 245 it has 119 straight Liberal supporters, and it can rely upon the general support of ten Liberal-Progressives; but although these have taken their seats on the Government side of the House they have proclaimed their intention of maintaining their separate identity as a group and of reserving for themselves a certain freedom of action. On the other hand, the balance of the agrarian members—who fall into two classes, Progressives and United Farmers—have elected to sit on the Opposition benches and have been joined there by the three Labourites. Accordingly the Government can only count upon a reliable majority of about 13. The Liberal party has had, however, the satisfaction of recapturing on January 19 a traditionally Liberal seat, Antigonish-Guysboro in Nova Scotia, which the Conservatives had carried by a small majority last October; yet there may be some doubts about the merits of victory after the successful candidate had offered an audacious and almost irresistible inducement to the electors in these words:

Here [he told them from the platform] is a list of public works for this constituency involving an expenditure of half a million dollars. If I am elected that money will be spent in the riding. If I am defeated and you return a Conservative, not a cent will be spent.

The Speech from the Throne, delivered on December 9, disclosed a modest legislative programme. This included the reintroduction of measures like the Old Age Pensions and Rural Credits Bills, a Bill to provide subsidies for coking plants, another to ratify the agreement with the Grand Trunk Pacific debenture holders, and legislation to give effect to the recommendations of the Royal Commission on maritime rights. No attempt was made to deal with any legislation before Parliament adjourned,

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but some routine business was transacted and the Opposition did not seek to hinder the rapid passage of the balance of the estimates for 1926-27, left unvoted last July as the result of the summary dissolution. The debate on the Address was commendably brief, but it afforded an opportunity for Mr. W. G. Ernst, a former Rhodes scholar, to demonstrate by his maiden speech that he is the most promising recruit introduced to Parliament by the Conservative party in recent years. Mr. Guthrie, the new parliamentary leader of the Conservatives, was temperate in his observations, and offered some desultory but unconvincing criticisms of the results of the Imperial Conference. Mr. King, in his reply, intimated his intention of deferring any detailed account of his stewardship at that gathering until time could be set apart for a formal debate upon the Report.

At the opening of the session the Government tabled the report of the Royal Commission, under the chairmanship of Sir Andrew Duncan, which had been appointed to investigate the grievances of the maritime provinces. It seems probable that the contents of this voluminous document will provide the main legislative tasks of the balance of the session, and will simultaneously provoke a substantial measure of sectional controversy. The salient recommendations made in the report can be summarised as follows:

1. Increased annual grants to provinces. Interim annual payments of \$875,000 to Nova Scotia, \$600,000 to New Brunswick, and \$125,000 to Prince Edward Island to be paid until such time as a final readjustment of the subsidies has been worked out to compensate the three provinces for the various disabilities, such as territorial limitations, which have not handicapped the other provinces under Confederation.
2. An immediate reduction of 20 per cent. on all freight rates in the Atlantic division of the Canadian National Railway system.
3. The provision of an additional ferry and railway service and of harbour improvements for Prince Edward Island, the cost to be borne by the Federal Government.

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4. The establishment of Federal harbour commissions at the ports of Halifax and St. John.
5. Immediate attention by the Tariff Board to the coal tariffs, and the encouragement of domestic coal production by Federal subsidies to coking plants.
6. A bonus on steel when made from Canadian coal.
7. Closer co-operation between maritime and Federal authorities in immigration.
8. The initiation of an effort to secure more favourable terms of entry to the United States for Canadian fish and some forest products.

What the Commission by these recommendations suggests is that the present discontents of the maritime provinces should be soothed by generous largesse from the Federal Treasury and by a series of economic changes which are calculated to promote their prosperity. But the proposals in regard to higher subsidies and special freight rates cannot fail to generate from other parts of Canada demands for similar favours. The western members, Liberals and Progressives alike, will be likely to demand some return for their acceptance of the Commission's proposals in regard to railway rates. Indeed, the whole question of railway rates bids fair to become a storm centre of parliamentary controversy at no distant date, and inevitably the contending and almost irreconcilable clamours of sectional interests will be given free rein. Some time ago the Railway Commission was entrusted with the task of remodelling the whole freight-rate structure of the Dominion, and for months it has been muddling along over this very complicated enterprise without achieving much progress. The personnel of the Commission no longer commands general public confidence. In the prairie provinces definite charges are being made that the two great railways are deliberately flouting the decrees of the Commission and of Parliament in the matter of freight rates, and many westerners are no longer disposed to trust in the Commission's authority. It was this feeling of distrust which brought the question of railway rates back into the

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political arena a few years ago and revived the very evils which the Railway Commission was created to obviate.

(b) The St. Lawrence Deep Waterway

The appointment of Mr. Vincent Massey as Canada's first Minister at Washington has been received with general approval and he will assume the duties of his office in February. He need not be idle for lack of interesting work, and there are signs in evidence that the St. Lawrence Deep Waterway may provide him with an opportunity of earning his diplomatic spurs. The unqualified approval of the scheme by the United States Advisory Committee, of which Mr. Secretary Hoover is Chairman, has revived interest in the project on both sides of the international boundary. This approval followed the report of a joint engineering board, in which complete agreement existed on the aspects of the scheme concerning navigation, but a difference of opinion between the Canadian and American sections was expressed as regards the plans of power development. Impelled by the political necessity of conciliating the discontented farmers of the Middle West, who believe that the canal will lower their costs of transportation, President Coolidge's Administration has virtually committed itself to the project, and the next move obviously lies with Canada. The publication of the report of the Canadian Advisory Committee has been delayed, and probably in its deliberations a conflict of sectional interests, which has also been raging in the United States, has found expression. The ports of Montreal and Quebec have hitherto shown a resolute antagonism to the scheme, under the belief that it would imperil their trade, but in recent months there have been indications from Montreal of a certain softening of the local hostility.

In any case, the Rt. Hon. George P. Graham, the Chairman of the Canadian Advisory Committee, who has recently been appointed to the Senate, has resigned his

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post, and there are authoritative rumours abroad that Mr. King himself will fill his place. Such a step would seem to indicate that the Canadian Government was prepared to co-operate in this great project, which, when completed, will permit the uninterrupted passage of ocean vessels to the very heart of North America, and will make possible the development of a vast quantity of hydro-electric energy on the St. Lawrence. Since many members from Ontario and the West favour the scheme, the approval of Parliament could easily be secured; and definite negotiations about the apportionment of cost, a plan of joint control, and other details could be commenced at once by Mr. Massey.

(c) *Mr. Bruce's Visit*

Few visiting statesmen who have made a pilgrimage through Canada have enjoyed such an enthusiastic reception as did Mr. Bruce of Australia; and the vigorous speeches in which he proclaimed to crowded audiences his Imperialist faith and his views on the problem of Imperial defence, while they have drawn down upon his head both hearty commendation and sharp censure, have also left an aftermath of interesting speculation. For a guest of the Government his utterances were astonishingly frank; he did not hesitate to expose by the quotation of statistics the comparative meagreness of Canada's contribution to Imperial defence, and to suggest in unequivocal language that, having now obtained full recognition of her constitutional rights, the time had come for Canada to take a more generous view of her responsibilities. Mr. Bruce used what he claimed to be a relative's right to speak freely for the delivery of his hortative *obiter dicta*. Mr. Coates of New Zealand arrived a few days later and uttered similar sentiments in milder tones. Since then the *Ottawa Citizen*, which is usually considered to be in close touch with the Government, has published editorials on the

necessity for an expansion of Canada's naval forces. The question of Imperial defence, after lying dormant for years, seems to be beginning to come to life. In view of the unhappy experiences of the Liberal party with its one and only naval policy, the policy which bestirred Mr. Bourassa to organise the Nationalist party in 1910, it is unlikely that the Government has taken any decision to increase the expenditure on defence. So far the reactions from Quebec to Mr. Bruce's pleas have not been auspicious; Conservative papers like *L'Événement* of Quebec City have joined the Liberal press of the province in denouncing Mr. Bruce as an instrument of Imperialist propaganda, and in reprobating what is described as his attempt to dictate a defence policy to the Canadian Government.

(d) *The Defeat of Prohibition in Ontario*

At a provincial election held on December 1 the voters of Ontario supplemented the evidence already furnished by referenda in the four western provinces that public sentiment in Canada in regard to liquor laws has undergone a marked change, and that the prohibitionist régimes which, during the war years, were imposed upon every province except Quebec, have fallen into disfavour. At this election the Conservative Government of Mr. Howard Ferguson obtained a decisive mandate to abolish the Ontario Temperance Act, which enforced prohibition, and to establish a system of liquor sales under Government control modelled upon the schemes now in operation in Quebec and the four western provinces. Mr. Ferguson announced that he would stand or fall by his liquor programme; all other issues were submerged, and there was visible the healthy novelty of a clear issue in a provincial contest. No election in recent years has been fought with the same energy and keenness. Normal party lines were broken down, and the defection of "dry" Conservatives was, as the event proved, much more than balanced

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by support given to Government control by a large contingent of "wet" Liberals. For one thing, the French-Canadians of Ontario have never been able to reconcile themselves to the absence of the alcoholic freedom which their kinsmen on the other side of the Ottawa River have continuously enjoyed; and the group of French-Canadian Liberals who sat in the last legislature all ran as avowed supporters of Mr. Ferguson's policy. Furthermore, the retreat of the western provinces from prohibition, the increased difficulty of effective enforcement of the Ontario Temperance Act when "wetness" prevailed east, north, and west, and the revelations of the wholesale demoralisation of the Customs Service through the illicit liquor trade, had convinced many people who had previously voted for prohibition that its evils outweighed its benefits. The result surpassed the most sanguine hopes of the Government, for they secured 74 seats out of 115, and five other "wet" candidates were returned. 689,755 ballots were cast for Government control, and 448,123 against, giving a majority of 241,632. At a plebiscite held on the question in 1924, prohibition was upheld by a majority of 33,000, so that there has been a remarkable reversal of feeling in two years. Armed with this clear mandate, Mr. Ferguson's Government will, soon after the new legislature meets in February, introduce the necessary legislation. This is unlikely to become operative until midsummer, but, thereafter, the people of Ontario will be able, under a system of permits, to buy liquor of all kinds at a series of government shops which will be managed by an independent commission. To-day in Canada only the three maritime provinces adhere to "dryness," and it is freely predicted that the Governments of Nova Scotia and New Brunswick will give their electors an early opportunity of passing judgment on prohibition.

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I. FEDERAL POLITICS

SINCE the defeat of the Referendum proposals the Federal Parliament has been in recess and the Prime Minister, the Minister for Defence and the Attorney-General have been absent from Australia, Mr. Bruce and Sir Neville Howse at the Imperial Conference, Mr. Latham at the Assembly of the League of Nations at Geneva and afterwards with his colleagues in London. No doubt when Mr. Bruce returns there will be an active discussion of the results of the Conference. At present there is so much uncertainty as to the effect of its decisions that little public interest has been shown beyond some expressions of relief that the acute divisions, the possibility of which was mentioned by Mr. Bruce when referring to the Conference in Parliament, do not appear to have occurred. The most conspicuous event of the recess has been the visit of the Imperial Parliamentary Delegation. The delegation included representatives of Great Britain, the Irish Free State, South Africa and New Zealand under the leadership of the Marquess of Salisbury, and among the British delegates were members of all three political parties. The delegates had an ample opportunity of studying the varied resources of Australia, the field open to migrants and the opinions of public men, for they were called upon to traverse vast distances and to make or listen to innumerable speeches, an experience shared by many missions to

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Australia. They also took part in debates in the Federal and in some of the State Parliaments at which the subjects of migration, of marketing and of reciprocity in trade were discussed with vigour and freedom. The delegates were at pains not to appear to instruct and not to express opinions on local affairs, but the exposition of pronounced views on the subjects mentioned cannot fail to have been of great value. Their gift to the new Parliament House at Canberra of a model of the Speaker's Chair at Westminster was a gesture of friendship and of community in ideals which is much appreciated.

Three decisions of the High Court have helped to elucidate the constitutional questions mentioned in the last number of *THE ROUND TABLE*.^{*} The State of South Australia in order to raise money for the improvement of its roads had imposed a tax on petrol produced and sold within the State. This tax was successfully attacked by the Commonwealth as an infringement of its exclusive right to impose duties of excise. The Commonwealth roads scheme was in its turn attacked by the States on the ground that the Commonwealth had no power to appropriate money for the improving or making of roads. It was defended as coming within the express powers of the Commonwealth to legislate for defence or for trade between one or more States or to assist necessitous States, and was upheld. The result has been that the States of Victoria and South Australia have now agreed to the Federal scheme, which provides for the expenditure over a period of 20 years of a sum of £35,000,000 on roads, of which the States provide 15s. for every £1 contributed by the Commonwealth, and the only dissenting State is now New South Wales. The third decision relates to the powers of the Federal Court of Industrial Arbitration. Certain trade unionists whose industry was the subject of a Federal award applied for an increase in wages to one of the Conciliation Committees appointed by the Government of New South Wales. The Federal

^{*} *THE ROUND TABLE*, No. 65, December 1926, pp. 170-181.

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Industrial Court then issued a prohibition to the State Committee against dealing with a matter which had come within the Federal jurisdiction, and its action though criticised with vigour by the State Industrial Commissioner has been upheld by the High Court. Apart from these decisions, Federal politics have been uneventful. Dr. Earle Page, the acting Prime Minister, in a number of speeches has emphasised the need of a policy of development, and Mr. Pratten, the Minister of Customs, has spoken in defence of the tariff claiming that in many industries an increase in duties has been followed by such an extension of production that prices have been reduced.

II. WESTERN AUSTRALIA AND THE COMMONWEALTH

AN arid unproductive area divides the west from the east of Australia as completely as the sea divides the latter from New Zealand. Even Kalgoorlie is over a thousand miles by rail from Port Augusta in South Australia. Fremantle is 1,886 miles from Melbourne by sea. Wellington in New Zealand is only 1,200 miles from Sydney. Moreover, there are only 370,000 Western Australians as against 5,700,000 in the eastern States.^{*} The point needing explanation is not that the west is restive, but that she ever consented to enter into so unequal a yoke. The explanation may be found in (i) the gold rush which submerged, at a critical phase of the federal movement, an old colonial community suspicious rather than united in feeling with the eastern colonists, a community moulded by nature and isolation into pastoral and agricultural forms; and (ii) the re-emergence, amongst "tothersiders" and "gropers" alike, in the reinforced western population, of the ineluctable effects of isolation.

Founders of the first free colony, the Western Australians were driven by necessity to ask in 1848 for a supply of

^{*} See the appended map.

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convict labour for public works. This antagonised their eastern neighbours, just emerging from the mire of transportation. Antagonism remained even after the end, in 1868, of the convict episode. Isolated and somewhat hardbitten through poverty, the Western Australians held aloof until 1890 under Crown government. They were dubbed "sand groppers" by the wealthier East. Then responsible government and the discovery of gold wrought a dramatic change. With a rush came thousands of pushful restless "tothersiders," eager to skim the cream of the gold-fields' trade, and to use self-government as a means of favouring every new development. As the population advanced from 49,782 in 1891 to 184,124 in 1901, the "tothersiders" far outnumbered the "groppers," and threatened to take charge of the colony. The gold-fields around Kalgoorlie clamoured for a railway-port at Esperance, to make them less dependent on the Swan River colonists, and to lessen the distance by sea from their eastern homes. The new community seemed likely to bridge over the gap of arid uninhabited land that had hitherto separated the two Australias, but it imported rather than diminished inter-colonial antagonism.

The "tothersiders" naturally evinced a keen interest in the movement to place the map of Australia and all that lay therein under one Government. Long talked of in the eastern colonies, to the old Western Australians this federal movement had been hitherto a matter of indifference. Their delegate to the 1881 and 1883 conferences had been instructed to refrain from voting on any resolution. At the Australasian Federal Convention of 1890, Sir James Lee Steere had made it plain that Western Australia would not sacrifice her existing tariff, the new Government's main source of revenue. This reluctance to surrender the integral self-government which they had just gained, continued to mark the Western Australian delegates at the federal Conventions of 1897-8, who represented not the popular choice as in the other colonies, but the Perth

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Parliament in which the rapidly growing gold-fields were then under-represented. They soon sensed danger to their future in the plan of leaving the surplus customs revenue, after the cost of the transferred services had been met, to the disposal of the Commonwealth Parliament. Quoting the terms of the first resolution passed at the Adelaide session, 1897—

That the powers, privileges and territory of the several existing colonies shall remain intact, except in respect to such voluntary surrenders as may be agreed upon to secure uniformity of law and administration in matters of common concern,

they argued that the Federal union was a limited one, intended only for certain enumerated objects, such as defence and posts. There should therefore be full guarantees for the return of the surplus revenue to the individual States once these purposes had been met. Otherwise, with the Federal power of taxation unlimited, after a short transition period the Commonwealth would have the whip hand to alter at will the whole basis and distribution of powers. But it was in vain that Sir John Forrest and his associates urged consistency between the constitutional and financial provisions of the union. Kalgoorlie and Westminster conspired to betray them. The emotional zeal of the strangers within their gates for a national Government, in which their eastern kinsmen would be supreme, brooked neither delay nor argument. When the Parliament at Perth refused to submit the Federal Enabling Bill to a popular referendum, the gold-fields sent a mass petition to the Colonial Office, asking for a new colony with Kalgoorlie for capital and Esperance for port. And this "Separate to Federate" movement found favour in high places. In April, 1900, while Forrest was fighting for terms, Mr. Joseph Chamberlain pointedly drew his attention to it, in urging the colony's entry into the Commonwealth as an original State. Under such pressure the Parliament at Perth had to be content with the terms offered at the

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Sydney Convention, viz., the retention for five years of Western Australia's inter-colonial tariff, reduced annually by a fifth. After the five years, inter-State freedom of trade would be complete. After ten years, the Braddon clause requiring the return to the States of three-fourths of the customs revenue would terminate, and the Commonwealth would be potentially supreme. By a popular majority of 44,800 votes to 19,691 the Western Australian electors declared their willingness to accept federation, with such slight allowance for the disadvantage of distance as was contained in the temporary and tapering right to tax the high consumption per head that then characterized the west.

For a decade all seemed well enough. The gold industry reached its maximum output of between eight and nine millions in 1903-4-5. Its yield was still above six millions in 1910. Such wealth carried the young State along upon a high tide of prosperity. Its public finance, it is true, did not show the favourable figures of the years of responsible government, 1890-1901, during which £2,144,100 had been spent out of surplus revenue upon public works, after full provision had been made for sinking fund payments in reduction of debt. Yet even for the decade 1901-1910 the State still showed a surplus, though a diminished one. Then the tide ebbed, the gold yield petered away, and the Federal tariff, framed in the interest of Sydney and Melbourne manufacturers, put a heavy brake upon the expansion of other primary industries, on a scale adequate to the absorption of the displaced miners, and to the continued growth of the State's population.

Gold was found in Western Australia in rich patches and streaks rather than in masses of low-grade ore. It was thus inevitable that success should reduce the attractions of mining as a magnet for population. Rich alluvial and shallow finds grew fewer. The wages-man settled down where the prospector had come and gone. In company mining, moreover, Western Australian fields were doomed,

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by economic causes of world-wide scope, to decline more rapidly than those of Victoria and New South Wales had done. The older fields had won a bigger percentage of the world's total output during the 'seventies and 'eighties. Therefore as their production dropped and the monetary demand for gold grew, they were helped along by the scarcity value of their gold and the consequent fall in prices and costs. Each pennyweight of gold, as it grew in purchasing power, paid for more of the labour and commodities needed to win it. Companies could thus continue to show a profit on ore that gave a smaller yield to the ton. In the west, on the contrary, gold has been falling in value per unit won, during the period of diminishing returns to mining, owing to the influence of the increasing total outputs from the Transvaal and Canada. Thus yields have fallen and costs have risen simultaneously. Mine-managers have been forced to limit their treatment to richer and richer ores. With the war, too, came paper prices, and costs per ton of treatment shot up from 19s. 9d. in 1915 to 38s. 7d. in 1921. Mine after mine was squeezed out, and Kalgoorlie, once the equal of Perth in importance, has lost population only less quickly than she gained it. The gold-fields are now over-represented in the State Parliament to a greater degree than formerly they were under-represented. Though still above two millions, the gold yield is falling year by year.

This accelerated decline in the mining industry placed the rulers of the State under the necessity of speeding up the usual transition from gold to perennial forms of production. For gold, though it attracts, can nowhere hold population. In their search for other occupations Western Australians had little choice. The termination of the inter-colonial tariff in 1905 made impossible for them the policy of protection by which Victoria had nursed secondary industries into existence to employ her ex-miners. "A bar," to quote David Syme, "is put upon the attempt at the very outset." Nor was it likely that manufacturers

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would choose the west as a base from which to supply the distant Australian market. Concentrating attention, willy nilly, on primary production, the State Government set about the rapid extension of wheat-growing, which, when the century opened, was inadequate to home consumption. Light railways were built throughout the western half of the wheat belt, that magnificent tract of patchy land but assured winter rainfall, between the 20 in. and 10 in. isohyets, which stretches from Geraldton to Esperance, in area larger than England and Wales. Through the Agricultural Bank, established by Forrest in the 'nineties and now first vigorously used, advances of loan funds were made to farmers up to the full cost of the permanent improvements needed to bring farms to the cropping stage. There followed a splendid increase in wheat production, from 2,460,000 bushels off 585,000 acres in 1908 to 13,331,000 bushels off 1,537,000 acres in 1913, and after a war-time decline a second advance from 11,220,000 bushels off 1,041,000 acres in 1919 to 30,000,000 bushels off 2,446,000 acres in 1926. Thanks largely to Sir James Mitchell and the Hon. W. C. Angwin, wheat is now the rapidly growing premier industry of the State, and moving towards the lead among the Australian exporting States. About 1911 the Scadden Government, while pushing the wheat development with energy, sought to add a forward policy for the sparsely-peopled north-west. It established first State steamers, and then a big freezing works at Wyndham in the far north, with the two objects of aiding the cattle and pastoral industries in those parts, and keeping down the cost of living in the main centre of population, the south-western division. This latter aim was further followed in the establishment of State brick works, State agricultural implement works, and even State butchers' shops around Perth. No avenue to the increase of the community's primary production was wittingly left unexplored.

Even before drought and war came simultaneously in

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August 1914, to weed out the weaklings and to draw away the most vigorous of the State's manhood, the leaders of all parties had become aware that the working of federation was confusing and weakening the public finances, and trammelling their efforts to expand primary production.

Developments in the financial relations of States and Commonwealth during 1908-1910 justified fully the contention of the Western Australian delegates, as to the need of guarantees for the refund to the States of the surplus customs revenue. In the former year the Commonwealth Parliament hit upon a plan of preventing surplus revenue from accruing, and was upheld by the Federal High Court against a challenge from the State of New South Wales regarding the legality of that plan. The scheme was to appropriate into trust funds, until actual disbursement, moneys which would otherwise, under the Braddon clause, have been surplus for distribution to the States. In any event, however, that clause, which required the return to the States of three-fourths of the customs revenue, ceased to operate in 1910, and the Federal Parliament would then obtain a free hand in finance. Every omen foretold a free use of it. A constitutional amendment which would have bound the Commonwealth indefinitely to return to the States 25s. per head of population per annum, and to make an additional tapering grant to Western Australia, beginning at £250,000 per annum, was decisively rejected early in 1910 through big adverse votes in Victoria and New South Wales. In its stead the Federal Parliament passed a measure making the proposed grants to the States for ten years, and thereafter until that Parliament otherwise provided. But this was an act of grace without the constitutional sanction. It masks but it does not abolish the financial freedom of the Commonwealth Parliament. That freedom places in jeopardy the taxing powers of every State, through the entry of their powerful rival into any and every field of revenue. In the eastern community, more closely united every year

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by improving transport and industrialization, this is a small matter. In the west the differentiation between the two communities makes it a danger.

The protectionist tariff, however, is more than the substitution of a distant for a local government. It is an all pervading cramp upon free development in the primary industries. Everywhere and on everyone in Western Australia it operates as an unmitigated cause of high prices. For it brings no compensating benefit, as in the eastern capitals, to protected industries. To farmers, pastoralists, timber companies and fruit-growers, selling their products in the open markets of the world, the tariff means increased costs which cannot be passed on. In every primary industry it limits profit and expansion. No more striking instance can be given than its incidence upon wire-netting. This is a necessity of life in the back country. The pastoralists now pushing east in the mulga and salt-bush country of the Murchison and North Kalgoorlie regions must have it to keep their flocks safe from wild-dogs, bred from the native dingoes and strays from the miners' camps. With water at shallow depths and good "top-feed," the dogs are the main trouble, and wire-netting the one way to beat them. The farmers in the eastern wheat belt must have it to fence their wheat crops from the rabbits. In spite of lavish State expenditure on two rabbit-proof fences—one of which runs from the north-west coast to the Bight, 1,300 miles—the rabbit army has made the long trans-continental march, and appeared during the last decade throughout the west. Yet the Federal Parliament, in its zeal to see the tall chimneys smoke at new Australian factories, chose for several years to levy heavy duties on wire-netting and barbed wire, thereby restricting the extension of two most promising industries, for which the soil and climate of wide areas in the west are admirably suited. Latterly the Commonwealth has attempted to palliate the wrong by granting money to the State, to purchase wire-netting for re-sale on

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long terms to farmers and pastoralists, a typical piece of political prestidigitation seeking to bluff away economic facts.

Broadly and definitely, the tariff, to the extent of its full burden in customs collected and prices increased, has weighed against and nullified the efforts of the State to encourage and equip the primary industries. Even such stalwart protectionists as the Federal Tariff Board reported in June 1924 on the unjust incidence of protection upon Western Australia :—

Whatever additional cost the policy of protection may add to the price of goods and material imported by the Australian consumer, the citizens of the eastern States gain as a compensating advantage the presence of a large production and manufacture. Such is not the case in Western Australia, which is so placed that at present it has to bear whatever burden may arise under the protectionist tariff without reaping any of the accompanying advantages.

This lop-sided effect has been appreciated by the primary producers in the west since 1912, and by the whole people since the drought of 1914-15. Its burden has been made more grievous by the stagnation in the development of the wheat industry consequent, between 1915 and 1919, upon the withdrawal to the Australian Imperial Forces of an honourably high proportion of the State's manhood. That stagnant time was the principal cause of the accumulated deficit in the State's finances. Fourteen millions had been borrowed in the seven years before the war, and spent mainly on agricultural railways or on loans to farmers for the work of clearing land. The interest bill thus incurred was to have been met from the profits of cultivation and from the railway revenue won in serving the new farming areas. War-time stagnation left the State saddled with the interest but shorn of the revenue from its new assets. The Treasurers of the day had perforce to fall back on income and other taxes, which as a result were raised to heights unusual in Australia. Even so, there emerged huge deficits which were added to the State debt.

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Rates of taxation markedly higher than those ruling in the other States, moreover, could not fail to cause investment outside the State by its wealthier citizens. The Deputy Federal Commissioner of Taxation submitted to the recent Commission* comparative tables showing the wide difference in the taxes on all incomes between Western Australia and Victoria, and on incomes over £5,000 between Western Australia and any other State. On an income of £6,500 from personal exertion the tax in Western Australia was in 1925 £1,141 greater than the Victorian tax, £902 greater than the South Australian. On a similar income from property, the Western Australian tax was £929 more than the Victorian, £749 more than the South Australian. "Many of the tax-payers in this State, who have to pay, say, from 2s. in the pound upwards," another important witness told the Commission, "do not re-invest their surplus moneys in Western Australia, but remit them for investment to other States, particularly Victoria, where the maximum State tax is only 6½d. in the pound."

Universal resentment against the effects on Western Australia's public finance and primary industries of the Federal taxing power, and especially of the tariff, was obvious in the evidence tendered to the Commission. No such unanimity, however, was to be found in the suggestion of remedies. Many favoured secession from the Commonwealth, even though unable to say by what means this could be brought about. Mr. Entwistle, one of the three members of the Federal Commission, reported in favour of cutting the knot by secession. "In my opinion," he wrote, "Western Australia should never have entered the Federation, but having done so, there is, I feel convinced, only one complete and satisfying remedy for her present disabilities, viz., *secession*." Even avowed secessionists, however, contemplate a continued association

* Royal Commission on the Finances of Western Australia as affected by Federation, appointed by the Commonwealth Government, November 5, 1924. Report ordered to be printed, September 23, 1925. No. 49, F. 2517.

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with eastern Australia for purposes of defence. Their main aim, freedom from a customs tariff designed to stimulate secondary industries in which, for geographical reasons, the west cannot hope to share, seems indeed to call for little beyond the grant to the State of tariff autonomy, which a majority of the Commission recommended, for 25 years, "*and thereafter until the Parliament otherwise provides*." Australia, the majority argued, enjoys such fiscal autonomy within the Empire. Why not Western Australia within the Commonwealth? The acting Premier, the Hon. W. C. Angwin, setting aside the question whether tariff autonomy would solve Western Australia's problems, expressed on behalf of the State Government, scepticism as to its practicability. It would require not merely a favourable vote in the west—that would be a foregone conclusion—but also a majority in at least three of the eastern States. These States would be asked to vote for the surrender of part of their manufacturers' and other producers' sheltered markets. If a constitutional amendment proved unattainable by such means, it is hardly likely that the British Parliament would, in response to a Western Australian petition, amend the Commonwealth of Australia Constitution Act of 1901, section 51 (ii) of which permits only such taxation as does not discriminate between States or parts of States.

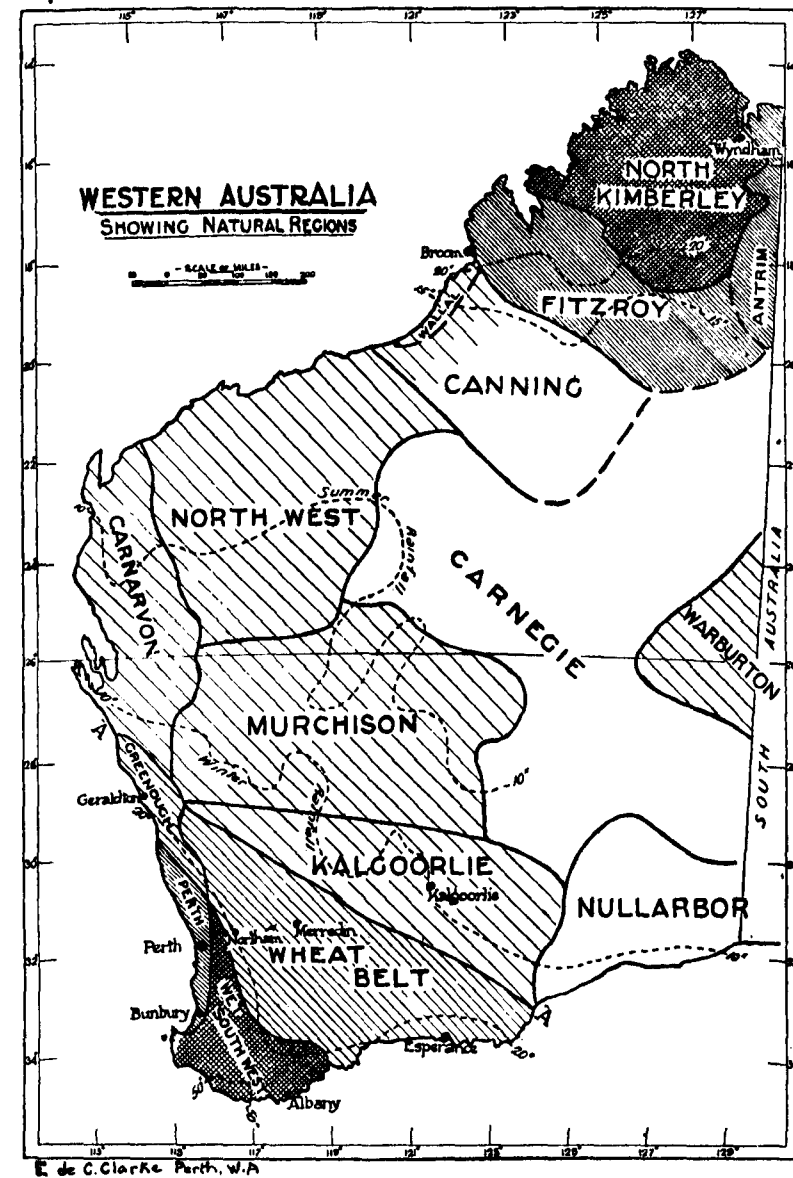
There remains, however, the expedient of varying the refund of Commonwealth revenue in accordance with the needs of the States. This may be done, and has been done ever since 1910 for Western Australia's benefit, consistently with the Constitution. It was the open way to a prompt relief of Western Australia's disabilities, and the majority of the Commission therefore recommended the supersession of the remnant of the tapering grant of 1910 by a larger "special payment of £450,000 per annum, in addition to the 25s. *per capita* payment, until the State is given the right to impose its own customs and excise tariff." Commissioner Mills, while agreeing with the

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expediency of a special payment, recommended one of £300,000 per annum for ten years. Action has been taken by the Federal Government on the latter suggestion, but its continuance is promised for five years only. The amount of the grant for 1926-7 has been sufficient, in conjunction with the splendid expansion of the wheat yield, to lift the State finances for the first time since 1911 out of the rut of deficits.

There remain in the background, however, two problems which must give anxiety to Western Australian Treasurers, the transport service of the North-West Territory (as the part of the State north of the 26th parallel of latitude is called), and the unwieldy size of the State debt. The transfer of the North-West to the Commonwealth is the subject of negotiations still proceeding between the State and Federal Governments. If the State will agree to the transfer, the Federal Government proposes to make it a further grant of £150,000 a year. As to the State debt, which began to outrun in scale those of the other States about 1908, and is now over £150 per head, a more rapid increase of population is needed, through a closer settlement of the wheat lands, and the wet south-west. Group settlement in that area has been costly, and the earlier policy of group improvement of individual holdings was unsatisfactory, but the scheme has created as many as 2,328 new farms, with a farming population of ten thousand people. At present Western Australia has over ten miles of government railways per thousand of population as compared with $4\frac{1}{2}$ miles per thousand in the Commonwealth as a whole. Her railways, even so, pay the interest on their cost of construction, showing better figures as a rule than those of any other State. Given (i) a better yield from her wheat-lands as a result of better methods all round, (ii) closer occupation of both light lands and heavy which such methods would encourage, and (iii) continued advance in dairy production, Western Australia could carry with her present equipment of transport, harbours and water-

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(1) The sheep country is shown lightly shaded; (2) the wheat belt more closely shaded; (3) stock-raising land heavily shaded; and (4) the forest country, with heavy rainfall, cross-hatched. The arid interior is left blank, showing as a broad band between the gold-fields and the South Australian border. 86 per cent. of the population lives south of the line A-A marking the boundary of the Wheat Belt.

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works, a population to whom the present debt would no longer seem unwieldy. The recent rapid expansion of her output of wheat, dairy produce and other primary products is evident sign of the scope awaiting new settlers.

III. NEW SOUTH WALES

THE Premier, Mr. Lang, being unwilling to acquiesce in the defeat of his first effort* to abolish the Legislative Council, advised the Governor to appoint additional members on the assumption that, as His Excellency acting on his advice had made twenty-five appointments in December, he would in March, if requested, further increase the strength of the Government. This Sir Dudley de Chair refused to do. The position was regarded as so extraordinary, according to the Attorney-General, as to warrant that the case should be fully discussed in a personal interview with the Secretary of State for the Dominions. This Mr. McTiernan, the Attorney-General, in due course did. The result of his mission, and his views on the issues involved, are to be gathered from the report, the belated publication of which synchronised with a special conference of the Labour movement convened to deal with the situation arising out of differences within the Parliamentary Labour party, and to consider the report of a committee appointed to revise the rules relating to the composition and control of Labour Conferences. Apparently the Secretary of State has steadily adhered to the opinion that the matter is essentially one to be settled in New South Wales, not in London. By implication the British Government may be taken to have replied that the authority to determine the question at issue is the electorate of New South Wales. With that view there is general agreement throughout the State. In reporting to the Crown his inability to accept his Ministers' advice the

* THE ROUND TABLE, No. 65, December 1926, pp. 623-632.

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Governor doubtless submitted the grounds of his dissent. These have not been published, but according to the Attorney-General the Governor relies on his sixth instruction as giving him a discretion, if sufficient cause exists, to act in opposition to the advice of his Ministers. Much pressure from them has not shaken his decision. His last word would seem to be a suggestion that his advisers should put matters to the proof by asking the British Government to recall him. The root of this controversy is to be found in the instruction alluded to above. The present instructions are dated 1900 after the passing of the Commonwealth Constitution Act, but similar instructions were given to Governor Darling one hundred years ago. Obviously the discretion is only to be used at the present day in exceptional emergencies, and its exercise has been rare, but the recent constitutional crisis in New South Wales has shown that the existence of some such power in the Governor is necessary. It may be said of such a power "that its repose may be the means of its existence; and its existence may be the means of saving the Constitution itself on an occasion worthy of bringing it forth."

The Premier and his colleagues argue that if Ministers persist in their advice, the Governor should invariably follow it. Responsibility for acts of the Crown should rest with them, and them alone. If they act contrary to the wishes of the electorate, retribution will overtake them at the next elections. The Crown's representative is then above the battle and the Imperial connection is not likely to be associated in the minds of strong partisans with any particular political group or set of political principles. This view was unanimously endorsed by the special conference of the Labour movement, which "strongly protested against the action of the Governor in reviving Crown Colony methods of government in this State by refusing to permit his Ministers' advice to prevail over his own personal opinions," and declared "that the Labour movement stands for the supremacy of the elected repre-

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sentatives of the people and will not tolerate any such violation of the Constitution as is shown in the exercise of autocratic power and a personal veto by the Governor who is appointed from abroad, comes here as a stranger, and remains but a few years." In the judgment of many, however, Crown Colony methods have not been revived, and the status of New South Wales as a self-governing unit is not imperilled. The Government has, it is true, been prevented by the Governor from performing a major operation upon the Constitution until it receives a positive mandate from the people to do so. By his action, it is felt in many quarters he has done good service and shown the necessity for a check of some such kind on an executive prone to exceed the limits imposed by its own express undertakings.

The Attorney-General concluded his report with a recommendation that the Premier should seek the opinion of the Legislative Assembly on the issue involved and cable it to the Secretary of State for the Dominions. An unexpected political crisis compelled the Government to defer further action in the matter. For some time dissension within the Parliamentary Labour party has been acute. The leadership of the Premier was so distasteful to 50 per cent. of the members of his party that they tried to dislodge him and to make way for Mr. Loughlin, the Minister for Lands. Alarmed by this insurgence the industrial section of the trade unionists, whose bias is to the left and with whom Mr. Lang is *persona gratissima*, took action to silence further criticism of their champion. By 274 votes to 4, the conference confirmed him in the premiership for the life of the present Parliament, and authorised him "in the event of circumstances arising which, in his opinion, imperil the unity of the party, to do all things and to exercise such powers as he deems necessary in the interests of the movement." "Conference has spoken," runs the editorial in the *Labour Daily*, "and Mr. Lang's detractors within the Parliamentary Labour party have been assessed at their

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true value by the massed workers in the unions and leagues by whose efforts alone a Labour Government is possible." To the consternation of the Premier's friends, Mr. Loughlin resigned from the Ministry, and with two other Labour members, seceded to form the nucleus of a Country Labour party. They refused to acquiesce in a dictatorship conferred by a "packed" conference and exercised, nominally by the Premier, in reality by an extra-parliamentary group. Such an innovation they denounced as fatal to freedom of discussion and voting in the party room, and irreconcilable with the principles of the Labour movement. With their support the Opposition would have had a majority of one on the floor of the House. That support was, however, withheld because of the promise extracted from the Government, when faced with defeat on a censure motion, that it would abandon its budget proposals and within four months appeal to the electorate, and so afford the three members an opportunity to secure a verdict from their constituents. Supply for four months was granted and Parliament prorogued. Since then the Government has provided itself with a majority by securing the support of one at least of Mr. Loughlin's followers, and ignoring the promise by which defeat was averted has decided to begin a new session on December 20 to pass the budget and to go on with legislation, a course which, by the way, appears to be of doubtful legality, as the period for which Parliament was prorogued has not expired and there is no statutory provision, as in England, under which Parliament may be previously summoned.

Apart from the constitutional controversy and the political crisis, there has been a matter of some economic interest in the conference held in September at Bathurst, on Mr. Loughlin's suggestion, to examine problems of the primary industries from the point of view of both producers and consumers, though it can scarcely be said that any new and original suggestions have been made. In a friendly atmosphere, the problem of marketing was

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considered by 219 representatives of whom 139 were men engaged in the industries and elected by actual producers, 61 were nominees of recognised groups of consumers, and 19 were selected by such public bodies as the University, the British Medical Association, and the Government Savings Bank to secure to the delegates a measure of expert and technical advice. Valuable preliminary work was done by the officers of the Lands Department. A mass of important facts relating to staple primary industries were presented to the delegates in an arresting and intelligible way. Statistics and the graphs based on them, which, however, only cover a period of six months, support the complaint that the "spread" or the difference between the prices paid by the consumers and the net return to the producers is too wide. In July 1926, for example, consumers in Sydney paid at the rate of 28s. per cwt. for pumpkins, 24s. 9d. per case for apples, 14s. 7d. per bushel for peas, 23s. 4d. per cwt. for potatoes, 14s. 9d. per half case for tomatoes, and 16s. per half case for grapes. The net return to the producer in each case for the same quantity was 6s. 4½d., 5s. 9½d., 6s. 1d., 13½d., and 2s. 9½d. respectively. The vivid graphical representation of such facts stimulated thought and comment and quickened determination to try to find remedial measures. The gap between the return to the producer and the consumer is much smaller where, as in the dairying industry, the producers are well organized along co-operative lines. Many interesting inferences might be drawn from the statistics. They give pause, for instance, to the contention that a fall in the cost of production will be followed by a roughly corresponding fall in price to the consumers, or again that a rise in retail prices will induce slackening in demand in the case of non-essential commodities. Various committees of the conference stressed the importance of the problem of distribution, in the sense of disposing of the commodities produced; the need for greater co-operation between producers in the production

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and marketing of their commodities; the value and potential helpfulness of the Co-operation, Community Settlement and Credit Act, 1924; and the need for the Government to facilitate the marketing of perishable commodities and to encourage the decentralization of markets. The principle of collective marketing and distribution was generally favoured. It was recognised that to make this principle effective, control by some central authority was essential. Delegates differed sharply, however, as to the constitution of that authority. Some committees were definitely hostile to Government interference of any kind. Almost all would give the producers control of the boards handling their particular product. Some of the consumers' representatives, however, held as strongly that where the commodity was intended for the local market, the consumers could not allow any group of producers to secure a monopoly control of the prices and the distribution of essential foodstuffs. They accordingly favoured the creation of boards on which consumers and producers were equally represented with an independent chairman appointed by the Government.

IV. VICTORIA.

THE Parliament elected in Victoria in June 1924 is reaching the close of its term and present forecasts give March or April as the time for the election of its successor. Its last session has been mainly given to the re-distribution of seats in the Legislative Assembly, a task inherited from its predecessor, which was dissolved on the failure of the scheme brought forward by the Government then in office.*

After the election of 1924, the new Assembly was constituted as follows—Labour 28, Farmers' Union 13, Nationalists 18, Liberals 5, Independent Liberal 1—total 65.

* THE ROUND TABLE, No. 56, September 1924, p. 833.

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The Nationalist Government, defeated in the Assembly, resigned in July. A Labour Government took its place, and held office until November, when it was defeated by the combined votes of the other sections. The leader of the Country party, Mr. Allan, formed a Government consisting of 6 Nationalists and 6 Country party members, and it is this Government which is now in office.*

At no time has the Ministry had any security in Parliament or any great hold on the electorate. There was a good deal of friction between the Country party and its allies, and much resentment at a party numbering only a fifth of the House holding the Premiership and half of the seats in the Cabinet. The Nationalist-Liberal members were themselves a combination of groups rather than a party, and the loose political relation favoured independent action among their "supporters" which was at all times embarrassing to the Government. We have yet to discover the perfect mean between rigid party discipline and an independence which in the small Australian Legislative Chambers may make one or two single individuals, of no great merit either in ability or character, for the moment all powerful. The political free-lance has been encouraged in Victoria on the National-Liberal side by the fact that Labour, although it has had two brief terms of office, has never been in a position to command power. A Labour Government in 1925 or 1926 would have been as short-lived as that of 1924. There was no remedy for the political chaos in reconstruction. No group or combination of groups would have found itself in a happier or more secure position than the Allan Ministry. In these conditions, Parliament drifted into its last session, when the Government soon made up its mind that the only serious business before it was to carry through the re-distribution of seats, and then go to the country.

The last re-distribution of seats took place in 1903, and great and unequal changes in electorates have taken place

* THE ROUND TABLE, No. 58, March 1925, p. 388.

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since then. The growth of population has been in the "metropolitan" group much greater than in the "country" group; while in both groups population has grown far more extensively in some electorates than in others. There are thus anomalies in the quota system both as between "metropolitan" and "country" representation and as between the constituencies in each. Thus, in the metropolitan area, Boroondara has 76,261 electors, Melbourne 7,363 and East Melbourne 11,291; in the country Swan Hill has 23,851, Grenville 10,606. The scheme of 1903 was one in which there were 20 metropolitan constituencies, with a quota of 5,144, and 45 country constituencies with a quota of 3,833. The scheme of 1926 is one for 25 metropolitan seats and 40 country seats. The quota for metropolitan seats is still more than double that for country constituencies, an arrangement which offends against all notions of "one vote one value," but is defended on various grounds, the principal of which are the "natural protection" enjoyed by the seat of government, and the difficulties belonging to the effective representation of the interests of country constituencies covering vast areas. The complaint that "country interests" are sacrificed to those of the capitals is chronic in Australian politics; on the other hand, there are many matters of deep concern to Melbourne—metropolitan government and traffic congestion among them—which have undoubtedly fallen into neglect in the disturbed state of politics.

The aim which the Ministry set itself was not attained without trouble which humiliated the Government and discredited the Assembly. The lack of cohesion on the Ministerial side of the House was intensified by the personal apprehension of members. This was naturally exploited by the Opposition, which succeeded in blocking business and in inflicting defeats on the Government which in other circumstances would have led to resignation or dissolution. The final stage of re-distribution was carried only by the Speaker's vote. The Government ignored the

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incidents, but in doing so encouraged malcontents in the Assembly, and drew upon itself much derisive criticism. Even the measures necessary for balancing revenue and expenditure were treated as impossible in face of the attitude of the Legislative Council towards new taxation. The new constituencies have now the task of finding a Parliament wherein responsible government is something more than a name.

Australia. December 21, 1926.

SOUTH AFRICA

I. THE IMPERIAL CONFERENCE

A PART altogether from its effect on South African politics, which will be considered later, the report of the Committee of the Conference on inter-Imperial Relations seems to us here to mark out the Imperial Conference of 1926 as one of the turning points in the history of the British Empire. This is not because any new constitutional doctrine was evolved by it in regard to the relations of the Dominions to each other and to Great Britain. How these relations may be defined by the constitutional theorist, whether indeed they are capable of any such definition, are questions with which the Committee did not trouble itself. It set itself from the beginning to express in a written document what has for some years now been accepted as the actual position in practice of a Dominion vis à vis Great Britain and the other Dominions. There is therefore nothing new in the statement adopted by the Committee. The Dominions, it says, "*are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations.*"* There is not a phrase of this which could not be found almost to satiety in the speeches and writings of public men in Britain and

* The italics are taken from the Report.

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the Dominions since 1919. But, though the words have been freely used, no statesman or Conference has attempted to envisage the implications which they contain or to formulate them as a definite basis of action in the future. This is what the Conference of 1926 set itself to do. Having stated the formula in the words quoted above it proceeds to apply it to certain matters in which existing law and practice have not been brought into accord with it. The title of His Majesty, the position of Governors-General, the operation of Dominion legislation, Merchant Shipping Law, Appeals to the Privy Council, the forms to be observed in international relations, the making of treaties, representation on international conferences, the issue of exequatur to foreign consuls—all these matters the Conference reviewed in the light of the now accepted status of the Dominions and made suggestions as to the practical steps to be taken to bring them into harmony with that status.

In not attempting to go beyond that, in refusing to be drawn into a general statement of the mutual obligations of the peoples "freely associated as members of the British Commonwealth of Nations" the Committee showed its practical wisdom. It somewhat naively observes that "a foreigner endeavouring to understand the true character of the British Empire by the aid of this formula alone would be tempted to think that it was devised rather to make mutual interference impossible than to make mutual co-operation easy." It may be doubted whether this temptation is confined to foreigners. Indeed, it is probably true to say that it is just because of the purely negative implications of the formula that statesmen have hitherto hesitated to give formal and public recognition to it and to lay it down as a principle to which Dominion relations, inside and outside the Commonwealth, are to be made to conform. It has therefore remained as a motto rather than as a principle of action. The old theory of subordination had been long abandoned. But the new principle of

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autonomy had never been formally applied because it seemed to negate the idea of a Commonwealth. The idea of a "free association," involving no mutual obligations on its members, leaving them completely free to do as they pleased, seemed a metaphysical rather than a political conception.

The importance of the Conference of 1926 is that it has taken a definite step forward out of the dilemma which had dominated previous Conferences. It has definitely adopted the way of autonomy for the Commonwealth and rejected the way of organic unity. Whether, and if so how, along this way the Commonwealth is to hold together in time of stress, or to exercise as such any influence on the affairs of the world, must be left to the future. That in any case is a matter which, as the Dominions are at present, no paper constitution can decide. It may be that along the way of autonomy this "free association" may evolve some bonds of unity other than that of common allegiance. It seems certain that along no other way is an advance possible.

On the political outlook in South Africa, the effect of the Conference has been little short of revolutionary. It may be remembered that the Nationalist party which is now in office took its origin when General Hertzog, the present Prime Minister, in 1912 left the Ministry which General Botha had formed at Union. His difference with his colleagues was his refusal to accept the status of South Africa as a member of the British Empire. The division thus begun was deepened and embittered by the outbreak of the European war and by the armed rebellion which broke out against the policy adopted by General Botha and General Smuts of active assistance to Britain and her allies. In 1920 an attempt was made at a joint conference to bring about a reconciliation between the South African party and the Nationalist party—the two parties between which the Dutch-speaking section of the people was at that time mainly divided. The attempt failed on the single

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point of the status of South Africa. The Nationalists would be satisfied with nothing less than complete independence and separation from the British Empire, while the South African party representatives stood by the policy of a gradual development of national status for South Africa based on her existing position within the Empire. On that issue the conference broke down, and, ever since, the question of secession has been a prominent election issue. In 1924, when the Nationalist party took office in combination with the Labour party, one of the articles of the pact was that no parliamentary action should be taken during the life of the newly elected Parliament to bring about secession from the Empire, but that condition was not to restrict propaganda in that direction outside Parliament. From this short summary it will be possible to appreciate the significance of the attitude now adopted by General Hertzog and the other chiefs of the Nationalist party towards the Dominion status as now defined in the pronouncement of the Imperial Conference. In his speech at Pretoria on his return from the Conference the Prime Minister said that

There is nothing to prevent the most ardent protagonist of national liberty from being at the same time a warm supporter of the Empire and of co-operation with the Empire as now accepted by the Imperial Conference. (He continued): I for myself do not hesitate for one moment, now the Union has on proper authority been openly acknowledged as an independent free State, to declare in answer to that question that our welfare and happiness as a people along no other course can be better maintained and fostered than within the bond of nations, with which we are now associated as a free people of our own free will, and that in no other manner our national freedom can enjoy greater authority and guarantee than within the British Empire on the basis on which it exists to-day.

He concluded with an appeal amounting almost to an invitation to political parties to eliminate racial differences as a line of division and to come together on a basis of common interests and convictions. So far as other leaders of the Nationalist party have spoken there has been no dissenting note, and the question has been freely

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discussed by them of amending the party programme so as to exclude anything which could be regarded as conveying the intention of secession.

The question at once arises as to what the effect of the new outlook will be on the present grouping of political parties. There is no doubt that the removal of the secession issue from the political arena and the adoption by the Nationalist party of a policy of genuine co-operation with the British Commonwealth will do much to eliminate the racial issue and to erase existing lines of division. Until the present Nationalist-Labour combination took office there was no material difference between the Nationalist and South African parties except on the question of national ideals. In spite of the association of the Nationalist party with Labour and its support of certain more or less advanced social policies there can be no doubt that the great mass of the party outside industrial centres is substantially conservative in temperament and outlook. On paper there is little or nothing between the South African and Nationalist parties. In practice there are two serious obstacles. One is the memory of bitter political strife, too recent to be summarily buried, in which the respective leaders have been too deeply involved to make immediate reunion possible. The other is the alliance between the Nationalists and the Labour party which Mr. Tielman Roos, the deputy leader of the party, says must be maintained in any event. These will make an immediate reunion of the Nationalist and South African parties impossible. But a whole-hearted acceptance by the Nationalist party of the attitude towards the British Commonwealth which is now proclaimed by its leaders will set in motion forces which will in time bring about a disintegration of the two main parties and a new orientation of our political advance. What is more important is that it will remove a source of division which for nearly half a century has perplexed and embittered South African politics.

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SO far as anything may be taken as certain in this disconcerting country, we may take it then that the Imperial issue is now definitely settled. The declarations of General Hertzog and other Nationalist leaders are so explicit and emphatic and so cordially accepted on all sides that we may now believe that everything which was really meant in the "secession" policy has been attained. Soon the jubilation over status will give place to the cooler mood of meditation upon responsibilities. For if independence means that Great Britain will no longer "interfere," it means also that Great Britain will no longer assume South Africa's responsibilities except as one member among others of the group. Hence, for the first time in its history, the Union stands face to face with the issue that involves its very existence.

In this independent State—member of the British Commonwealth group—a State built on European lines on the African continent, what is to be the status of the three-fourths of the population who belong to the Bantu race? There is no real "solution" to the so-called Native Question, if by that term is intended a definitive settlement once and for all. Indeed, we do not know yet what the Native Question really is, for the potentialities of the Bantu are still largely untested. We are still in the experimental stages of our handling of the question, and while it is true that the Bantu people have made remarkable progress in recent years and are gaining solidarity and a common consciousness such as they have not known hitherto, it is also true that ignorance of their life and development is still very general among the white population that continues to control their destinies. The great need of the moment therefore is further study and experiment rather than systematic legislation. Above all it is

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necessary that the attitude towards native policy which characterises governing parties at the present time should undergo modification. On the one hand, there is the traditional Boer attitude which looks upon the native as a *schepsel* (creature), something not fully human but capable of labour, an attitude that, be it noted, is compatible with fair and kindly treatment and that enshrines notions of authority and subordination with which the native is perfectly familiar in his tribal life. Its defect is that it is not compatible with the new possibilities, economic and political, which are now opening out for the native under the influence of industrial development in South Africa itself, and that universal ferment of ideas in the world at large which has been the outstanding feature of the post-war years. It could hardly be expected that a people so virile and intelligent as the Bantu would remain untouched by this upheaval. It is vital that this latter factor should be taken into account by those who seek for a thread in South African life during recent years. The South Africa of to-day is not the South Africa of even ten years ago, and this is especially true of the state and aspirations of the Bantu people. On the other hand, there is the view of the white urban workers finding expression through the Labour party, which sees in the Bantu an unfair competitor who takes the bread from their children's mouths, and is prepared to save the situation by the rough and ready method of legislation and trade union action to confine the native to rigidly defined lower spheres of labour.

Perhaps the time has not yet come for a final choice between two ideals, the one of a South Africa where there is a single common citizenship that treats race and colour as entirely irrelevant and demands only a minimum standard of civilisation as that is understood in the West, and the other of a South Africa consisting essentially of two communities in one State, living in a close relationship of mutual service, but each with its own distinctive character and institutions. Neither ideal could be regarded to-day

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as practically attainable, and any policy which can be made effective is likely to contain elements of both. Two things can, however, be said now with some certainty. One is that the choice between the two ideals will not be made by the white man alone. The Bantu's own ideals and aims must exercise an ever-increasing influence. The other is that any attempt to secure by Colour Bar legislation or other means the permanent exclusion of the Bantu from any line of development towards civilisation for which he has the will and the capacity is bound to react harmfully on the white population itself. Further study and experiment, provided they do not take place in an atmosphere of apprehension and fear, will make that master fact more and more clear.

The Hertzog Scheme.

It has been necessary to set forth these preliminary considerations before discussing the scheme of native policy which has recently been put forward by General Hertzog for consideration in the present session of Parliament. The scheme is enshrined in four Bills :—

1. The Representation of Natives in Parliament Bill ;
2. The Union Native Council Bill ;
3. The Natives Land Act, 1913, Amendment Bill ;
4. The Coloured Persons Rights Bill.

The first of these proposes to abolish the existing native franchise altogether—it exists only in the Cape to any extent—and to substitute *seven* native constituencies for the whole Union, electing European representatives to the Assembly, who are to sit with limited powers of voting. For example, they may not vote on any matter which has been declared by Government to be a question of confidence. Further, the franchise for the election of these seven is limited to chiefs, headmen and native councils, and the method of nomination and election still further

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limits the effective franchise. The actual terms of the franchise ; who the actual electors are to be and how many there will be, are not stated in the Bill, but are to be determined by regulation for the making of which powers are given.

The second Bill proposes the creation of a Native Council of 35 elected members, ten each from the Cape, Transvaal and Natal, and five from the Orange Free State, and 15 nominated members, five from the Cape, four each from Natal and the Transvaal, and two from the Orange Free State. The franchise is to be determined by regulation, and the officer of the Native Affairs Department who presides has power to make rules for the conduct of business and the behaviour of members, and “ shall have full discretion to adjourn or close any meeting of the Council.” In framing rules he may provide for penalties up to £5.

The legislative powers of the Council are rigidly defined by Section 4 (3) :—

The Council shall, at the request and initiative of the Minister, have power to pass laws, to be called Ordinances, binding on natives only, in respect of such matters affecting natives in the Union, or any part thereof, as Parliament may, by law, specifically authorise.

This clause, taken in conjunction with powers given to control franchise by regulation, and the despotic authority of the President of the Council, sufficiently indicates the very restricted scope of the experiment.

The third Bill develops the provision made by the main Act of 1913 for the delimitation of native areas.* That Act divided the land of the Union into areas where only natives could hold land, and areas where only “ Europeans ” could hold land. The native areas were admittedly inadequate, and first a Commission (the Beaumont Commission) and then separate Provincial Committees were instructed to delimit further areas. No agreement was

* See THE ROUND TABLE, No. 12, September 1913, pp. 663-667 ; No. 28, September 1917, pp. 808-813 ; No. 34, March 1919, pp. 402-407.

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reached, however, and the preoccupations of the Great War would, in any case, have delayed further legislation. Meanwhile, the Native Affairs Department has, in practice, authorised the purchase of land by natives in areas demarcated by the committees, but these areas have never yet been allocated to natives exclusively. The present Bill proceeds on the principle represented by this practice and "releases" the committee areas for open competition for white and native alike. But rights of purchase in each area are restricted to specified tribes, and a schedule to the Bill lays down stringent conditions in regard to fencing. Provision is made for preventing "island" holdings, native entirely surrounded by white or white by native. The Bill also makes provision for the "release" of further areas as may be found expedient. A "Natives Land Purchase and Advances Fund" is to be established into which will be paid certain revenues arising under the proposed Act, and grants appropriated by Parliament. General Hertzog has promised that, so far as he is able to secure it, these grants shall be on a liberal scale.

Chapter II deals with squatters and labour tenants, that is, natives living in non-native areas, who are neither owners nor simple farm-servants. In some respects, particularly as regards the movement of natives and the drift to the towns, this is the most important part of the Bill. It is referred to again below.

The fourth Bill is to make provision for the ultimate incorporation of the "Cape Coloured" (half-caste and Malay) population into the enfranchised citizenship of the Union. At present they have the full vote only in the Cape. The ultimate effect of this Bill is to extend the right to all "coloured" men in the Union on the same basis as whites.

It is in this Bill that we have a definition of "native" which helps, by implication, to define "coloured man," and also serves to indicate who are excluded from the general franchise by the clause in the first Bill which provides

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for the amendment of those portions of the Act of Union that precluded the removal of voters' names from the register on grounds of race or colour. A "native" is now defined as:—

- (a) Any member of an aboriginal race or tribe of Africa, and;
- (b) Any person whose mother or father is or was a member of such race or tribe.

To this last two provisos are attached, one allowing such a person to be regarded as "coloured" if he were born having one parent European or coloured before the commencement of the Act, and is deemed to be akin in standards and modes of life to the "coloured" people rather than to the natives; and a second allowing such a person to be regarded as "coloured," though born *after* the commencement of the Act, if by a resolution of both Houses he is declared to be such.

Thus the pure-blooded native is quite definitely excluded from the general franchise.

Such is the general scheme. In view of the last of the four Bills it might be possible to argue that the scheme as a whole is not based on colour discrimination, for here you have coloured men admitted freely to the franchise if they satisfy the usual tests. And the scheme must be considered as a whole, for each of the four Bills contains a clause providing that it shall not be brought into operation except with the operation of the other three.

But whatever plea may be put forward that colour discrimination is not the foundation of the scheme, there can be no denying that it does at least rest upon discrimination of race, and that as against the Bantu. The policy appears to be discrimination pushed as far as it will go consistently with the demands of the European for land and labour. The real strength of the argument for it is derived from economic motives, though these are usually decently dressed up for public display in a specious garb of "let the native develop on his own lines." (The modern psychologist

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might find in this kind of plea a large-scale example of the process that is nowadays called "rationalisation.")

The main motives are :

1. The desire of the white worker, especially in towns, to exclude the native from competition in the field of skilled labour.

2. The desire of the farmer to secure an adequate supply of labour without surrendering any of the white man's hold on the land.

3. The checking of "squatting," that is, the deriving of revenue from lands owned but not cultivated by Europeans, and inhabited by rent-paying natives. Squatting has been generally looked upon as an evil, and it is to the interest of the farmer that the squatter should become a servant or a labour-tenant, or be evicted.

The mere statement of these motives is sufficient to demonstrate the strong interest which a Pact Government like the present one must have in pushing a policy of discrimination as far as the interests of the white worker and white farmer seem to require. Professions of a real desire for the welfare of the native must not, however, be regarded as insincere. They are certainly not so as they come from General Hertzog. The phenomenon is quite correctly described as "rationalisation"; the deeper motives at work are, in the main, economic—apprehensions for the future of the white worker and white farmer. The protective measures that these suggest assume quite easily the form of a benevolent conviction that the native should be given full opportunity to develop on his own lines. Illustrations may be cited from either side of the Pact. General Hertzog in the speech at Smithfield (November 1925) where he first outlined his scheme spoke of the growing sense among Europeans of the injustice of excluding the native from the franchise. He warned his Northern hearers that

If we (i.e., of the North) do not satisfy these men, they will eventually support those people who wish to extend the Cape system,

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and various churches will join the movement. If we can find another way of satisfying the consciences of this class and, at the same time, give proper protection to a white civilisation, we can rest assured that we shall enjoy the hearty co-operation both of this section of the community and of the churches.

This last sentence is worthy of very careful study. On another occasion, referring this time to the "Colour Bar" Bill, General Hertzog ventured the opinion that

The Colour Bar Bill might be regarded as a protection for the white man against the intrusion of a privileged class which does not suffer from the restrictions of a highly organised civilisation.

As for Labour, the provincial executive of the Transvaal Labour party hailed the Smithfield speech with high approval and called for the completest possible segregation. Cape Labour has shown a good deal of nervousness in the handling of colour issues, but it also is as strong as it dares to be for segregation of the Bantu. The party programme has all along given a prominent position to this policy.

And so we go on. The same measures which for one audience are "to protect white civilisation," are for another audience "to assist the native to develop on his own lines," and to protect him so that he may not "suffer from the restrictions of a highly organised civilisation." By one and the same stroke we are to protect white civilisation from the native and to protect the native from white civilisation.

So long as this radical contradiction remains at the heart of our thinking we shall continue to deceive and sophisticate ourselves, and the "solution" of the Native Question will make no real progress. Some precipitant is needed to bring about that clarity of vision and honesty with ourselves which must be secured if we are ever to emerge from the psychological morass in which we now flounder. The publication of General Hertzog's Bills has probably initiated the process. The further development of it towards the necessary clarity will be stimulated by

1. The growth of native opinion and its increasing articulateness and unity.

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2. The relentless pressure of economic facts, particularly as affecting the distribution of labour and the beneficial occupation of land by natives.

A discussion of these factors, slight as it will have to be, may well occupy the remainder of this article.

Native Opinion.

As a result of the Smuts Native Affairs Act of 1920, there does exist an authoritative instrument for the expression of native opinion. This is the Native National Conference, consisting, be it noted, of nominated members. Meeting in Pretoria in November, the Conference at once fastened on the abolition of the Cape native franchise and, as the Bills stand or fall together, refused to discuss any of them lest, by approving any part, it might be represented as having approved the whole, including the franchise proposals. With difficulty the Conference was persuaded to continue, having recorded its protest, and it then proceeded unanimously to reject the Representation Bill *in toto*. In regard to the Land Bill it was argued that the Government's failure to reserve the "committee" areas as determined under the 1913 Act, exclusively for native occupation, and its proposals to drive squatters off European-owned lands or reduce them to the status of servants, constituted an abandonment of segregation. (Note here how the inner contradiction in the Hertzog policy emphasised above at once reveals itself.) Accordingly, the following resolution was adopted :

This Conference, realising that the Government has abandoned segregation, recommends the repeal of the 1913 Land Act. Alternatively :

(a) The Government should adopt the Beaumont Commission areas in the Northern provinces as the minimum areas in which only natives could buy.

(b) The allocation according to tribes as was described in the Bill

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is strongly opposed, as such would retard progress and civilisation among the Bantu people.

(c) The restrictions on associations of natives to purchase land be removed.

(d) Land Boards, as suggested by the Beaumont Commission, should be established for the further adjustment of the land question.

(e) A Native Land Bank be established on the basis of the European Land Bank.

(f) Farms bought by natives and scheduled areas situated in European areas be added to the native areas.

The Native Councils Bill was approved in principle but with strong objection to the narrow range of its powers, its complete subordination to the Department of Native Affairs, and the presence of so many nominated members.

Native opinion is also becoming articulate in other and less official directions. The "I.C.U." (Industrial and Commercial Workers' Union) has grown to be a power under the leadership of its active secretary, Clements Kadalie. The nominal membership has been placed as high as 40,000, but this is doubtful. Moreover, the organisation appears to be loose, the subscriptions small and difficult to collect and the membership volatile. Nevertheless, there is an organisation in being with strong support both in South Africa and outside. Kadalie, it is understood, has already secured for it affiliation to the Amsterdam International and more recently he has had his name submitted to the Secretary for Labour as Workers' Delegate to the International Labour Conference at Geneva. It is hardly necessary to elaborate the possibilities which are opened up by such action. Not the least of them is that the South African Labour party may soon be put to the test, not only in South Africa but in Europe also, to discover whether it is more "white" than "labour." Thus again does the contradiction at the heart of things manifest itself, like the Platonic "lie in the soul."

But all this growing articulateness must be viewed in the light of one overmastering consideration, namely, that it is not possible to generalise safely about the native. The

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Bantu are becoming as diversified into groups and classes and interests as the Europeans themselves. Even in the reserves there are the poor and the well-to-do, and tribal custom has decayed more in some areas than in others. In the towns there are thousands of native workers permanently domiciled, in addition to many more thousands who come in for a period from the reserves. The well-to-do native is beginning to appear as a permanent town-resident. In the Witwatersrand area alone there are at least 10,000 natives earning well above the customary "native" wage, some of them doing very well indeed. Then there are nearly two millions of farm natives—servants, labour-tenants and squatters—very different from the ministers, lawyers, clerks, teachers and native police and interpreters that one finds in the towns. Conflicts of outlook and interest are developing; groups and parties are forming; and generally the process of variegation goes on apace. If the white man could get away from his apprehensions and prejudices and view the real facts clearly, he might see in the recognition and encouragement of this growing diversity one of the main safeguards of his own security. Conversely, he might see that the real "menace" of which he hears so much from his political leaders consists in a policy which lumps together all this heterogeneity as just "natives" and forces it into community of interest and solidarity of action by an indiscriminating discrimination. But that is just what a policy of protecting the *white* rather than protecting white *civilisation*—a very different thing—seems almost certain to do.

The Economic Factor.

A word must be said now about the second factor—the pressure of economic facts—mentioned above as likely to bring about a clearer view of the real issue.

The second part of the Land Bill—into the details of

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which we cannot now enter—contains provisions under which, in certain circumstances, any area may be "proclaimed." In such an area it will be necessary for squatters and labour tenants to be licensed.* Fees for licences are high for the latter, drastic for the former, and the rate is increased for licences above a certain number on any one farm. Moreover, licences are valid for only a year, their issue is controlled by a specially appointed local board or divisional council, and it will be possible to use the system to force Bantu labour to distribute itself and to accept terms of service to suit the needs and interests of the farmer employers. The result of such a system must inevitably be a very considerable displacement of natives. There is no room for them in the already overcrowded reserves, even if that improvement in agricultural methods which some regard as a "solution" of the Native Question took place far more rapidly and extensively than it is likely to do. The bulk of those natives who are not reduced to the status of landless farm labourers can look only to the towns for support, and here they will come into competition with "periodic" natives from the reserves, as well as with the lower ranks of "coloured" labour. The result must be still further to depress the economic rate of wage for unskilled labour and to render still more difficult the general employment of white men through all the ranks of industry, lower as well as higher. White employment may be still further retarded by the loss of the market, real or potential, which a reasonably prosperous native working class might provide. That recourse would be had to regulations under the recent "Colour Bar" Act to keep the town

* A squatter is a native living on land which he does not own but which in many cases was the land of his forbears. He pays a rent in money or kind or labour, but his tenure is often very loosely defined. A labour tenant is one bound under the Masters and Servants Act to a minimum of 90 days service annually (this Bill proposes 180 days), and he can be proceeded against criminally for breach of contract. His form of tenure is, from the farmer's point of view, much more satisfactory than that of the squatter, and attempts have been made recently to bring the latter under the Masters and Servants Act.

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native permanently restricted to unskilled work is perhaps not probable. But that it is not impossible, so far as the backing of influential opinion is concerned, is shown by the burden of an address which was delivered on Dingaan's Day, December 16, by the Administrator of the Cape Province, a Nationalist nominee and, until his appointment, high in the counsels of the party. After painting a somewhat overdrawn picture of white unemployment and the increase of poor whites, he attributed the malaise to the industrial progress of the native. He then continued :

And the question is where is this going to end ? To-day, the native is employed as unskilled labour in our various industries. The question is whether, with further advancement, he will not in the near future receive preference in employment in the field of skilled labour ; and when that happens, what about the remainder of the European population which is still able to make a living in that sphere to-day ?

He then proceeded to develop a case for the " scientific " classification of spheres of labour as between European and Bantu, a process for which, presumably, regulations under the " Colour Bar " Act would be the appropriate instrument.

Economists in Europe may start with surprise at this naïve and almost impassioned enunciation of the crudest " work-fund " fallacy from so high a quarter, but the dangers of the situation are not understood unless it is realised that almost certainly a good majority of the electors of South Africa to-day would endorse that opinion. But the economic issue on the wage and labour side was fully discussed in the last issue of *THE ROUND TABLE*.* Here we can only emphasise again the root of the trouble in muddled thinking, confused and clouded by imaginary fears and misconceived interests. The dissipation of the work-fund fallacy from the South African mind and the substitution for it of a sound understanding of the nature and sources of the national dividend ; these are indispensable preliminaries to any lasting " solution " of the Native

* *THE ROUND TABLE*, No. 65, December 1926, pp. 184-201.

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Question on the wage and labour side. There is some reason to hope that clearer and less troubled ideas on the whole problem will emerge first in the sphere of industry, where common conditions of work and the common pressure of " capitalist " agencies will tend to demonstrate the irrelevancy of such diversities among workers as do not directly affect the doing of the work itself. The operation of an increasing sense of common economic interest, provided there is economic freedom for the native worker and a more generous handling of the great question of the land, may go far to realise the aspirations of the native quite apart from any extension of the franchise. The form in which General Hertzog's proposals have been set out, and the persistent habit of South African politicians of exaggerating the potentialities of formal legislation, have given to the franchise a fictitious prominence. To the natives as a whole it is, perhaps, rather a means than an end, and if the native could enjoy freedom of the more concrete and tangible kind, it is quite possible that the question of the franchise might wait indefinitely.

Some Conclusions.

The Hertzog proposals taken as a whole cannot, then, be regarded, either in the principles they embody or the concrete provision which they make, as at all adequate to the situation. The Land Bill carries territorial segregation very little farther, though the provision of an advances fund is an important step forward in principle. The absence of any scheme to absorb productively the natives who would be driven off the land by the operation of Chapter II of the Land Bill is a fatal defect in the whole scheme, and the prevalence of colour bar doctrines on the Government side does not afford much hope that such provision is likely to be made. Further, Chapter II seems to be too strongly influenced by the labour needs of the

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European farmer to be regarded as quite, dispassionately just to the native. Possibly, as the four Bills are to be taken as a whole, these labour provisions may be the price with which is purchased the reluctant assent of the Northern farmer to a restricted native franchise throughout the Union.

But the Cape native franchise is to go completely. In return there is to be a limited franchise for the Union as a whole for the election of seven knee-halteréd European representatives to the Assembly, and a Native Council operating in a jealously restricted sphere under the complete domination of the Native Affairs Department.

It is as unlikely that the natives at their present stage of self-consciousness will accept the proposals, as that any South African Government for years to come could put forward comprehensive proposals such as the natives would accept. One is forced to the conclusion that there is no hope of a settlement just yet, even though some elements of the Hertzog plan offer promise of an ultimate basis of agreement. It would be unjust in the extreme to blame General Hertzog for the inadequacy of his proposals. He has gone dangerously far, from his own party point of view, in the effort to induce his Northern supporters to accept any native representation in the Assembly at all. The bad features of the Land Bill and the abolition of the Cape franchise are perhaps to be regarded as concessions he has had to make. No better characterisation of the scheme can be found than that of the *Manchester Guardian* :—

The four Bills have a common characteristic : all alike, they give the impression of liberal intentions frustrated by the pressure of reactionary interests.

That is perfectly true, and the task before us now is not immediate legislation, but the clearing away of the rank growth of reactionary interests, so that the liberal intentions may come through and bear fruit. Critics in England

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give South African policy far too little credit for liberal intentions and are much too ready to suggest sinister motives where there is nothing worse than muddled thinking clouded by haunting fears. And it should be remembered that the dominant South African attitude towards the native is rooted in a psychology which dates back to Dingaan and Blood River and to many a smoking hecatomb beyond. Moreover, the impact of modern industrialism upon a South Africa, many parts of which still derive their political ideas from Old Testament notions, is certain to produce strange and startling aberrations, especially when these are mingled with a curious blend of Marxism and race prejudice such as one finds in the Labour wing of the Pact.

Nevertheless, to quote again the *Manchester Guardian*,

The relations of advanced to backward peoples is the greatest social problem of the present century, and the Government of South Africa, in legislating for the non-enfranchised majority of their fellow-countrymen, are in the position of trustees for Western civilisation and will have the eyes of Western civilisation upon them.

That truth is daily becoming better understood in South Africa, in spite of all the nervous jealousy of "interference" that has given rise to what is loosely called the secession policy. The result of the Imperial Conference, the success which has attended direct negotiation with India over the status of Indians, the increasing contact of South Africa and South Africans with the outer world, the example of other native policies in other parts of Africa, and perhaps the increasing influence of all that Geneva stands for ; these and similar influences will certainly do much to modernise the whole South African outlook and free it from the suffocating fears and prejudices in which it is still entangled.

One or two essentials stand out clearly enough already. They may be indicated quite briefly :—

1. There must be a serious attempt to provide more

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land for native occupation. The existing situation where three-fourths of the population is free to own land in only about one-eighth of Union territory is generally admitted to be quite inequitable. The resolution of the Native Conference quoted above is of importance in this regard. Here the central question of finance must be faced. It matters less that a choice should be made between placing the natives in reserves and letting them compete freely for land in the open market, than that a serious effort should be made to provide means for financing some form of native land settlement.

2. The attempt to segregate according to tribes must be dropped. There is nothing in the whole scheme to which the emancipated native who wishes to lead his people into the fold of Western civilisation objects more strongly than to this.

3. For reasons of a very similar kind the native franchise in the Cape must remain intact in the hope, as General Smuts foreshadows, that ultimately we may arrive at a single franchise for the Union. To cut it away now would be to prejudge an issue for the just decision of which our data must be inadequate for a long time to come, and to encourage the native to neglect more real and solid opportunities in pursuit of a symbol which has all the seductiveness of forbidden fruit. It is not at all certain that the franchise is the ideal form in which to symbolise his hoped-for freedom. On the other hand, the experiment in the Cape is by no means unhopeful, and the native mind has progressed to such an extent in recent years that his own demand for the franchise may have to be faced whatever freedom is given in other directions.

4. At the same time, the policy of developing Native Councils, which is embodied in the Native Affairs Act of 1920, must be pushed forward with sincerity and reality.*

* See THE ROUND TABLE, No. 12, September 1913, pp. 658-663; No. 44, September 1921, pp. 945-949; and especially the article "The Colour Question in Politics," THE ROUND TABLE, No. 49, December 1922, p. 45.

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The Native Councils Bill in General Hertzog's scheme is conceived much too timorously and betrays far too little confidence in the growing capacity of the natives for self-government to provide an adequate instrument for the real political education of the Bantu. Some provision analogous to that of the seven representatives of natives, whom it is proposed under the scheme to have in the Assembly, might be made so as to secure adequate liaison between Parliament and the Native General Council. But unless the Council itself possesses real powers and good grounds for self-respect, it is not likely to draw to itself the best native ability, and may come to be regarded as a mere registration instrument for decisions taken elsewhere. General Hertzog's Bill is a step in the right direction, and the natives seem prepared to work a Council that possesses dignity and real authority. But if the step is to be taken at all it should be taken in a spirit of hopefulness and confidence and not

Like one that on a lonesome road
Doth walk in fear and dread.

Apart from concrete items of policy, the main need now is time for the permeation of the South African mind with a reassuring conviction that a policy leaving open to the native the means of securing the rewards of civilisation as soon as he can merit them, so far from being a policy of surrender, is the one policy of protection, while the "Colour Bar" form of protection is the one sure way to ultimate decivilisation. Intelligence to understand this is present and can operate once the entanglements have been cleared away by the pressure and friction of new forces, mainly economic. But so long as the work-fund fallacy is dominant and the progress of the native is regarded as a "menace" to the white man, we can only pray most sincerely that no legislation purporting to settle any part of the Native Question will get itself passed at all.

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The question will be "solved" when the spirit of Western civilisation and the spirit of British institutions are allowed to be true to themselves. That sounds easy to say, but it is a hard saying for those to whom thought on the question is thought on the future of their children and their children's children. Tremulous aberrations are not then entirely unaccountable. But great risks will have to be taken and much will have to be dared both in taking and in postponing action, which will seem foolhardy to men still under the domination of the old psychology. The best advice that can be given to South Africa in the test which is now thrust upon her can be expressed in four words: *Dare to be wise!*

South Africa. February 1927.

NEW ZEALAND

I. A PERIOD OF STOCKTAKING

THE concluding months of the year are always a time of stocktaking in New Zealand. Politically the end of the session leaves the Dominion and its legislators somewhat weary of controversy. The leading journals attempt generally to sum up and criticise the results of the legislative year, a few of the newer or more conscientious members give post-session addresses to their constituents, but for the most part everyone seems glad to forgive and forget. Ministers turn readily from the long hours of debate to tackle the administrative work that piles up during the session or to discharge their obligations in the matter of opening new post offices or bridges in remote country districts. The long vacation is very welcome to all the active participants in the game and the remainder of the people seem just as glad of it.

Economically this period falls between seasons. The great bulk of the export produce is "washed up," as traders say, before the end of June. The new season's exports, upon which so much of the prosperity of everybody depends, are not measurable till towards the end of the year. The intervening months therefore give time for reflection as to the past and speculation as to the future. The conversation of every farmer and of many others besides is concerned with such important matters as the statistical position of wool—a new and enticing but dangerous subject this—the price of lambs, the state of the crops, the machinations of Tooley Street, the iniquities of the Arbitration Court and the workers generally, and—a never failing background—of the weather. These and subjects like them are staple conversation wherever men congregate as they do congregate during these months at shows, race meetings and conferences.

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The Course of the Depression

This year's general stocktaking is of more than usual interest and importance because of the peculiar economic position in which the Dominion finds itself. The depression which was initiated by falling export prices in the season of 1925-26 has steadily constricted economic activities as the year has drawn to a close. Ever since the post-war boom burst in 1921 there has been this tendency to recurrent periods when lower export prices have caught the Dominion with large commitments which have had to be readjusted by the wholesome but disagreeable processes of economy and greater production. The most obvious of these commitments are those which give rise to the relative over-importation which is characteristic of depression in New Zealand; but the problem with which the Dominion is faced is in reality much wider and more difficult than the mere controlling of importation to correspond with the purchasing power made available by exports.

It is true that the balance of overseas payments is probably the most important of all economic factors in the prosperity of New Zealand. The whole banking system is, by the custom of long years rather than by deliberate policy, centred in London. The amount of credit available in New Zealand, obviously the most important governing factor in the economic activity of the Dominion, is regulated with reference to the London balances of the banks, so that the currency system might justly be described as a "credit-exchange standard" of precisely the same character and effects as the well-known Indian "gold-exchange standard," except that the London fund which acts as the reservoir of purchasing power is a credit fund instead of a gold fund. The size of this fund in London depends upon two main factors, the relative proportions of exports and imports, and the volume of overseas borrowing on the Dominion's behalf. Both of these influences are immedi-

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ately reflected in the trade returns as well as the banking returns of the Dominion. It is clear, therefore, that major movements in economic conditions are normally transmitted from overseas through the balance of overseas payments and are most readily observable and measurable by the trade statistics and the bank returns. The unusual importance which overseas trading assumes in a small country like New Zealand adds to the force of the facts stated above.

The course of depression this year is a good illustration of the way in which the economic conditions, particularly of Great Britain, are transmitted to New Zealand through the balance of overseas payments. An analysis of the extent and causes of the depression is made in the latest bulletin prepared by the Canterbury College Department of Economics for the Canterbury Chamber of Commerce. The significant figures of this bulletin show how the financial stringency initiated by falling export prices tightens in the latter months of the year as the heavy importations ordered when prices were at a higher level must be paid for at the same time as farmers draw heavily upon the banks in the months before their returns begin to come in. The depression is always at its worst in early spring, before the sales of wool and lambs and advances upon butter-fat begin to reduce farmers' overdrafts. The most important of the statistics used in the bulletin are reproduced below:

Year ended	EXTERNAL TRADE		Excess	
	(£ millions)			
	Exports	Imports	Exports	Imports
1925—				
March 31	.. 54·8	49·8	5·0	—
June 30	.. 57·4	50·9	6·5	—
Sept. 30	.. 55·7	50·6	5·1	—
Dec. 31	.. 55·3	52·5	2·8	—
1926—				
March 31	.. 48·7	53·0	—	4·3
June 30	.. 46·3	52·1	—	5·8
Sept. 30	.. 48·4	51·6	—	3·2
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The bulletin goes on to point out three causes of the present stringency, each of which serves to emphasise the main argument advanced above. The first is the over-swing of the prices of wool and other main exports from the unduly high levels reached in preceding seasons; the second is the transmission of the fall in British prices due to the adoption of the gold standard; and the third is the reduced purchasing power consequent upon the industrial disturbances in Britain.

The note upon which the bulletin ends is, however, of more importance and interest than the mere tracing of the course of a passing depression. It is significant that economists and business men should join in pointing out that

it is unlikely that we shall see again in the near future the abnormal prices of 1925, for general market values are becoming more stable at lower levels; but though much remains to be done before all the readjustments necessitated by the post-war boom and slump are completed, and though our general level of prosperity is still kept up by the expenditure of borrowed money, the worst period of the present depression in business activity appears to be over, and it is possible now to look for the beginnings of a quiet recovery from the low level of last winter.

The dawning realisation of the truth contained in this quotation is the key to an understanding of the somewhat confused but widespread and earnest economic discussions that have been proceeding throughout the Dominion in these months of stocktaking. There are many signs that the industrial difficulties of the post-war situation in Great Britain, the long uphill climb towards economic stability in Europe generally, and the dragging tendency towards lower levels of prices are causing doubts as to the soundness and the continuance of the easy and somewhat extravagant prosperity to which New Zealand has been accustomed in the last generation.

These doubts are reflected not only in more or less academic discussions, but in significant economic disputes

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which recur with increasing frequency. Brief mention of some of the more outstanding problems which have engaged public attention within the last three months will indicate the truth of this contention. The common element in all these sectional disputes is the growing struggle between those who rely upon one or other of the various forms of protection or "sheltering" to maintain the prosperity of their industry or interest, and those, a growing and active minority, who become increasingly distrustful of protective methods involving governmental interference with economic conditions. As the economic background has changed from easy prosperity to more uncertain fluctuating conditions, punctuated by years, such as this last, of recurrent stringency and somewhat severe unemployment, doubts have arisen as to the efficacy of the elaborate system of State controls and interferences. It is no longer a species of high treason to doubt whether prosperity is wholly due to our legislative experiments. On the other hand, it is being asserted with more and more frequency and force that the experiments were parasitical upon our prosperity and may be intolerable in a time of adversity. Sectional interests committed to various forms of State interference are very strong, but there can be no doubt of the growing feeling that economic freedom has been sacrificed and may have to be regained if New Zealand is to retain her normal standards of comfort in face of a hard, competitive and, on the whole, poorer post-war world.

The Arbitration Court

Perhaps the best illustration of this disquietude of mind is to be found in the recurrent labour disputes and the increasing criticism of the Arbitration Court. It is significant that these disputes and criticisms occur first and most commonly in those industries which are connected most closely with the primary producers. The fact is that

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the first impact of lower prices falls naturally upon the primary producers. Each period of unemployment traces back to a constriction of the farmers' purchasing power. Yet it generally happens that the local cost of living, which has always been the main criterion by which the Arbitration Court has fixed wage rates, is still high and sometimes rising, when the prices of farm produce have fallen heavily. The organised workers go to the Court and claim the same or higher wages at a time when the farming community is hard pushed. This was first noticeable in the case of the shearers' dispute of 1921, when, after a sharp disagreement, the workers' assessor, who had held office since 1908, resigned as a protest against the Court's reduction of wages. In the present season, again, the opening of the freezing works in the North Island has been considerably delayed by a dispute which was handled, not by the freezing workers themselves, but by the militant Alliance of Labour on their behalf. Eventually the dispute was by agreement referred to the Court, but its occurrence is significant.

Moreover, there is increasing criticism of the hampering effect of the Court's awards in stereotyping productive methods and keeping the cost of production high. The limitation of apprentices, the demarcation of industrial occupations, insistence upon time wages and resistance to piece wages, and generally the maintenance of standards of living without reference to productivity have all been the subject of increasing comment and criticism in the newspaper press.

Farm Costs and Immigration

All of this criticism traces back to the farmers' difficulties in the face of high costs of production and lower prices of farm produce. A large gathering of farmers which met at Auckland on November 16, called to consider possibilities of land settlement by immigration, resolved itself largely

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into a chorus of pessimistic lamentation. An element of piquancy was lent to this gathering by a somewhat acrid controversy which has been proceeding during October and November on the subject of land settlement between the Minister of Lands and the *New Zealand Herald*, a leading Government journal. The Minister of Lands is not only a practical farmer himself with a strong appeal to the farming community, but is the chairman of the Political Reform League, which is the Government's party organisation. He is deeply impressed with the economic difficulties of the farming community at the present time, and resolutely opposed to large and costly schemes of immigration for the settlement of the undeveloped pumice and gum lands of the Auckland province. The angry discussion which has been proceeding between him and the *New Zealand Herald*, one of the acknowledged organs of his party, is in itself a sign of difficulty and confusion in our national councils.

Dairy Control

The similar controversy that has been proceeding in the dairy industry over the operations of the Control Board may be cited as another proof of the conflict between the characteristic New Zealand faith in protection and control and the newly increased distrust of such governmental methods of retaining prosperity. In the last twenty years the balance of political power has passed from the South Island to the North Island, from the organised urban workers to the small farmers. The tendency to look to the Government for aid in an emergency has been inherited by the farmers, and hence their faith in the various control schemes. But the industry is divided in itself. There is no reasonable ground for doubt that the majority of small farmers, particularly those in the Auckland province, are staunch supporters of the control policy at present

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being exercised by the Dairy Control Board. It is no less sure that a substantial minority, which is especially strong in Taranaki, are determinedly opposed to the Board and distrustful of its policy. This division extends into the Board itself and even to its London representatives. Recent disclosures have revealed a conflict of opinion both in London and in Wellington. The Prime Minister was moved by representations made to him by London merchants to intervene by cabling on October 27 a strong message to the Board advocating a modification of their policy of absolute control in order to allay the hostility created by the fixation of prices and the control of supplies to the London market. There has been much controversy as to how far the Board is attempting to fix prices, and the Board's assertion that it accepts the market price and merely controls the supplies going on to the market does not convince those who reflect on the intimate connection between supply and price. But the most serious feature of the whole situation is the possible effect which the innovation, aggravated as it is by domestic controversy, may have upon the demand for our produce. New Zealand is not the only possible source of dairy produce for the London market, and the resources of Tooley Street seem to many people quite adequate for the fostering, if need be, of alternative sources of supply.

Tariff Revision

A further incident in the conflict between regulation and economic freedom to face a new situation is the gradually developing fight over the tariff revision which is promised for next year. Numerically and financially the local manufacturers' associations are not strong; but they are incessant in their propaganda, and they have in their favour the vague nationalist sentiment which is always invoked in such a controversy. On the other hand, the forces arrayed

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against them, reinforced by the new individualism, are very strong in New Zealand, and during the past few months these forces have shown signs of carrying the war into the enemy country. It is natural to find the academic economists distrustful of tariff protection, but their pronouncements are strongly reinforced by several of the leading journals of the Dominion, and especially by the *Christchurch Press*, which has carried on a strong propaganda in recent months against the claims of the industrialists. The farmers' organisations are generally solid against further tariff increases, and well-established conservative journals are always aware of this fact. Rather more unexpected and weighty pronouncements have come recently from the Dominion President of the Employers' Federation, the Hon. T. Shailer Weston, M.L.C., who in an address at Wellington on October 21 issued a strong warning against the dangers of high protection as a general policy, and from the conference of the Associated Chambers of Commerce at Wellington on November 24, which was virtually unanimous in its demand for lower rather than higher duties. In the face of these protests even those bodies and journals which are committed to the protectionist position have been somewhat mild in their statements. They almost appear to have accepted the advice of the acting Prime Minister to the conference of Industrial Associations to "roar gently," so as not to unite the opposing forces. The *Otago Daily Times* of October 19 quotes Mr. Downie Stewart as saying that "if they went forward with banners flying they might not achieve the result they hoped for, and they would find those opposed to them marshalled and mobilised." There is a noticeable tendency at present also to stress the common interests of the primary and secondary industries, which, as the annual report of the Canterbury Industrial Association points out, are in the same boat, though they are not at present "rowing with the same skulls."

In the meantime the Minister of Customs has announced

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the personnel of the Tariff Commission which is to collect and prepare evidence for next year's revision. This is purely a departmental commission drawn from the Customs Department with the addition of the Secretary of the Department of Industries and Commerce, and its appointment may be taken as evidence of the Government's desire to placate what industries it can without rousing a storm of controversy concerning the general question of tariff protection. It must be said, however, that the House, which in this case is probably representative of the generality of ill-informed electors, appeared to be strongly protectionist. Debates towards the end of the session upon the timber importations disclosed members of all parties vying with each other to urge a reluctant Minister to place prohibitive duties upon the imported American timbers.

The Influence of Farm Prices

In the background of all these controversies lies the uneasy feeling, often unacknowledged or unrecognised, that the present organisation of New Zealand's economic life is not as stable as it might be. The present difficulty of the farmers, faced with lower prices for wool, meat, butter and cheese, while their interest, labour and material costs remain high, is the fundamental cause of all the disquiet. Optimists profess to believe that this is a passing phase which will right itself when prices recover, as they probably will do shortly with the normal swing of the cycle of good and bad trade. There are some grounds for this optimism in the fact that the present signs are for quiet recovery and price improvement. It is true also that on the whole New Zealand is favourably situated as a producer of commodities of which the world supply in normal times is rather scanty. At the moment prices of pastoral produce are depressed below the general level; but economic recovery in Europe might well take them quickly back

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again to a parity with the general level or even above it. There is good reason at the same time to hope that even if the prices of manufactured goods should fall further from the present levels the prices of New Zealand's raw materials and foodstuffs might not suffer in the same degree.

Against these reasons for optimism must be put the growing realisation that even though our position may be favourable relatively to other countries it does not follow that it will be favourable relatively to our prosperity in the past. Many scales of expenditure have necessarily been carried over from the boom period, and there is a general tendency to extravagance and high living, which will probably have to be scaled down unless measures are taken to increase production and free our life from some of the accumulated hindrances of regulation and interference.

The London Money Market and Dominion Loans

If no other reason existed for the kind of stocktaking which has been sketched above, it would be found in the growing volume of criticism directed by the London Money Market against colonial loans. We are becoming aware of a strong section of opinion at home which begins to question the generosity that places Dominion loans on a better footing than those of municipalities or industrial enterprises in Britain itself. A very slight alteration in the laws of England, extending the list of trustee securities to include such loans along with Dominion loans as eligible for trustee investment, might considerably affect the ease with which we get our regular annual assistance from the London Money Market. It is not difficult to see that the undiplomatic references of some leading Dominion statesmen to the lack of tariff preference in the markets of Britain and their ungenerous tendency to ignore the real and substantial preferences which accrue from these borrowing facilities, have considerably sharpened the references

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to this aspect of the question. When economists of the calibre of Mr. J. M. Keynes and Mr. W. T. Layton enjoy the hospitality of the columns of such papers as the *Observer* in a discussion of these matters it is time for the Dominions to take notice of the drift of opinion.

Apart from this particular aspect of the matter the Dominions cannot but be aware that representative financial writers in the leading London journals, while not supporting the wholehearted attacks made by some individuals in the City upon colonial borrowings, have been moderate in their castigation of those individuals and have used the occasion to point out that borrowing, especially for ill-defined purposes, may well be overdone. The Money Market is a delicate organisation, and the credit of the Dominions is not enhanced by such controversy. The prospect of less easy borrowing, involving the necessity of living more closely within our income, is not least among the factors which give pause to those who consider the economic position at the present time.

II. THE IMPERIAL CONFERENCE

THE idea of stocktaking may perhaps be transferred from a local to an Imperial setting as we turn to consider the results of the Imperial Conference as far as they may be judged from New Zealand. Fuller consideration of the issues raised by the Conference will be attempted in the next letter from New Zealand. There was a noticeable local interest in the proceedings of the Conference. Cabled reports, mostly vague guesswork, were displayed prominently by all the newspapers, and the editorial columns of practically every paper in the last two or three months have devoted more space to further guesses about this news than they have devoted to any other subject. This interest, which is presumably a reflection of popular estimation, is in striking contrast

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with the rather cavalier treatment which Imperial and international questions usually receive in a Parliament devoted largely to parish politics. In the last session, it is true, the Prime Minister made a statement of New Zealand's attitude to Imperial affairs; but the general tendency is to regard these as the concern of the Cabinet, administrative rather than legislative.

The press of the Dominion, on the other hand, printed and gave prominence to Imperial matters not only by means of news items and editorial comment, but in many cases also by special articles such as that contributed by Sir Frederick Lugard to the *Otago Daily Times* on October 16.

It is a little unfortunate in view of this genuine and widespread interest that the news which was sent to New Zealand concerning the doings of the Conference was not more informative. The New Zealand people at any rate are interested enough and well enough informed to want more than the rather elementary catchwords and trite conclusions which were released. It is probably inevitable that the Prime Ministers in their endeavour to make personal contacts and to discuss real problems in a real way must work informally and as far as possible without undue publicity; but there is a real demand for more information than is at present vouchsafed to us.

The newspapers and private individuals have done their best in the somewhat difficult circumstances to follow the trend of the Conference and especially to understand the formal statement which purports to define the new status of the Dominions. The feeling on the whole appears from a scrutiny of the leading journals to be diffident and sceptical concerning this attempt, as the *Auckland Star* (November 22) puts it, "to define the indefinable." The feeling in New Zealand is remarkably united in its distrust of experimental machinery which may disturb existing Imperial relationships. The interest with which the statement of these Imperial relationships

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has been greeted in other countries, even in Great Britain, is regarded as evidence not so much of the revolutionary nature of the document as of the failure in the past to recognise what in the Dominions has long been taken for granted. New Zealand on the whole feels like a modern youth, who has just been presented on his twenty-first birthday with a latchkey, mildly amused with the visible symbol of a freedom which he has long enjoyed in actual fact. No one seems to have been able to find from the cabled summaries of the document anything which would lead to the belief that Dominion status had undergone any radical change. Moreover, opinion in New Zealand is very strong that in evading the questions of naval and foreign policy and especially of sharing the burden of naval armament more equitably, the Conference has failed to improve the most unsatisfactory aspects of Imperial relationships.

There is at the same time complete confidence that the strong Imperial sentiment of the Dominion which Mr. Coates fully shares has been faithfully represented by him, and that with Sir Francis Bell's skilled assistance he has done the best that the circumstances allowed.

The comments of certain French writers, not to mention the effusions from Moscow, which profess to see in the new status the beginnings of self-determination which shall break up the Empire, evoke in the Dominion only mild amusement and incredulity. The failure of even well-informed foreigners to apprehend the inwardness of the tie that binds the constituent parts of the Commonwealth together is only equalled by the amazement of the Dominions that there should be people who could so fail to understand what is to the average man so obvious as to be taken for granted. This perhaps is the justification of the document, since after all the Commonwealth is unique in history. The anomalous position of the British members of the League of Nations and especially their relative disadvantage as compared with, say, the South

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American members, has caused more than a little comment lately, and it is clear that the fear at Geneva of British dominance is due largely to the failure to enter into a true understanding of the nature of the British Commonwealth. It is perhaps time that some definition was attempted.

But on the whole New Zealand is fearful of rigid and precise definition as likely to disturb the understanding that at present exists. It is recognised that the development of the British Imperial constitution is continuous and subtle, but the Prime Minister was speaking as a typical New Zealander when he said "the less committed to paper the better."

The rapid changes that are taking place in the Pacific and especially in the Far East are, however, sufficient in themselves to indicate the necessity for elastic and adequate means of consultation upon matters of Imperial concern. It is becoming very noticeable that the editorial discussions of foreign policy, which in the daily papers occupy pride of place among the subjects discussed, include more and more frequently well-informed articles upon China and Pacific policy generally. While the interests of New Zealand in the Far East are not very direct, there can be no doubt that the Dominion's leaders are becoming aware of the magnitude and importance of the changes that are now convulsing the ancient empires of the North Pacific. It would perhaps be an exaggeration to suggest that the centre of interest in foreign politics is shifting from Europe to the Pacific, but it is at any rate clear that the Pacific problems are increasing rapidly in importance both from an international and from an Imperial point of view. As this tendency develops the wisdom of improving the facilities for inter-Imperial consultation will be manifest.

New Zealand.

January 4, 1927.

IMPERIAL CONFERENCE : REPORT OF INTER-IMPERIAL RELATIONS COMMITTEE

I. INTRODUCTION

WE were appointed at the meeting of the Imperial Conference on October 25, 1926, to investigate all the questions on the Agenda affecting Inter-Imperial Relations. Our discussions on these questions have been long and intricate. We found, on examination, that they involved consideration of fundamental principles affecting the relations of the various parts of the British Empire *inter se*, as well as the relations of each part to foreign countries. For such examination the time at our disposal has been all too short. Yet we hope that we may have laid a foundation on which subsequent Conferences may build.

II. STATUS OF GREAT BRITAIN AND THE DOMINIONS

The Committee are of opinion that nothing would be gained by attempting to lay down a Constitution for the British Empire. Its widely scattered parts have very different characteristics, very different histories, and are at very different stages of evolution ; while, considered as a whole, it defies classification and bears no real resemblance to any other political organisation which now exists or has ever yet been tried.

There is, however, one most important element in it which, from a strictly constitutional point of view, has now, as regards all vital matters, reached its full development—we refer to the group of self-governing communities composed of Great Britain and the Dominions. Their position and mutual relation may be readily defined. *They are autonomous Communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations.*

A foreigner endeavouring to understand the true character of the British Empire by the aid of this formula alone would be tempted to think that it was devised rather to make mutual interference impossible than to make mutual co-operation easy.

Such a criticism, however, completely ignores the historic situation. The rapid evolution of the Oversea Dominions during the last fifty years

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has involved many complicated adjustments of old political machinery to changing conditions. The tendency towards equality of status was both right and inevitable. Geographical and other conditions made this impossible of attainment by the way of federation. The only alternative was by the way of autonomy ; and along this road it has been steadily sought. Every self-governing member of the Empire is now the master of its destiny. In fact, if not always in form, it is subject to no compulsion whatever.

But no account, however accurate, of the negative relations in which Great Britain and the Dominions stand to each other can do more than express a portion of the truth. The British Empire is not founded upon negations. It depends essentially, if not formally, on positive ideals. Free institutions are its life-blood. Free co-operation is its instrument. Peace, security, and progress are among its objects. Aspects of all these great themes have been discussed at the present Conference ; excellent results have been thereby obtained. And, though every Dominion is now, and must always remain, the sole judge of the nature and extent of its co-operation, no common cause will, in our opinion, be thereby imperilled.

Equality of status, so far as Britain and the Dominions are concerned, is thus the root principle governing our Inter-Imperial Relations. But the principles of equality and similarity, appropriate to *status*, do not universally extend to function. Here we require something more than immutable dogmas. For example, to deal with questions of diplomacy and questions of defence, we require also flexible machinery—machinery which can, from time to time, be adapted to the changing circumstances of the world. This subject also has occupied our attention. The rest of this Report will show how we have endeavoured not only to state political theory, but to apply it to our common needs.

III. SPECIAL POSITION OF INDIA

It will be noted that in the previous paragraphs we have made no mention of India. Our reason for limiting their scope to Great Britain and the Dominions is that the position of India in the Empire is already defined by the Government of India Act, 1919. We would, nevertheless, recall that by Resolution IX of the Imperial War Conference, 1917, due recognition was given to the important position held by India in the British Commonwealth. Where, in this Report, we have had occasion to consider the position of India, we have made particular reference to it.

IV. RELATIONS BETWEEN THE VARIOUS PARTS OF THE BRITISH EMPIRE

Existing administrative, legislative, and judicial forms are admittedly not wholly in accord with the position as described in Section II of this Report. This is inevitable, since most of these forms date back to a time well antecedent to the present stage of constitutional development. Our first task, then, was to examine these forms with special reference to any cases where the want of adaptation of practice to principle caused, or might be thought to cause, inconvenience in the conduct of Inter-Imperial Relations.

Imperial Conference :

(a) *The Title of His Majesty the King*

The title of His Majesty the King is of special importance and concern to all parts of His Majesty's Dominions. Twice within the last fifty years has the Royal Title been altered to suit changed conditions and constitutional developments.

The present title, which is that proclaimed under the Royal Titles Act of 1901, is as follows :—

"George V, by the Grace of God, of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India."

Some time before the Conference met, it had been recognised that this form of title hardly accorded with the altered state of affairs arising from the establishment of the Irish Free State as a Dominion. It had further been ascertained that it would be in accordance with His Majesty's wishes that any recommendation for change should be submitted to him as the result of discussion at the Conference.

We are unanimously of opinion that a slight change is desirable, and we recommend that, subject to His Majesty's approval, the necessary legislative action should be taken to secure that His Majesty's title should henceforward read :—

"George V, by the Grace of God, of Great Britain, Ireland and the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India."

(b) *Position of Governors-General*

We proceeded to consider whether it was desirable formally to place on record a definition of the position held by the Governor-General* as His Majesty's representative in the Dominions. That position, though now generally well recognised, undoubtedly represents a development from an earlier stage when the Governor-General was appointed solely on the advice of His Majesty's Ministers in London and acted also as their representative.

In our opinion it is an essential consequence of the equality of status existing among the members of the British Commonwealth of Nations that the Governor-General of a Dominion is the representative of the Crown, holding in all essential respects the same position in relation to the administration of public affairs in the Dominion as is held by His Majesty the King in Great Britain, and that he is not the representative or agent of His Majesty's Government in Great Britain or of any Department of that Government.

It seemed to us to follow that the practice whereby the Governor-General of a Dominion is the formal official channel of communication between His Majesty's Government in Great Britain and His Governments in the Dominions might be regarded as no longer wholly in accordance with the constitutional position of the Governor-General. It was thought that the recognised official channel of communication should be, in future, between Government and Government direct. The representatives of Great Britain readily recognised that the existing procedure might be open to criticism, and accepted the proposed change in principle in relation to any of the

* The Governor of Newfoundland is in the same position as the Governor-General of a Dominion.

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Dominions which desired it. Details were left for settlement as soon as possible after the Conference had completed its work, but it was recognised by the Committee, as an essential feature of any change or development in the channels of communication, that a Governor-General should be supplied with copies of all documents of importance and in general should be kept as fully informed as is His Majesty the King in Great Britain of Cabinet business and public affairs.

(c) *Operation of Dominion Legislation*

Our attention was also called to various points in connection with the operation of Dominion legislation, which, it was suggested, required clarification.

The particular points involved were :—

- (a) The present practice under which Acts of the Dominion Parliaments are sent each year to London, and it is intimated, through the Secretary of State for Dominion Affairs, that "His Majesty will not be advised to exercise his powers of disallowance" with regard to them.
- (b) The reservation of Dominion legislation, in certain circumstances, for the signification of His Majesty's pleasure which is signified on advice tendered by His Majesty's Government in Great Britain.
- (c) The difference between the legislative competence of the Parliament at Westminster and of the Dominion Parliaments in that Acts passed by the latter operate, as a general rule, only within the territorial area of the Dominion concerned.
- (d) The operation of legislation passed by the Parliament at Westminster in relation to the Dominions. In this connection special attention was called to such Statutes as the Colonial Laws Validity Act. It was suggested that in future uniformity of legislation as between Great Britain and the Dominions could best be secured by the enactment of reciprocal Statutes based upon consultation and agreement.

We gave these matters the best consideration possible in the limited time at our disposal, but came to the conclusion that the issues involved were so complex that there would be grave danger in attempting any immediate pronouncement other than a statement of certain principles which, in our opinion, underlie the whole question of the operation of Dominion legislation. We felt that, for the rest, it would be necessary to obtain expert guidance as a preliminary to further consideration by His Majesty's Governments in Great Britain and the Dominions.

On the questions raised with regard to disallowance and reservation of Dominion legislation, it was explained by the Irish Free State representatives that they desired to elucidate the constitutional practice in relation to Canada, since it is provided by Article 2 of the Articles of Agreement for a Treaty of 1921 that "the position of the Irish Free State in relation to the Imperial Parliament and Government and otherwise shall be that of the Dominion of Canada."

On this point we propose that it should be placed on record that, apart from provisions embodied in constitutions or in specific statutes expressly

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providing for reservation, it is recognised that it is the right of the Government of each Dominion to advise the Crown in all matters relating to its own affairs. Consequently, it would not be in accordance with constitutional practice for advice to be tendered to His Majesty by His Majesty's Government in Great Britain in any matter appertaining to the affairs of a Dominion against the views of the Government of that Dominion.

The appropriate procedure with regard to projected legislation in one of the self-governing parts of the Empire which may affect the interests of other self-governing parts is previous consultation between His Majesty's Ministers in the several parts concerned.

On the question raised with regard to the legislative competence of members of the British Commonwealth of Nations other than Great Britain, and in particular to the desirability of those members being enabled to legislate with extra-territorial effect, we think that it should similarly be placed on record that the constitutional practice is that legislation by the Parliament at Westminster applying to a Dominion would only be passed with the consent of the Dominion concerned.

As already indicated, however, we are of opinion that there are points arising out of these considerations, and in the application of these general principles, which will require detailed examination, and we accordingly recommend that steps should be taken by Great Britain and the Dominions to set up a Committee with terms of reference on the following lines :—

“ To enquire into, report upon, and make recommendations concerning—

- (i.) Existing statutory provisions requiring reservation of Dominion legislation for the assent of His Majesty or authorising the disallowance of such legislation.
- (ii.)—(a) The present position as to the competence of Dominion Parliaments to give their legislation extra-territorial operation.
(b) The practicability and most convenient method of giving effect to the principle that each Dominion Parliament should have power to give extra-territorial operation to its legislation in all cases where such operation is ancillary to provision for the peace, order, and good government of the Dominion.
- (iii.) The principles embodied in or underlying the Colonial Laws Validity Act, 1865, and the extent to which any provisions of that Act ought to be repealed, amended, or modified in the light of the existing relations between the various members of the British Commonwealth of Nations as described in this Report.”

(d) *Merchant Shipping Legislation*

Somewhat similar considerations to those set out above governed our attitude towards a similar, though a special, question raised in relation to Merchant Shipping Legislation. On this subject it was pointed out that, while uniformity of administrative practice was desirable, and indeed essential, as regards the Merchant Shipping Legislation of the various parts of the Empire, it was difficult to reconcile the application, in their present form, of certain provisions of the principal Statute relating to Merchant Shipping—viz., the Merchant Shipping Act of 1894, more particularly

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Clauses 735 and 736—with the constitutional status of the several members of the British Commonwealth of Nations.

In this case also we felt that, although, in the evolution of the British Empire, certain inequalities had been allowed to remain as regards various questions of maritime affairs, it was essential in dealing with these inequalities to consider the practical aspects of the matter. The difficulties in the way of introducing any immediate alterations in the Merchant Shipping Code (which dealt, amongst other matters, with the registration of British ships all over the world) were fully appreciated and it was felt to be necessary, in any review of the position, to take into account such matters of general concern as the qualifications for registry as a British ship, the status of British ships in war, the work done by His Majesty's Consuls in the interest of British shipping and seamen, and the question of Naval Courts at foreign ports to deal with crimes and offences on British ships abroad.

We came finally to the conclusion that, following a precedent which had been found useful on previous occasions, the general question of Merchant Shipping Legislation had best be remitted to a special Sub-Conference, which could meet most appropriately at the same time as the Expert Committee, to which reference is made above. We thought that this special Sub-Conference should be invited to advise on the following general lines :—

“ To consider and report on the principles which should govern, in the general interest, the practice and legislation relating to merchant shipping in the various parts of the Empire, having regard to the change in constitutional status and general relations which has occurred since existing laws were enacted.”

We took note that the representatives of India particularly desired that India, in view of the importance of her shipping interests, should be given an opportunity of being represented at the proposed Sub-Conference. We felt that the full representation of India on an equal footing with Great Britain and the Dominions would not only be welcomed, but could very properly be given, due regard being had to the special constitutional position of India as explained in Section III of this Report.

(e) *Appeals to the Judicial Committee of the Privy Council*

Another matter which we discussed, in which a general constitutional principle was raised, concerned the conditions governing appeals from judgments in the Dominions to the Judicial Committee of the Privy Council. From these discussions it became clear that it was no part of the policy of His Majesty's Government in Great Britain that questions affecting judicial appeals should be determined otherwise than in accordance with the wishes of the part of the Empire primarily affected. It was, however, generally recognised that, where changes in the existing system were proposed which, while primarily affecting one part, raised issues in which other parts were also concerned, such changes ought only to be carried out after consultation and discussion.

So far as the work of the Committee was concerned, this general understanding expressed all that was required. The question of some immediate change in the present conditions governing appeals from the Irish Free

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State was not pressed in relation to the present Conference, though it was made clear that the right was reserved to bring up the matter again at the next Imperial Conference for discussion in relation to the facts of this particular case.

V.—RELATIONS WITH FOREIGN COUNTRIES

From questions specially concerning the relations of the various parts of the British Empire with one another, we naturally turned to those affecting their relations with foreign countries. In the latter sphere, a beginning had been made towards making clear those relations by the Resolution of the Imperial Conference of 1923 on the subject of the negotiation, signature, and ratification of treaties.* But it seemed desirable to examine the working of that Resolution during the past three years and also to consider whether the principles laid down with regard to Treaties could not be applied with advantage in a wider sphere.

(a) Procedure in Relation to Treaties

We appointed a special Sub-Committee under the chairmanship of the Minister of Justice of Canada (the Honourable E. Lapointe, K.C.) to consider the question of treaty procedure.

* This Resolution was 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.

I

"(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 Empire participates 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,

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The Sub-Committee, on whose report the following paragraphs are based, found that the Resolution of the Conference of 1923 embodied on most points useful rules for the guidance of the Governments. As they became more thoroughly understood and established, they would prove effective in practice.

Some phases of treaty procedure were examined, however, in greater detail in the light of experience in order to consider to what extent the Resolution of 1923 might with advantage be supplemented.

Negotiation.

It was agreed in 1923 that any of the Governments of the Empire contemplating the negotiation of a treaty should give due consideration to its possible effect upon other Governments and should take steps to inform Governments likely to be interested of its intention.

This rule should be understood as applying to any negotiations which any Government intends to conduct, so as to leave it to the other Governments to say whether they are likely to be interested.

When a Government has received information of the intention of any other Government to conduct negotiations, it is incumbent upon it to indicate its attitude with reasonable promptitude. So long as the initiating Government receives no adverse comments, and so long as its policy involves no active obligations on the part of the other Governments, it may proceed

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.

II

"Apart from treaties made between Heads of States, it is not unusual for agreements to be made between Governments. Such agreements, which are usually of a technical or administrative character, are made in the names of the signatory Governments, and signed by representatives of those Governments, who do not act under Full Powers issued by the Heads of the States: that they are not ratified by the Heads of the States, though in some cases some form of acceptance or confirmation by the Governments concerned is employed. As regards agreements of this nature the existing practice should be continued, but before entering on negotiations the Governments of the Empire should consider whether the interests of any other part of the Empire may be affected; and, if so, steps should be taken to ensure that the Government of such part is informed of the proposed negotiations, in order that it may have an opportunity of expressing its views."

The Resolution was submitted to the full Conference and unanimously approved. It was thought, however, that it would be of assistance to add a short explanatory statement in connection with Part I (3), setting out the existing procedure in relation to the ratification of treaties. This procedure is as follows:—

(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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on the assumption that its policy is generally acceptable. It must, however, before taking any steps which might involve the other Governments in any active obligations, obtain their definite assent.

Where by the nature of the treaty it is desirable that it should be ratified on behalf of all the Governments of the Empire, the initiating Government may assume that a Government which has had full opportunity of indicating its attitude and has made no adverse comments will concur in the ratification of the treaty. In the case of a Government that prefers not to concur in the ratification of a treaty unless it has been signed by a plenipotentiary authorised to act on its behalf, it will advise the appointment of a plenipotentiary so to act.

Form of Treaty.

Some treaties begin with a list of the contracting countries and not with a list of Heads of States. In the case of treaties negotiated under the auspices of the League of Nations, adherence to the wording of the Annex to the Covenant for the purpose of describing the contracting party has led to the use in the preamble of the term "British Empire" with an enumeration of the Dominions and India if parties to the Convention, but without any mention of Great Britain and Northern Ireland and the Colonies and Protectorates. These are only included by virtue of their being covered by the term "British Empire." This practice, while suggesting that the Dominions and India are not on a footing of equality with Great Britain as participants in the treaties in question, tends to obscurity and misunderstanding and is generally unsatisfactory.

As a means of overcoming this difficulty it is recommended that all treaties (other than agreements between Governments), whether negotiated under the auspices of the League or not, should be made in the name of Heads of States, and, if the treaty is signed on behalf of any or all of the Governments of the Empire, the treaty should be made in the name of the King as the symbol of the special relationship between the different parts of the Empire. The British units on behalf of which the treaty is signed should be grouped together in the following order: Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League, Canada, Australia, New Zealand, South Africa, Irish Free State, India. A specimen form of treaty as recommended is attached as an appendix to the Committee's Report.*

In the case of a treaty applying to only one part of the Empire it should be stated to be made by the King on behalf of that part.

The making of the treaty in the name of the King as the symbol of the special relationship between the different parts of the Empire will render superfluous the inclusion of any provision that its terms must not be regarded as regulating *inter se* the rights and obligations of the various territories on behalf of which it has been signed in the name of the King. In this connection it must be borne in mind that the question was discussed at the Arms Traffic Conference in 1925, and that the Legal Committee of that Conference laid it down that the principle to which the foregoing sentence gives expression underlies all international conventions.

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In the case of some international agreements the Governments of different parts of the Empire may be willing to apply between themselves some of the provisions as an administrative measure. In this case they should state the extent to which and the terms on which such provisions are to apply. Where international agreements are to be applied between different parts of the Empire, the form of a treaty between Heads of States should be avoided.

Full Powers.

The plenipotentiaries for the various British units should have Full Powers, issued in each case by the King on the advice of the Government concerned, indicating and corresponding to the part of the Empire for which they are to sign. It will frequently be found convenient, particularly where there are some parts of the Empire on which it is not contemplated that active obligations will be imposed, but where the position of the British subjects belonging to these parts will be affected, for such Government to advise the issue of Full Powers on their behalf to the plenipotentiary appointed to act on behalf of the Government or Governments mainly concerned. In other cases provision might be made for accession by other parts of the Empire at a later date.

Signature.

In the cases where the names of countries are appended to the signatures in a treaty, the different parts of the Empire should be designated in the same manner as is proposed in regard to the list of plenipotentiaries in the preamble to the treaty. The signatures of the plenipotentiaries of the various parts of the Empire should be grouped together in the same order as is proposed above.

The signature of a treaty on behalf of a part of the Empire should cover territories for which a mandate has been given to that part of the Empire, unless the contrary is stated at the time of the signature.

Coming into Force of Multilateral Treaties.

In general, treaties contain a ratification clause and a provision that the treaty will come into force on the deposit of a certain number of ratifications. The question has sometimes arisen in connection with treaties negotiated under the auspices of the League whether, for the purpose of making up the number of ratifications necessary to bring the treaty into force, ratifications on behalf of different parts of the Empire which are separate Members of the League should be counted as separate ratifications. In order to avoid any difficulty in future, it is recommended that, when it is thought necessary that a treaty should contain a clause of this character, it should take the form of a provision that the treaty should come into force when it has been ratified on behalf of so many separate Members of the League.

We think that some convenient opportunity should be taken of explaining to the other Members of the League the changes which it is desired to make in the form of treaties and the reasons for which they are desired. We would also recommend that the various Governments of the Empire should make it an instruction to their representatives at International Conferences to be held in future that they should use their best endeavours to secure that

* See p. 445.

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effect is given to the recommendations contained in the foregoing paragraphs.

(b) *Representation at International Conferences*

We also studied, in the light of the Resolution of the Imperial Conference of 1923 to which reference has already been made, the question of the representation of the different parts of the Empire at International Conferences. The conclusions which we reached may be summarised as follows :—

1. No difficulty arises as regards representation at conferences convened by, or under the auspices of, the League of Nations. In the case of such conferences all members of the League are invited, and if they attend are represented separately by separate delegations. Co-operation is ensured by the application of paragraph I.1. (c) of the Treaty Resolution of 1923.

2. As regards international conferences summoned by foreign Governments, no rule of universal application can be laid down, since the nature of the representation must, in part, depend on the form of invitation issued by the convening Government.

(a) In conferences of a technical character, it is usual and always desirable that the different parts of the Empire should (if they wish to participate) be represented separately by separate delegations, and where necessary efforts should be made to secure invitations which will render such representation possible.

(b) Conferences of a political character called by a foreign Government must be considered on the special circumstances of each individual case.

It is for each part of the Empire to decide whether its particular interests are so involved, especially having regard to the active obligations likely to be imposed by any resulting treaty, that it desires to be represented at the conference, or whether it is content to leave the negotiation in the hands of the part or parts of the Empire more directly concerned and to accept the result.

If a Government desires to participate in the conclusion of a treaty, the method by which representation will be secured is a matter to be arranged with the other Governments of the Empire in the light of the invitation which has been received.

Where more than one part of the Empire desires to be represented, three methods of representation are possible :—

(i.) By means of a common plenipotentiary or plenipotentiaries, the issue of Full Powers to whom should be on the advice of all parts of the Empire participating.

(ii.) By a single British Empire delegation composed of separate representatives of such parts of the Empire as are participating in the conference. This was the form of representation employed at the Washington Disarmament Conference of 1921.

(iii.) By separate delegations representing each part of the Empire participating in the conference. If, as a result of consultation, this third method is desired, an effort must be made to ensure that the form of invitation from the convening Government will make this method of representation possible.

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Certain non-technical treaties should, from their nature, be concluded in a form which will render them binding upon all parts of the Empire, and for this purpose should be ratified with the concurrence of all the Governments. It is for each Government to decide to what extent its concurrence in the ratification will be facilitated by its participation in the conclusion of the treaty, as, for instance, by the appointment of a common plenipotentiary. Any question as to whether the nature of the treaty is such that its ratification should be concurred in by all parts of the Empire, is a matter for discussion and agreement between the Governments.

(c) *General Conduct of Foreign Policy*

We went on to examine the possibility of applying the principles underlying the Treaty Resolution of the 1923 Conference to matters arising in the conduct of foreign affairs generally. It was frankly recognised that in this sphere, as in the sphere of defence, the major share of responsibility rests now, and must for some time continue to rest, with His Majesty's Government in Great Britain. Nevertheless, practically all the Dominions are engaged to some extent, and some to a considerable extent, in the conduct of foreign relations, particularly those with foreign countries on their borders. A particular instance of this is the growing work in connection with the relations between Canada and the United States of America which has led to the necessity for the appointment of a Minister Plenipotentiary to represent the Canadian Government in Washington. We felt that the governing consideration underlying all discussions of this problem must be that neither Great Britain nor the Dominions could be committed to the acceptance of active obligations except with the definite assent of their own Governments. In the light of this governing consideration, the Committee agreed that the general principle expressed in relation to Treaty negotiations in Section V (a) of this Report, which is indeed already to a large extent in force, might usefully be adopted as a guide by the Governments concerned in future in all negotiations affecting foreign relations falling within their respective spheres.

(d) *Issue of Exequaturs to Foreign Consuls in the Dominions*

A question was raised with regard to the practice regarding the issue of exequaturs to Consuls in the Dominions. The general practice hitherto, in the case of all appointments of Consuls de Carrière in any part of the British Empire, has been that the foreign Government concerned notifies His Majesty's Government in Great Britain, through the diplomatic channel, of the proposed appointment and that, provided that it is clear that the person concerned is, in fact, a Consul de Carrière, steps have been taken, without further formality, for the issue of His Majesty's exequatur. In the case of Consuls other than those de Carrière, it has been customary for some time past to consult the Dominion Government concerned before the issue of the exequatur.

The Secretary of State for Foreign Affairs informed us that His Majesty's Government in Great Britain accepted the suggestion that in future any application by a foreign Government for the issue of an exequatur to any person who was to act as Consul in a Dominion should be referred to the

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Dominion Government concerned for consideration and that, if the Dominion Government agreed to the issue of the *exequatur*, it would be sent to them for counter-signature by a Dominion Minister. Instructions to this effect had indeed already been given.

(e) *Channel of Communication between Dominion Governments and Foreign Governments*

We took note of a development of special interest which had occurred since the Imperial Conference last met, viz., the appointment of a Minister Plenipotentiary to represent the interests of the Irish Free State in Washington, which was now about to be followed by the appointment of a diplomatic representative of Canada. We felt that most fruitful results could be anticipated from the co-operation of His Majesty's representatives in the United States of America, already initiated, and now further to be developed. In cases other than those where Dominion Ministers were accredited to the Heads of Foreign States, it was agreed to be very desirable that the existing diplomatic channels should continue to be used, as between the Dominion Governments and foreign Governments, in matters of general and political concern.

VI. SYSTEM OF COMMUNICATION AND CONSULTATION

Sessions of the Imperial Conference at which the Prime Ministers of Great Britain and of the Dominions are all able to be present cannot, from the nature of things, take place very frequently. The system of communication and consultation between Conferences becomes therefore of special importance. We reviewed the position now reached in this respect with special reference to the desirability of arranging that closer personal touch should be established between Great Britain and the Dominions, and the Dominions *inter se*. Such contact alone can convey an impression of the atmosphere in which official correspondence is conducted. Development, in this respect, seems particularly necessary in relation to matters of major importance in foreign affairs where expedition is often essential, and urgent decision necessary. A special aspect of the question of consultation which we considered was that concerning the representation of Great Britain in the Dominions. By reason of his constitutional position, as explained in section IV (b) of this Report, the Governor-General is no longer the representative of His Majesty's Government in Great Britain. There is no one therefore in the Dominion capitals in a position to represent with authority the views of His Majesty's Government in Great Britain.

We summed up our conclusions in the following Resolution, which is submitted for the consideration of the Conference :—

"The Governments represented at the Imperial Conference are impressed with the desirability of developing a system of personal contact, both in London and in the Dominion capitals, to supplement the present system of inter-communication and the reciprocal supply of information on affairs requiring joint consideration. The manner in which any new system is to be worked out is a matter for consideration and settlement between His Majesty's Governments in Great Britain

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and the Dominions, with due regard to the circumstances of each particular part of the Empire, it being understood that any new arrangements should be supplementary to, and not in replacement of, the system of direct communication from Government to Government and the special arrangements which have been in force since 1918 for communications between Prime Ministers."

VII. PARTICULAR ASPECTS OF FOREIGN RELATIONS DISCUSSED BY COMMITTEE

It was found convenient that certain aspects of foreign relations on matters outstanding at the time of the Conference should be referred to us, since they could be considered in greater detail, and more informally, than at meetings of the full Conference.

(a) *Compulsory Arbitration in International Disputes*

One question which we studied was that of arbitration in international disputes, with special reference to the question of acceptance of Article 36 of the Statute of the Permanent Court of International Justice, providing for the compulsory submission of certain classes of cases to the Court. On this matter we decided to submit no Resolution to the Conference, but, whilst the members of the Committee were unanimous in favouring the widest possible extension of the method of arbitration for the settlement of international disputes, the feeling was that it was at present premature to accept the obligations under the Article in question. A general understanding was reached that none of the Governments represented at the Imperial Conference would take any action in the direction of the acceptance of the compulsory jurisdiction of the Permanent Court, without bringing up the matter for further discussion.

(b) *Adherence of the United States of America to the Protocol establishing the Permanent Court of International Justice*

Connected with the question last mentioned, was that of adherence of the United States of America to the Protocol establishing the Permanent Court of International Justice.

The special conditions upon which the United States desired to become a party to the Protocol had been discussed at a special Conference held in Geneva in September 1926, to which all the Governments represented at the Imperial Conference had sent representatives. We ascertained that each of these Governments was in accord with the conclusions reached by the special Conference and with the action which that Conference recommended.

(c) *The Policy of Locarno*

The Imperial Conference was fortunate in meeting at a time just after the ratifications of the Locarno Treaty of Mutual Guarantee had been exchanged on the entry of Germany into the League of Nations. It was therefore possible to envisage the results which the Locarno Policy had achieved already, and to forecast to some extent the further results which

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it was hoped to secure. These were explained and discussed. It then became clear that, from the standpoint of all the Dominions and of India, there was complete approval of the manner in which the negotiations had been conducted and brought to so successful a conclusion.

Our final and unanimous conclusion was to recommend to the Conference the adoption of the following Resolution :—

“ The Conference has heard with satisfaction the statement of the Secretary of State for Foreign Affairs with regard to the efforts made to ensure peace in Europe, culminating in the agreements of Locarno ; and congratulates His Majesty's Government in Great Britain on its share in this successful contribution towards the promotion of the peace of the world.”

Signed on behalf of the Committee,
BALFOUR, *Chairman*.

November 18, 1926.

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APPENDIX

(See Section V (a).)

SPECIMEN FORM OF TREATY.

The President of the United States of America, His Majesty the King of the Belgians, His Majesty the King [*here insert His Majesty's full title*], His Majesty the King of Bulgaria, etc., etc.

Desiring

Have resolved to conclude a treaty for that purpose and to that end have appointed as their Plenipotentiaries :

The President

His Majesty the King [*title as above*] :

for Great Britain and Northern Ireland and all parts of the British Empire which are not separate Members of the League (of Nations),

AB.

for the Dominion of Canada,

CD.

for the Commonwealth of Australia,

EF.

for the Dominion of New Zealand,

GH.

for the Union of South Africa,

IJ.

for the Irish Free State,

KL.

for India,

MN.

who, having communicated their full powers, found in good and due form, have agreed as follows :

In faith whereof the above-named Plenipotentiaries have signed the present Treaty.

AB

CD

EF

GH

IJ

KL

MN

(or if the territory for which each Plenipotentiary signs is to be specified :

(for Great Britain, etc.) *AB.*

(for Canada) *CD.*

(for Australia) *EF.*

(for New Zealand) *GH.*

(for South Africa) *IJ.*

(for the Irish Free State) *KL.*

(for India) *MN.*)

THE NEW PROBLEM OF AFRICA

FOR the last fifty years people have thought of South Africa mainly in terms of gold mines, diamond mines, or the long contention between Briton and Boer for dominion in the land. There have, however, always been other issues underlying these surface problems, and in the last few years these issues and others due to the opening up of Central Africa have been steadily coming to the front. Diamonds and gold are ceasing to occupy the centre of the economic stage. The Dutch and the British have found a basis of reconciliation in the Union constitution, and the new concept of the British Commonwealth, even though racialism is still the strongest element in local party politics. The native problem is now coming to be the major preoccupation of the people, while the rapid settlement of the white man in the territories north of the Union, so many of which have been brought within the orbit of the British Empire, is widening immensely the scope of what used to be called the South African problem. Public opinion both in Africa and elsewhere has failed as yet to readjust itself to these changes. It is the object of this article to try to set forth the basic elements in this new situation.

I. THE AFRICAN HIGHLANDS

THE main characteristic of Africa south of the Equator is that nearly the whole country, except the Congo basin and a narrow belt on the East coast, is a plateau

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averaging some 4,000 feet above the sea. This plateau stretches across the whole country for some 2,000 miles northwards from Cape Town to the neighbourhood of the Great Lakes and thereafter runs like a double backbone up the eastern side of the continent to Abyssinia, some 1,000 miles further to the north. At the southern end of Africa and in the temperate zone there is a good deal of half-desert (karroo) country, just as in the northern part much of it is too low and unhealthy or too thickly populated with natives to be called a white man's country. North of the tropic of Capricorn (22 degrees), however, rain is mostly abundant and everywhere it falls mainly during the summer or hot season. These two facts, the height above the sea and the summer rains, make the climate over an enormous extent of the plateau temperate rather than tropical in character and therefore as suitable for white colonisation as that of many lands in the temperate zone. The Congo basin, West Africa and the coastal belt of East Africa north of Natal are tropical countries. South Africa and much of East-Central Africa are, from the point of view of colonisation, within the temperate zone. This is the first fact to be realised about that vast region, nearly as large as two-thirds of Europe, which may be called the highlands of Africa.

The second fact is that these highlands are extraordinarily sparsely peopled by the aboriginal races. Though Europe has a population of 450,000,000, the African highlands probably do not contain more than 25,000,000 native inhabitants, and even that population is very unevenly distributed. There are, on an estimate, about five million natives in the Union, mostly in the coast belt, and 800,000 in the three protectorates. The last available official estimates or census returns show 944,820 in Southern Rhodesia (1926), 1,106,530 in Northern Rhodesia (1925), 1,210,340 in Nyasaland (1924), four million in Tanganyika (1921), 3,136,760 in Uganda (1924), and 2,500,000 in Kenya (1925). This gives a total of nearly eighteen million, to which must be added, say, another six million for the

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inhabitants of Angola and that strip of the Belgian Congo which forms part of the highlands.*

The third fact to be realised is that the white man is colonising the highlands from north to south and at a steadily increasing speed. At all stages of its history since its discovery people have believed that the colonisation of Africa would go thus far and no further. At one time the limits were believed to be the Hottentots Holland mountains beyond the Cape flats. Yet settlers pushed on to the lower karroo and to Grahamstown. Then the limits were set at the Orange River. But the voortrekkers went to the Limpopo. Then it was said that tropical Africa was uncolonisable. Yet Cecil Rhodes in the south and Sir Charles Eliot in Kenya falsified the prophecy. There were, according to the most recent official figures obtainable, 1,672,100 whites in the Union (1926), 39,186 in Southern Rhodesia (1926), 4,424 in Northern Rhodesia (1925), 1,462 in Nyasaland (1924), about 4,000 in Tanganyika (1927), 1,451 in Uganda (1925), and 12,500 in Kenya (1925). Most of the figures would naturally be considerably larger to-day as the numbers are steadily growing everywhere.*

The reason why white colonisation in those sections of the highlands which lie within the tropics is steadily increasing is not far to seek. The white man enters first as a government official or a missionary. Neither the officials nor the missionaries, however, come as colonists. As in tropical West Africa or India, they have no intention of acquiring domicile or of bringing up their children in the country. Their "homes" are elsewhere. But they are soon followed by others, by prospectors, traders, adventurous settlers, who spy out the economic prospects of the land. Ere long valuable minerals, such as the vast copper and lead deposits of Rhodesia, or land suitable for growing

* It is difficult to obtain really accurate figures about the population of the highlands. Many of those given above, as the dates show, are already out of date. Northern Rhodesia, for instance, in so far as the whites are concerned, is known to have already at least 5,000, and we are told that the whites in Kenya probably amount to-day to 13,000.

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profitable export crops, such as tobacco, or sisal, or coffee, as in East Africa, are discovered; capital and skilled workers follow to develop the mines or plantations, and to build railways and towns. Farmers flock in to supply the needs of the workers in the towns, mines and railways, and a new type of merchant enters in the trail of these.

So the process goes on. But everywhere in the higher parts of the highlands the white man finds a country in which he can settle. The climate is extremely pleasant, except in the steamy valleys. Labour is cheap and plentiful. Tropical diseases begin to yield before civilisation. Above all, his wife finds life easier, owing to cheap domestic service, than she can find it in some other colonies and Dominions, and children thrive if reasonably looked after. The first immigrants may not have meant to make the country their home. But ere long they begin to do so, schools are created for their children, the *animus revertendi* grows less, while the difficulties of removal grow greater, and in a very few years there is a genuine colony of white men and women who regard the country as their permanent home.

It is too early as yet to estimate what the ultimate destiny of the white man on the highlands of tropical Africa will be. Some people believe that he will deteriorate for subtle climatic reasons. Others believe that he will be demoralised by constant contact with the native. Others again believe that he will rise above his moral difficulties, that modern scientific discovery will protect him from the attacks of nature, and that the highlands in the tropics will eventually be peopled by a large white population, as vigorous as the sturdy Boer and British stock which has survived three generations of African conditions in the South. This article is not concerned to judge between these conflicting views. Its sole purpose is to emphasise the fact that the white man is colonising these territories from South Africa right up to the Abyssinian border in increasing numbers, that the nature of the climate, the sparseness of the native population, and the high elevation of so much

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of the country make it possible for him to continue to do so, and that, whether he will eventually succeed or not, he is making an attempt to create a new land for white settlement in an area two-thirds as large as Europe and stretching from the Equator to the Cape.*

II. A NEW DOMINION?

WHAT attitude ought the outside world to take towards this tremendous experiment?

Speaking broadly, there are two points of view from which it has usually been approached. There has been the point of view of those who are primarily concerned with the future of the native, and the point of view of those who have been primarily concerned with the future of the white race.

The first school of thought feels that Africa, south of the Sahara and north of the extreme South, belongs as of right to the negro peoples, and that the white man is in essence an intruder. They admit that the white man's presence is necessary to organise stable government, to impart such elements of European knowledge and civilisation as may be useful for the African, and to a limited extent as a trader and as the organiser of new and better methods of native production. Even so he ought only to be a temporary visitor, as he is in the tropical lowlands of Asia, to be gradually eliminated as and when the native peoples are able to dispense with his services and to manage a civilised black Africa for themselves. Nowhere ought the white man to be allowed to colonise. This point of view is strengthened by the recollection of the appalling suffering which the white man has inflicted on the African in the past, by the slave trade, which decimated Africa to secure negro slaves for the West Indies and the United States, and later by excessive appropriation of land in the South and the ex-

* Note, see Map, pp. 454-455.

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exploitation of natural resources by economic methods and practices suited to Europe and America, but for which the African was not ready. This school believes that if the negro peoples are left to themselves with just enough white supervision and education to tide them over the intermediate period, they will rapidly progress.

The second school of thought is convinced that left alone the native is incapable of progress, because for thousands of years he has never been able to lift himself out of a primitive tribalism, which combined constant war with a mere scratching of the soil, and that the economic development of Africa and the moulding of its native inhabitants into a civilised and progressive and prosperous community can best be accomplished by permanent white colonists, who must therefore control the country, using the native in the first instance mainly as an unskilled labourer. It is true, this school admits, that the process involves great dislocation of native habits and customs and a complete alteration in his status. But that is inevitable. As in the United States, what matters most is the growth of a civilised society and the development of the resources of the country. Further, according to this school, in the long run the native will benefit because contact with and work for the white man is the most effective educational and transforming force, while if he is left to himself he will, in fact, remain in chaos and stagnation. It thinks, therefore, that a hundred years hence the native will be far more advanced where he has been in contact with the white colonist than where he has not, and that the intermediate process, while possibly more painful, is really salutary.

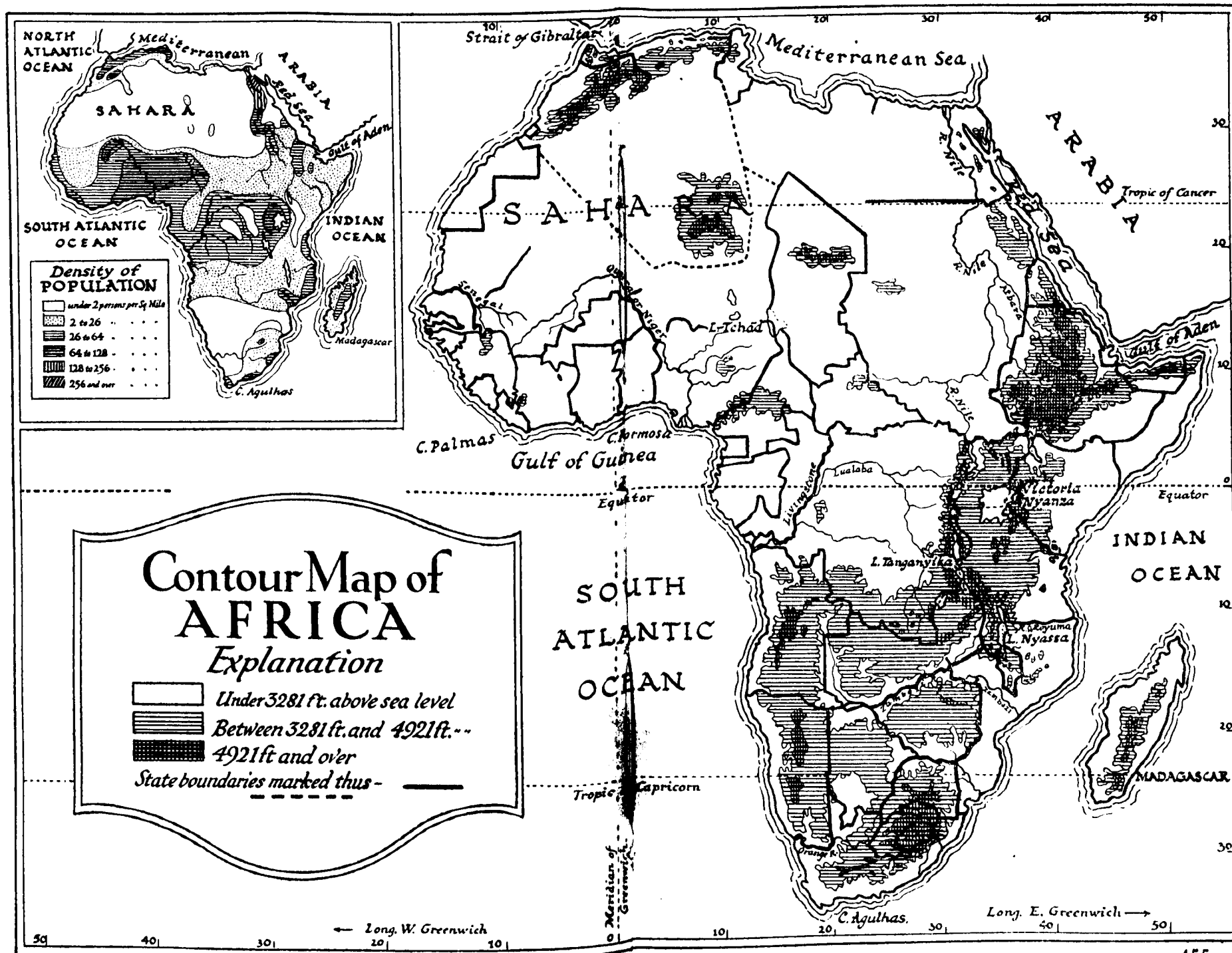
It is not the purpose of this article to try to judge between these points of view. For the future is not going to be settled either by theory or sentiment, but by certain inexorable facts, which no policy and no government can remove or alter.

The first fact is this. So far as the Congo basin and

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tropical West Africa are concerned, climatic factors and the density of the population seem likely permanently to prevent white colonisation and, if the native develops rapidly enough, it may prove possible to transfer control over the destiny of the country to substantially native authorities. The same may be true of considerable areas within the highlands. But so far as the highlands as a whole are concerned, whether we think that what may be called the West African policy is a good or a bad one in theory, it is no longer a possible one in practice. The white colonist is already there on the spot. The country is very thinly populated by natives. The natural resources are enormous, and are already in process of development. It is not possible to stop white immigration even into the northern highlands, still less to turn out the 63,000 whites who now dwell in them. It is not possible to say that the vast copper, zinc, and lead deposits of the Rhodesias, or the coffee and sisal and tobacco lands of Kenya and Tanganyika shall not be developed, for millions of capital are already sunk in these enterprises and in the railways which transport these products to the coast for export. For good or evil, the white man has taken his enterprise, his capital, and his family into these territories, and has made his home there. Whatever the far future may unfold, the white man, for any period we need now consider, is going to mine, cultivate the soil, trade and conduct transportation as a colonist and not as a temporary visitor throughout the length and breadth of the African highlands from Cape Town to Kenya. In some parts he will be thick, in other parts he will be thin on the ground. In some parts white immigration will be fast, in others it will be slow. But from one end to the other of this vast area he will steadily increase in numbers and for a long time to come he will be the dominant factor thereon.

The second point is no less obvious. The native is not going to be driven out of his old country as the Red Indians and the Australian black fellows have been, to dwindle



This Map was adapted by kind permission from "The Times Atlas" and Messrs. George Philip & Son's "Diagram Hand-Map."

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in numbers until he has to be provided for in relatively negligible reserves as an interesting historic survival. The Bantu as we know him may be a primitive barbarian, but he is one of the most virile and persistent of racial stocks in the world. He has withstood transplantation to America, he has withstood the slave trade in Africa, he has withstood his own internecine wars, he has withstood the impact of Western civilisation and complete subordination to the political and economic system of the modern world, and he shows no sign of decline as the Bushmen or the Hottentots have done. On the contrary, slowly and perplexedly he is gradually beginning to understand the magic of the white man's ways, to acquire education and skill, and to demand a more equal status and something like a voice in the higher direction of the land in which only a few decades ago he lived alone. Though his numbers are small compared with the vast spaces which are comprised within the highlands, he still outnumbers the whites by nearly four to one in the Union, and by fourteen to one throughout the highlands as a whole. Nor does there seem to be any likelihood of his not continuing to be the vast majority of the population. As he recovers from the shock of the impact of Western civilisation he is bound to become a steadily more dynamic element in the highlands polity.

III. BLACK AND WHITE IN AFRICA

THE central problem which confronts the highlands of Africa is neither the future of the native races as some believe, nor the future of the white races as others believe, but to find the basis upon which black and white, with a number of Asiatics and coloured people as well, can live together in a country in course of rapid economic and social development. As already stated, the number of Africans may be taken at 25,000,000, and of Europeans at over 1,700,000, while the Cape coloured people number 500,000

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and the Asiatics about 200,000. The numbers of all these ingredients are increasing, though accurate figures are hard to come by. There is probably no other country in the world which is faced with a race problem so difficult as Southern Africa.

It is quite impossible to discuss this question in all its far-reaching ramifications in an article such as this. But it is essential to realise how difficult of solution the problem is and that it has already reached an acute stage, not only in the Union, but in parts of the northern highlands. It is not for nothing that the revolution of 1922 took place on the Witwatersrand, or that the Colour Bar Bill was passed by the Union Parliament in 1925 over the repeated veto of the Upper House, or that General Hertzog has introduced four Bills dealing with the native problem, or that Kenya has occupied so much space in the newspapers of the world, or that books like Mr. Maurice Evans' *Black and White in South-East Africa*, Lord Olivier's *Anatomy of African Misery*, or Dr. Norman Leys' *Kenya* have recently been written. It is perfectly obvious to any observer that there is a parting of the ways in Southern Africa to-day. If the right road is followed there will gradually be built up in the highlands a community of varied races and colours, with its internal difficulties no doubt, but whose members will be prosperous, progressive, and at peace with one another. If the wrong road is followed there will gradually develop a form of racial strife, on colour lines, both in economics and politics, compared to which the Anglo-Boer contention of the past would be child's play, which will go far to ruin South Africa, and which will eventually ramify all over Africa, and even Asia.

The root of the problem is not difficult to understand. In a country which is suitable for white colonisation, in which the native population is sparse and extremely primitive in its civilisation, it is inevitable that the white man should make the laws, construct the economic organisation, and conduct the government. It is no less inevitable, so

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long as these conditions exist, that the native should be the servant and unskilled labourer, and be separated from the white race by impassable barriers. Where the difference in colour and physiognomy and civilisation is at its maximum, as in the case of Briton and Dutch on the one side, and Bantu on the other, the social, economic, and political gulf between the native and the white man is also at its maximum.

At first the autocracy of the white and the relation of a dependent black proletariat to a white aristocracy does not work badly. There is plenty of room for both; the white man finds his life as an aristocratic owner of property or a supervisor of native labour comfortable and easy; the native finds contact with the white man interesting and exciting, and that service for wages gives him wealth such as he had never dreamt of before, while he can always go back to his kraal where he keeps his wife and children, when he is dissatisfied. But this pleasant state of affairs does not last. After a while land becomes short. Because he is the stronger the white man secures the lion's share. In the Union of South Africa, for instance, over 232 million acres are now held by the whites, under 26 million by the natives. Yet despite this disproportion the white farmer ere long begins to find that he can no longer obtain farms for all his children and relations to live on, and the *bywoner* or poor white—the landless white, unskilled yet debarred from doing unskilled work because Kaffir's work is "infra dig." and because he cannot live on a Kaffir's wage—begins to appear. The native also begins to find the native reserves too small for his needs, and so tends to accumulate as an unskilled urbanised proletariat in the towns, or to become a permanent squatter or a labourer on white men's farms.

The initiation of large scale industry, whether mining or manufacturing, intensifies the process. It develops on a system of paying very high wages to skilled whites, and very low wages to unskilled native labour. For instance, in Johannesburg to-day the minimum rate for the white

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man is £1 a day, the maximum average rate for native labour in the mines is 2s. 3d. a day. But though the growth of industry produces some mitigation of the problem for a time by providing more jobs both for white men who are skilled or capable of supervising natives, and for natives who wish to leave their kraals and earn wages, it does not solve it. On the one hand, the number of landless whites who are unfit for skilled work or not worth the high rate of wages paid for it steadily increases—there are said to be more than 100,000 poor whites in the Union to-day. On the other hand, the number of de-tribalised and permanently industrialised natives also rapidly increases. The Economic Commission of 1926 estimated the entirely urbanised natives at 300,000, and another estimate puts the number of detribalised natives at 600,000, of whom an ever rising number are fully as capable of doing skilled work as the white man, and who demand skilled work and skilled wages as the only condition upon which they can live decent and respectable lives once they are cut off from the reserves. Thus the simple, patriarchal economic pyramid, which had a white apex and a black base, which arose so naturally in the early days, begins to disappear. The whites are continually falling off the apex into the indescribable squalor of poor white existence, and the urbanised blacks are trying to clamber up the pyramid into the skilled zone previously reserved for the whites alone. Both white and black become marooned in the low quarters of the towns, with no land to go to and with little or no chance of obtaining a decent living at unskilled work, because of the competition of natives from the kraal.

This is the position which has already been reached in the Union to-day. What is to happen? The first instinct of the white aristocracy is naturally to try to keep all skilled work for itself (the Colour Bar Bill). But that policy, while it may give a short breathing time in which to look round, solves nothing. It does not eliminate the poor white or create the needed outlet for the emanci-

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pated native, while in the long run it must create a revolution, for it is clearly impossible to keep the native perpetually in the position of a hewer of wood and a drawer of water for a white aristocracy, if at the same time he is not given enough land for his own use and if he is debarred from the effective exercise of political rights.

The truth is that the Union has reached the point where the old sharp distinction between black and white on which its economy has been founded hitherto is beginning to break down. Education, economic forces, contact with civilisation are creating an ever increasing number of natives who are no longer simple-minded muscular machines, but people fit to take their place in a modern organic community. Economic forces are equally developing a class of whites who are in no sense aristocratic, because they are only fit for unskilled work. The central problem in the Union to-day is to initiate the readjustment which is necessary, and the four Bills introduced by General Hertzog and the controversy which is now arising about them show that the process of readjustment has begun.

It is not the purpose of this article to discuss in any way the immediate problem which confronts the Union.* Its object is to emphasise the fact that the conditions which have produced the difficulties which now confront the Union exist also throughout the whole of the highlands from Cape Town to Kenya, in so far as these territories become the home of white colonists living alongside the aboriginal inhabitants. Unless, therefore, the northern portions of the highlands are eventually to reach the same difficult and indeed dangerous situation in which the Union finds itself to-day, it is essential that their inhabitants should begin to study the experience of South Africa, with the object of avoiding its mistakes and profiting by its lesson.

*If any one wishes to study this question in detail, he cannot do better than read the Transvaal Indigency Commission Report of 1907 and the Economic Commission Report of 1926, which show very clearly how the situation has developed in the last twenty years.

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While the details will vary according to local conditions, the fundamentals for the northern highlands seem to be clear. In the first place it is essential that, while there is yet time, ample land should be reserved for the natives under conditions which will make it impossible for them to alienate it to white purchasers. The land of Africa does not "belong" to the native for it is as absurd to think that because some 25,000,000 primitive natives were in occupation of a territory two-thirds the size of Europe it "belongs" to them, as it is to think that it "belongs" to the European by right of conquest. It must be used by both. But it is vital that enough should be reserved for the native's use both under tribal and individual tenure, taking into account, too, the requirements of future generations. Fortunately, that need seems to be fully recognised everywhere to-day north of the Limpopo.* At the same time, the native must be made to realise that unless he can learn to make better use of his land than he does to-day the younger men will inevitably drift away to the towns and he will eventually lose his land.

In the second place, the white man must recognise that the broad and easy road of relying on cheap native labour leads more inevitably to destruction for himself and his children than for the native. The straight and narrow path that leads to salvation is that the white man should recognise that, in so far as he is not qualified to do skilled work, he must live by unskilled work if he is not to become a poor white, and that the only way in which that is possible is to raise the economic ability of the native, both in his own reserves and in the service of the white man, through the use of machinery and other ways, so that he becomes worth a wage on which the unskilled whites can live at a decent standard of life. His policy, therefore, should be devoted not towards expanding the sources of cheap native labour supply, which in any case are very

* See p. 632 for what is being done in Southern Rhodesia.

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limited, but towards a form of development which economises labour, and pays competent labour a good wage.

In the third place, it is necessary to realise that the early relations between white and black, in which the white is the apex of the social, economic and political pyramid and the native is the base, cannot be permanent. They will inevitably change. Any attempt to perpetuate the relations which are appropriate when civilisation and barbarism first come into contact, by legislation or otherwise, is bound not only to prove unjust to the native, but to be fatal to the moral foundation on which alone white leadership can rest, and in the long run to end in violence, revolution, and failure. The only principle to follow is that of justice and liberty for every individual, which lies at the root of English-speaking accomplishment and civilisation.

So far as Great Britain, which still carries the final responsibility for all the highlands north of the Zambesi, is concerned, the vital thing is that the problem should not be allowed to become one of party politics. Not only does partisanship darken counsel at home, but it produces exasperation and misunderstanding locally, which immensely aggravates the difficulties in the way of a solution. The policy of Great Britain must be to consider the rights and well-being of both races and not those of either black or white alone. There is room for both races in the country, and, great as are the difficulties which result from contact between the two, the only road to their solution is for the paramount authority to recognise its obligation to do justice to both.

One word about Lord Olivier's and Dr. Leys' books. These books will leave a mark on the history of Africa, which will not soon be effaced, because they expose nakedly and ruthlessly for all to see what is the fundamental issue at stake, and because their authors have had the courage to state their convictions without palliation or reserve. But their influence for good has been immensely lessened by the bitter spirit in which they are written, and one

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of them attributes to malignant design on the part of individuals or to the ogre called "capitalism" what in the main was a natural outcome of the facts. The facts were that Southern Africa was very thinly peopled, that it had great resources which the native had no idea of developing, and that modern civilisation, with all its good and bad features, swept over the country as naturally and inevitably as it swept over America in the seventeenth century. Nothing could have prevented it. Nor could anything have prevented the social and economic gulf between black and white which ensued, for it was based on the fact that black and white were at the opposite ends of the social, political and economic scale. The truth that the native has an unlimited capacity for development and many fine and attractive traits of character does not alter in the least the other truth that when the European arrived he was a barbarian of not too refined habits, who regarded the white man as a wizard and the wages he paid as a short cut to heaven, and who therefore naturally and inevitably fell into a position approximating to mediæval serfdom.

It is these facts which make the difficulty, because they create a society in which the white man acquires a vested right in ascendancy which, though natural at first, becomes extremely difficult to modify as conditions change later on. But to suggest that the problems of Africa are due to any special malignancy on the part of the British or Dutch who live there is to introduce into the problem of race relations in Africa the terrible hatred and class war which the disciples of Karl Marx have managed to introduce into the problem of industrial relations in Europe. The solution of the African problem requires plain speaking and courageous defence of what is right. But it will never be found along the lines of dividing black and white into sheep and goats. Both are suffering—though much less than our authors would have us believe—from the inexorable facts of their environment and their past. It is the part of

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statesmanship to recognise these facts, to draw remorselessly legitimate conclusions from them, but to deal with both races on the basic Christian assumption that they will respond to wisdom and appeals to their better nature more readily than to condemnation and abuse.

IV. THE POLITICAL PROBLEM

AS already explained, in its fundamentals the problem discussed in a preceding section is the same from Cape Town to Nairobi. But it has reached very different stages of development in different parts of the highlands. It now occupies the centre of the stage in the Union. It is well to the fore in Kenya. It is showing its head in Southern Rhodesia, as a recent gathering of farmers at Sinoia made clear. It is latent elsewhere. But everywhere throughout the highlands it is the cardinal question which confronts the statesman for the reason that everywhere, to a greater or less extent, white men and black are beginning to live side by side as colonists on the same land.

But while the fundamentals are the same there is no possibility of their being dealt with from a common centre at present. Political conditions forbid. The highlands are under many different forms of government. The Union, so far as the whites are concerned, is a modern democracy with a highly developed economic life. Southern Rhodesia is under a system of responsible government. Northern Rhodesia, Nyasaland, Tanganyika and Uganda are under Colonial Office rule, tempered by legislative councils in which popular election is an element of varying importance. Kenya is nominally a crown colony, but the unofficial members of its Legislative Council already exercise a powerful influence in the local government, and the last election was fought and won on the programme of giving the unofficial members a majority in the Council.

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There is no prospect of these territories coming into any organic political relationship at present. At one time people believed that the Union would gradually expand, as the thirteen original American States or the early Canadian provinces expanded, indefinitely to the northward. This seems to be improbable for two reasons. The first is that the rise of the Dutch nationalist movement under General Hertzog in the Union made a majority of the people of Southern Rhodesia at their referendum decide to reject General Smuts' proposals for their incorporation in the Union. Though the relations between the Union and Southern Rhodesia are friendly and intimate, Southern Rhodesia has now started an independent democratic existence of her own. The second is the over-centralisation of the Union constitution itself. The basis for the expansion of the United States and Canada was that a high degree of autonomy was left to the individual States and provinces. The Union constitution gives no real autonomy to the provinces. The powers of the Provincial Councils are very small—the only important one being primary education—and the Administrator is the nominee not of the Provincial Council, but of the Union Government. There are many people who think that the government of the Union is already over-centralised, and the new form of government created for South-West Africa seems to confirm this view. It is at any rate so centralised that it seems extremely unlikely that self-governing communities to the north would agree to so complete an extinction of their individuality as incorporation would imply, though the Union is bound by reason of its size, wealth and experience to be much the most important factor in the politics of Southern Africa.

On the other hand, it seems clear that the northern portions of the highlands, from the Limpopo onwards, cannot long remain divided into six independent entities only united through the common overlordship of the Colonial Office and the Crown. There is a movement

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already on foot for federating East Africa—*i.e.*, Kenya, Tanganyika and Uganda—to which we will return later. Northern and Southern Rhodesia are united not only in origin, but by common railways and other economic ties. If the white population of Northern Rhodesia continues to grow as rapidly as at present, and if the projected railway across the Zambesi at the Karibi Gorge is built, closer political relations between the two seem to be inevitable. Each of these zones, as well as Nyasaland, has its own ways of reaching the sea.

V. THE DEMAND FOR SELF-GOVERNMENT

THERE is one important question, however, which requires immediate consideration. The whole of the highlands north of the Zambesi are still under the direct control of the Colonial Office. South of the Zambesi it has neither responsibility nor power in the Union, but it still has a direct responsibility in the three protectorates of Basutoland, Swaziland and Bechuanaland, and it retains a power of veto over legislation affecting the natives in Southern Rhodesia. Everywhere the movement towards local self-government by the whites is growing. Responsible government was accorded to Southern Rhodesia when there were under 35,000 whites in a country 149,000 square miles in extent containing some 850,000 natives. The recent elections in Kenya were successfully fought on the issue that the representatives of the 12,500 whites should be in a majority in the Legislative Council. There is not the slightest doubt that a similar demand will be put forward in Northern Rhodesia when the white residents increase to three or four times their present numbers, and the present deficit in the budget has disappeared. And it is only a question of time for the same demand to arise in Nyasaland and Tanganyika.

What is to be the answer to the demand for self-govern-

The Demand for Self-Government

ment? It is clearly impossible to resist indefinitely a demand for self-government in a colony where a sufficient number of whites who have been accustomed to it at home claim it. It is largely a question of the numbers, type, and quality of the community concerned. Moreover, the principle has been conceded not merely in the Union where the white population is large, but in Southern Rhodesia where it is not a twentieth of the native population. Experience shows, too, that attempts to maintain Downing Street control in defiance of local sentiment produce bitter resentment and do not succeed for very long. The discussion of colonial issues at home produces a peculiarly dangerous form of exasperation among the men on the spot who hear their affairs debated on platforms and in the House of Commons by people who clearly know little or nothing about the subjects they discuss. The feeling that questions vitally affecting themselves are being settled on party lines or under pressure from missionary or negrophilist circles, while they have no effective means of representing their case, is one of the principal hindrances to the development of a sound attitude towards native affairs.

On the other hand, it is clearly out of the question to hand over the control of a territory some 2,000 miles by 500 miles in extent, and containing perhaps 20,000,000 natives, to the uncontrolled discretion of a few thousand recently arrived settlers. Moreover, it is impossible for Great Britain to divest herself of the special responsibility she has assumed for native interests in Central Africa in the way she has done in the Union, now that it is a fully constituted Dominion. It is the fashion nowadays to criticise Downing Street control, and doubtless it has been unwisely exercised at times in the past. But, for all that, some of the noblest pages in the history of Great Britain are those which tell of the protection that she has given to backward peoples. The development of the idea of trusteeship during the Warren Hastings trial, the abolition first of the slave trade and later of slavery

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itself, the establishment of methods of native rule, which have become the standard for the world and which were embodied in Article 22 of the Covenant of the League of Nations, are achievements which ought not to be forgotten or disregarded. Further, if a certain doctrinaire idealism and lack of knowledge on the part of people at home have often aroused the resentment of colonial communities conscious of superior knowledge of their own local needs, these communities sometimes find it hard to see the larger implications of the policies which they are pursuing, because they are absorbed in the immediate necessities of the moment, as thinking men and women among them will usually admit. One of the reasons why the native question has become so difficult in the Union is that the long quarrel between Dutch and British, and between Downing Street and Cape Town and Pretoria has hindered reasonable and fair-minded discussion of native problems. In the case of the northern highlands the course of wisdom is clearly a gradual transfer of some measure of responsibility to local white communities under proper safeguards for the native, combined with a friendly and confident trusteeship by the Colonial Office. The exact method may well differ in different cases, but three main points seem to stand out. The first is that responsibility is the best, indeed the only, way of educating any community in statesmanship. But the transfer of responsibility must clearly be in proportion to the size and stability of the community, and the emergence of an informed and sound public opinion about native problems. One of the difficulties, as Southern Rhodesia has already begun to find, is that Parliamentary government, to function successfully, requires two parties divided by genuine differences of principle, so that the electorate can find a new Government to put into power when it is dissatisfied with the old one. In new communities it is always hard to find enough people who have the time, the experience and the ability to man a single government and party, to say nothing of two.

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The second is that certain fundamentals affecting native rights should be clearly safeguarded in the constitution itself, and in particular such matters as the ownership of land, the prohibition of forced labour, and so on.

The third is that the legislature, to which increased responsibility is transferred, should be so constituted as to represent from the start not only the white electorate, but also the other races which permanently reside in the country. The question of whether this should be done by means of a common franchise, with a high voting qualification as in Cape Colony, or by some system of communal representation is a matter about which opinions differ. The latter method is already in operation in Kenya Colony, where the Indians, the Arabs and the natives each have some representation in the legislature. It has been put forward by General Hertzog as the middle way between the native franchise in Cape Colony and the total absence of any form of representation of the natives in the northern provinces. In Central Africa native interests would for the time being have to be represented by white men, other than officials, who would be nominated by the Governor, to speak and vote on behalf of the native population and who would not be required to stand for election by white constituents.

These principles do not solve all the complicated problems which arise, and which will have to be settled on varying lines according to local conditions. But they do seem to set a standard by means of which the difficult issues now arising in those portions of the highlands which lie within the tropical zone, can be approached, and the undoubted evils, which come either from undiluted Downing Street control or undiluted transfer of authority to a small body of white settlers on the spot, can be avoided.

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VI. THE FEDERATION OF EAST AFRICA AND TANGANYIKA TERRITORY

EAST AFRICA, in which are included Tanganyika, Kenya and Uganda, is the only part of the highlands where the broad problems discussed in the foregoing pages need immediate solution. The demand of the colonists in Kenya for an unofficial majority in the Legislative Council has already been mentioned. There is also an active movement in favour of federation.

These two questions are closely related, and are also inseparably bound up with the future of Tanganyika Territory, now administered by Great Britain under mandate from the League of Nations. There is little doubt that East Africa will soon be, if it is not already, in urgent need of some form of closer union. The bitter experience of the four South African colonies before 1908 is beginning to repeat itself further north. Native problems, customs, railways and research, all require handling on an inter-colonial rather than a colonial scale, and to-day vested interests are growing up everywhere in provincial isolation, which will tend to make the federation of the country increasingly difficult as every year goes by.

Moreover, the creation of an authority which can look at the native problems of East Africa as a whole and deal with customs, railways and research with the help of the advice of an inter-colonial Council, such as functioned between 1903 and 1909 in the Transvaal and Orange Free State, may supply the means of giving some effective responsibility for government to the Kenya settlers without depriving the native population of Great Britain's protection for its rights and interests.

Nor does there seem to be any fundamental difficulty about Tanganyika. Article 10 of the Mandate authorises

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the Mandatory Power "to constitute the territory into a customs, fiscal and administrative union or federation with the adjacent territories under his own sovereignty or control, provided always that the measures adopted to that end do not infringe the provisions of this mandate." It is sometimes urged that nothing should be done to alter the status of Tanganyika because some day it will be handed back to Germany. We do not consider that there is any foundation for this view, for two reasons. In the first place, there is everything to be said against retransferring Tanganyika to German control from the point of view of native interests. Though the accusations against German colonial administration in East and South-West Africa were made under the influence of war feeling, there is no body of independent opinion which considers that German colonial administration is likely to be any better than British. From the native standpoint there is everything to be said against the dislocation and disturbance inevitable from another alteration in the suzerain power.

In the second place, as already pointed out, the real question in Tanganyika as in other parts of the highlands is not whether they are going to be administered from London or Berlin, but the degree to which they are ultimately going to be administered from Europe at all. The tendency in Southern Africa is clearly for overseas control to diminish and local control to increase.

There is no doubt a great deal to be said, from the general point of view of international relations, for trying to find a colonial mandate for Germany. If she could be found one it might help to relieve tension in certain aspects of international policy. But Tanganyika is not one of the zones where a restoration ought to be considered. Germany has equal rights in trade and commerce and in colonisation. It ought to be made clear that no suggestion of altering the political status of the country, except in the direction of self-government, can

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be entertained either by Great Britain or the Council of the League of Nations. The future of the highlands, both from the point of view of the white colonists and the native inhabitants, must be looked at and, as far as possible, handled as a single whole.

A PICTURE OF CHINA

TO portray adequately the situation in China within the limits of a ROUND TABLE article would require the grasp of essentials and the economy of linework of a Sung Dynasty artist. Words like brush-strokes have their conventional meanings, and a treatise on such a subject equally needs for its understanding a knowledge of what the symbols stand for. Applied to China the most familiar words and phrases change in meaning. "War," "government," "party," "public opinion"—there would be no end to the list—have different associations from what they have in Europe or America. An even greater impediment is that some of the principal forces in Chinese everyday life have no name in English, or else are expressed, with hopeless inadequacy, by such exotic terms as "face" or "squeeze." A proper glossary of these terms would itself fill volumes. A good deal of the current misapprehension and of the recrimination which passes between writers in China and writers at home takes its rise in this difficulty of language. With this preliminary warning we will proceed with our task.

I. THE SITUATION IN OUTLINE

CHINA to-day is a typical example of administrative "break-up." The question whether symptoms of regeneration are present will be discussed later; but disruption, in any case, is the keynote of the actual situation.

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Throughout the greater part of the country the functions of government, in so far as they go on at all, are carried on by a class of military adventurers or by officials acting, metaphorically speaking, at the point of their rifles, though this and the remarks that follow are subject to qualifications when applied to regions under Kuomintang control. It may, however, be said at the outset that the contrast between North and South is far less pronounced than it is often made out to be and that, except for Kwangtung itself, the difference between provinces is mainly one of degree.

The collapse of established authority and the rise of the "militarists" who, to keep and extend their power, have been recruiting armies and fighting private wars over the greater part of China for the last eight or ten years, has led to an economic *débâcle*, resulting in turn, as it always must in China, in unlimited banditry. Bandits and soldiers combined make life for a large part of her farmer population what can only be termed hell. Transport, the primary need of the country, is going from bad to worse. Nearly all the railways are degenerating apace under the control of military officers who are without care for the future, while of the traditional means of conveyance, junks and pack-mules, carts, camels and wheelbarrows, a large proportion is permanently out of action through being commandeered for the moving of troops. The public finances, both central and provincial, are in an utterly bankrupt state. The people are taxed to the bone but the proceeds go in "squeeze" and military expenditure. Every *de facto* authority extorts loans or subventions from the banks and chambers of commerce and revenues are pledged, often for years ahead. The country is flooded with paper money forced on the people and constantly dropping in value. The greater part of the foreign debt has fallen into default. The buoyancy of Chinese trade in the face of enormous obstacles has long been a by-word, but it has begun to succumb to the overwhelming forces of anarchy and along

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the Yangtze especially, the grand trade route of China, it is slowing down to a standstill. Merchants are unable to move their goods and, living under a threat of communism, are afraid to risk their capital. Education is hampered, often to the vanishing point, by lack of funds, student strikes and the anti-Christian movement. Meanwhile, in addition to the endemic *tuchun* struggle, China is split by a civil war which follows the traditional line of cleavage between North and South and centres along the Yangtze. The result of this division was that two governments claimed to stand for China, the old government in Peking and a new one at Wuchang, representing respectively the conservative Northern "warlords" and the radical leaders of the South.

Partly merged in this North-and-South struggle, but forming an underswell throughout the whole country irrespective of party control, a politico-social revolution is steadily gaining ground. This revolution—to which we shall return later—has displayed itself in three separate forms, firstly a military campaign to oust the Northern militarists and extend Kuomintang government over the whole of China, secondly the organization on bolshevist lines of a peasant and labour revolt against the landlord and employer, and thirdly an effort to abolish foreign privilege in China, to obliterate foreign influences, especially in education, and—among the extremists—to relieve China altogether of the presence of foreigners owing allegiance to "imperialistic" Governments. Coupled with the anti-foreign movement there has been a special agitation against Great Britain and the British in China, openly fostered by the communist members and Russian "advisers" of the Kuomintang party and fanned by boundless misrepresentation in pamphlet, poster, newspaper and public speech. This campaign has taken material form in the boycott of British ships, goods and individuals, in mob attacks, in the looting of British property and in the now historic seizure of the British Concession at Hankow. Most of the British

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living in the interior have had to be evacuated to the coast for fear of violence and massacre. Parallel and supplementary to the anti-foreign movement is an anti-Christian campaign which has led to the, often forcible, closure of missionary schools, on which the country still largely depends for education, hospitals, and other establishments, and in not a few cases physical attacks on missionaries. This movement is apparent among the literary as well as the ignorant and superstitious classes.

Finally, diplomatic relations between China and the Treaty Powers are embroiled by an outcry against the "unequal" treaties on which the extraterritorial status and special rights of foreigners in China rest. The treaties are threatened with denunciation or even repudiation; meanwhile negotiations for revision on a national scale are barred by the absence of any single authority recognised by the whole country for conducting foreign relations.

Such is the picture in crude outline, leaving aside detail, shading, or perspective. To paint in some of these is the aim of this article, but first it is necessary to outline the background.

II. THE BACKGROUND

NO crisis can be properly understood without the help of a certain amount of background, and this is particularly true of China. It is not, however, at all easy to provide even the sketchiest background for the present occasion. The Abbé Huc's *Travels* and Dr. Smith's "Chinese Characteristics" depict with knowledge and humour the various features of Chinese life, the mentality of the people and the traditions, beliefs and motives, often utterly strange to foreign ideas, which regulate their actions. Such books supply an effective antidote to the dangerous tendency to apply Western logic and Western standards to Chinese affairs. In such an article as this, however, only a fraction of the ground can be covered.

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Dr. V. K. Ting, a brilliant representative of the modern movement, considers the present revolution is, in its essence, economic. It may, therefore, be as well to begin with a rapid survey of this side of the field.

There is a strange anomaly in China. In spite of their notable industry and the productivity of the soil, the people are living in extreme poverty. To investigate the causes of this paradox, such as over-population, recurring floods and famines, and last but not least, the high cost of ancestor worship—graves are reckoned to occupy nearly a tenth of the cultivable area—would be outside the scope of this article. The essential fact is that the margin which divides the Chinese peasant from starvation is exceedingly small—expressed in money, it is said not to exceed \$2 or \$3 a head. Once past this margin the peasant must either starve or find a new means of livelihood. The choice may be said to lie between enlisting as a soldier, joining up with the bandits, or—a recent addition to the list—if he happens to have a landlord, turning bolshevik. A variation of this last method is to repudiate his debts. In China the money-lender plays a part hardly less prominent than that of the *bania* in India. The facts about Chinese land tenure are hard to come by, and foreign investigators vary enormously in their estimate of the proportion of the land which is in the hands of substantial landlords. In Hunan, where communist doctrines have been preached with special vigour, less than half of the peasants appear to work on their own or on communal soil, so that the potential prizes of a peasant revolt are certainly considerable.

The distribution of wealth is naturally less uneven in a country which is pre-eminently agricultural and free from any system of serfdom than it is in industrial countries. On the other hand, the revenue from taxation goes largely into private pockets. The military men, who control most of the country, often accumulate fortunes even more out of proportion to average incomes than the millions

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of a Morgan or a Rockefeller are in America. Chang Tso-lin and his intimates, for instance, are said habitually to play *ma chang* for stakes which involve tens of thousands of dollars at a single sitting, while seventy or eighty dollars represent an average peasant's earnings for a whole year. The only check on these military fortunes, one which is itself a curse, is the expenditure which the warlords have to meet to keep themselves in power and to carry on their wars. This drainage of the country's wealth—there was nothing to equal it in the worst Manchu days—is for most of the Chinese the outstanding factor in the present situation, and it constitutes, as Dr. Ting suggests, the groundwork of the revolutionary movement.

Next, to take Chinese psychology. For every one who has lived in China will agree that some conception of it is essential if the real significance of developments in that country is to be appreciated. The subject is obviously too vast for more than a passing reference here, but it may be useful to give a few illustrations to show the gulf which separates a Chinese from a Westerner's way of thinking.

It must be remembered that China is mainly known to the world either through the insignificant number of Chinese who have acquired foreign notions and foreign ways of expressing themselves—the race has an extraordinary facility in both these respects—or else through the medium of foreign writers, most of whom have formed their ideas by associating with this same limited class. The huge mass of China lies far outside the orbit of our Western civilisation. Throughout historic times she has been a self-contained cosmogony, and the material and spiritual barriers which kept her apart have only begun to weaken under the pressure of Western civilisation within the last two or three generations. Nor has the process been eased by any such "shock-absorber" as British tutelage supplied in India. It is, therefore, natural that Chinese mentality should be widely different from our

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own. A few haphazard examples will serve to illustrate what is meant.

In quite recent years some British engineers who were laying out a line for a railway in South China, and wished to dig cuttings, were seriously handicapped by the fierce opposition of the country people, who were afraid that the disturbance of the soil would release the dragons and phoenixes which are popularly believed to inhabit hills and mounds. Here, of course, it was a case of ignorant peasants. But superstition spreads up the whole ladder. A year or two ago the Ministry of Finance with its staff of "modern-style" officials could find no better explanation for the dwindling national finances than the influence of malign spirits, in consequence of which they erected a "devil-screen" across the main entrance to the Ministry, to the great inconvenience of the drivers of visitors' motor-cars. Then there was the recent experience of the Peking tramway company, who were forced to pay heavy compensation for killing a pedestrian by the victim's funeral procession dumping the coffin on the tram-lines and remaining there chanting dirges and holding up all traffic until their claims were met. However inconvenient to the public, the procedure had its moral approval, being quite in accordance with the principle of passive resistance which has been developed in China to a degree unknown elsewhere. The anti-British boycott was an instance of the length to which it can on occasion be carried.

Traditionalism is another outstanding racial *trait*. Chinese philosophy, political as well as domestic, looks to the past. Ancestor worship does not easily blend with an active belief in the theory of evolution. The innate conservatism of the race is nowadays disguised to foreign eyes by the extravagant reaction which is taking place among the young *intelligenzia*. It is fashionable for students to break the most sacred laws of China by discarding reverence, even decent respect, for parents, teachers and elders. Some of the maturer spirits, too, in

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despair at the hopeless plight of their country, are adopting a thoroughgoing revolutionary attitude, arguing that it is best to sponge the slate and make a clean start.

But beneath these surface phenomena there remains the immense force of tradition which is giving shape to current events. Many will have wondered why Marshal Wu Pei-fu, after losing Hankow and proving useless to the Northern confederation, was allowed to remain for months in his old Honan capital stopping his allies from passing through his lines to attack the Cantonese on the Yangtze. The fact is that the Northern militarists, though they hold the country in bondage by sheer force of arms, are careful to preserve a show of legitimacy based on the fiction of an unbroken transmission of authority from some generally recognised source. Wu's claim to inherit a share in the government from Yuan Shih-kai is said to explain the reluctance of his disappointed allies to act independently of him.

Again, extraordinary pains have been taken to preserve a constitutional façade for the Northern militarist government. Every new head has to be formally appointed by a predecessor whose powers were derived from the last of the Republican Parliaments, notwithstanding the fact that in all practical matters the constitution is treated by the militarists as utterly non-existent, while parliamentary government has, of course, lapsed for many years past. These elaborate fictions, whereby a mandate is found for the most arbitrary kind of rule, enable Chinese antagonists to preserve one feature which is indispensable in Chinese politics and war, namely, the "bridge" by means of which contending parties can, with a little ingenuity, reach a compromise without loss of "face."

Few comparisons are so invidious as those touching the state of different peoples' civilisations, and opinions are in any case bound to be influenced by arbitrary standards of value. On many counts it is easy to uphold the thesis that the Chinese plane of culture is a higher

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one than our own. But in the sphere of economic and administrative development there is a far wider gap between China and Western countries than the majority of writers and speakers realise. No sketch, however slight, should omit this, and it cannot be better explained than by quoting a few paragraphs from a remarkable report on living conditions in China which was supplied to the Foreign Office by one of our Consuls in 1924 in connection with a general inquiry by the International Labour Organisation.* The author, after drawing an interesting parallel between existing conditions in China and the state of England in Plantagenet times, shows that if lawlessness, violence, and the misery of the common people are a test, the comparison is amply justified. He then proceeds to discuss China's prospects of making up the leeway of five hundred years.

I am quite prepared (he writes) to agree that the changes now going on in China bear a general likeness to those which transformed mediæval into modern Europe. But, however highly we may esteem the virtue and intelligence of Asiatics, it seems improbable that they are so far our natural superiors as to be capable in one act, by the promulgation of one law or code of regulations, or by the united efforts of one generation, should one generation ever be so happy as to be united, of accomplishing what it took Europeans about five centuries to effect. The Chinese have the advantage over us of coming later, and the advantage that class distinctions, though they exist, are on the whole less rigidly defined than they were with our ancestors. They can buy or imitate our mechanical inventions. They may, if they will, profit by our experience and our mistakes. They need not undergo so many, so long or so severe struggles and vicissitudes. But some of their difficulties, political, religious, and not least linguistic, are greater than any which Europeans ever had to encounter. On the whole, I am not sanguine enough to anticipate that anyone now living will see the economic condition of China as a whole very greatly altered from what it has been in the past.

Whatever may be true of limited classes, or of special localities where favouring circumstances have hastened the concentration of

* Despatch from Mr. W. J. Clennel, H.M. Consul at Foochow, in Foreign Office China Series No. 1 of 1925 (p. 43).

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large capital and its investment in westernised forms of industry, the bulk of China is, I should judge, likely long to remain in a stage of social and economic evolution more analogous to that of England in the fourteenth century than to England in the twentieth century, and in all discussions as to the effect of possible labour regulation, that assumption must, I think, be steadily borne in mind. If this generation can raise the average level of China to the English average of 1450 or 1500, it will not have done badly.

This is, I conceive, true even of the great and crowded centres that stand on main thoroughfares of communication and are served, or likely soon to be served, by railroads and steamers. Once we leave those centres, or those main lines of traffic, the chances of levelling up conditions to a modern standard become very much less. To get a picture of the inland parts of Fukien, I would suggest reflection on the fact that, until about the middle of the eighteenth century, the Highlands of Scotland were occupied by primitive clans under their own princes, as little accustomed to take orders from, or model their conduct upon, Edinburgh or London as the Ch'en clan of Yung-ch'un appears to be to obey Foochow or Peking to-day. If for Ch'en Kuo-hui we read Macdonald of Keppoch, and for Li Pu-ch'ing of San-chiao-ts'un we read MacIvan of Glencoe, and if we suppose that we are living in the year 1690, we will perhaps be nearer appreciating the point of view of the above-named gentry than if we suppose them and their neighbours to be twentieth-century politicians alive to all the discussions of Washington or Geneva Conferences.

There is a valuable hint in the concluding words for those who suppose that the Chinese people at large react to—or are even so much as aware of—the words and doings, however momentous, of European or American statesmen. We must now, however, turn to the growth of Chinese nationalism.

III. CHINESE NATIONALISM

THE Boxer Rising is generally thought of as an anti-foreign outburst. Actually it was, in origin at least, more a domestic affair, a conflict between the old China and the new, which the court party were clever enough to divert against the foreigner in order to save themselves.

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Naturally enough foreigners saw most of, and were most impressed by, the aspect which affected them personally, and so obtained a disproportionate view of the whole movement. A similar over-emphasis of the anti-foreign element is almost inevitable in the present situation. Our minds run to the revolt against British rule in India, and it is easy to forget that whereas in India the presence and authority of the Englishman is felt almost everywhere, in China only a fraction of the population have as much as seen a foreigner. It would be rash to attempt a quantitative analysis of the present movement, but it is the writer's belief that, *leaving out of account the Russian-imported element*, the present revolutionary movement is primarily a reaction against China's domestic ills, a revolt against the misery of extreme oppression such as Chinese history has so often before recorded, and that the anti-foreign aspect is secondary.

The movement has received the name "nationalist" by identification with the *kuomin* or "nationalist" party. And, in so far as young China is undoubtedly in a stage of progression from purely racial to politico-national consciousness, the name is justified, but its use is apt to create a spurious analogy with liberation movements among peoples fighting to throw off the yoke of foreign dominion or with the struggles of racial minorities towards separation. It is true that one of the principal aims of the Chinese nationalists is to obtain tariff autonomy (a right already conceded in principle by the foreign Powers) and to abolish the extraterritorial and other peculiar privileges of foreigners living in China, but, however the foreign Powers may have treated China a quarter of a century ago, the idea that they dominate present-day China in any proper sense of the word is nothing short of absurd. If the word "nationalism" is to be used to express the present phase of the revolution in China, it must be cleared of false associations.

The movement traces descent from the small band of foreign-educated revolutionaries who forced reforms on

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the Manchu dynasty in the last decade of their rule and later inspired the rising which put an end to the monarchy. The 1911 revolution was incomplete, and the attempt to jump at a single leap from the ancient system of quasi-theocratic government to an Americanised form of republicanism proved an almost immediate failure. The South, under Sun Yat-sen's influence, very soon broke away from the North, while in Peking Yuan Shih-kai discarded all but the merest shell of constitutionalism even before his final attempt to re-establish a monarchy. Meanwhile the old framework of provincial government was destroyed. The attempt to centralise administration and finance in Peking upset the relationship between capital and provinces, and the latter fell away under the control of a new class of military governor, chosen in the first place from among the generals of the revolutionary army who, when the strong hand of Yuan Shih-kai was lifted, grew into the independent and oppressive *tuchuns* whose name has become an international by-word. The fiasco of the new political experiment, the hopelessness of the economic outlook, and the utter lack of prospects for the modern-trained youth of the country caused bitter disillusionment and discontent among the educated classes, and especially the students, which crystallised into the "student movement" in the early days of the World War. This movement was given a strong anti-foreign turn by the feeling excited by Japan's attempt to bring China under her military and economic thumb by the Twenty-One Demands and the loans made to the Anfu Government. The first notable act of the students was their attack on the Chinese politicians, whom they accused of selling the country, and their instigation of the Japanese boycott. The refusal of the Versailles Peace Conference to look into China's claim to recover Shantung exasperated Chinese educated feeling, and the National Federation of Students, formed in 1919, took on a definitely anti-foreign complexion which the Washington Conference, with its academic "Chinese" treaties and

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reforms—the most practical promise, concerning the tariff surtax, remained a dead letter for nearly five years—did little to dissipate.

Apart from these purely political factors, many other developments combined to destroy the tradition left by the early reformers who saw salvation for their country in bringing it into line with Western civilisation, and to turn the present generation into anti-foreign courses. The spectacle of the World War and of the post-war state of Europe betrayed, in their eyes, the emptiness of the Western form of culture, and many young Chinese openly expressed their disgust with the model that their predecessors had chosen. The cinema came to play havoc, as it did throughout the East, with native conceptions of Western behaviour and morals. A new and dubious type of business man—not for the most part British—set itself up in China and undermined the reputation built up for more than a century by the fine old China *hongs*. Finally, on the intellectual side, there was an invasion of philosophical theorists, both British and American, who taught the untravelled Chinese extreme political and social doctrines, which, as they lacked the background that would have enabled them to see them in their proper proportions, could not fail to do grave harm to the prestige of existing foreign institutions. To these various agencies must be attributed a share at least of the anti-foreign and anti-Christian feeling which more and more permeated the spirit of Young China.

As, in the North, anti-foreign agitation could be indulged in with impunity, while revolutionary demonstrations involved the risk of death, students and their friends, whatever their real feelings, were naturally more often seen preaching the *jehad* and stirring up boycotts against the foreigner than openly denouncing military misrule and plotting its overthrow. Even so, the sneer one often hears that they were afraid to lift a hand against the real oppressors of their country is not altogether deserved. A fair number in the last few years have lost their lives in

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rebellions against military despotism, and many of them have fought in the ranks of Feng Yu-hsiang's or the Cantonese armies. Workmen, too, have suffered death at the hands of the military for preaching radical doctrines.

We now come to the Kuomintang, or the Nationalist party organisation, which has attracted to itself the revolutionary and anti-foreign feeling throughout the country. The Kuomintang came into being at the time of the 1911 Revolution, but its origin can be traced direct from the revolutionary societies started by the early reformers. Sun Yat-sen, the "Father of the Revolution," was its founder and organiser, as he is now its patron saint. If all had gone smoothly in 1911 and 1912, and if Sun had remained president of the Republic, the Kuomintang might have simply been merged in the new constitution. As it was, Yuan Shih-kai, after a somewhat bitter experience of the jealousies and political incompetence of its members, decided to break with the radical party and establish a republican government according to his own ideas. Sun and the other Kuomintang leaders were virtually banished to Canton, always the great revolutionary stronghold, where their headquarters have remained, through many local and national vicissitudes, till the present time. In 1921 Sun and his veteran colleagues, Tang Shao-yi and Wu Ting-fang, considered themselves sufficiently firmly established to proclaim a national Republic in opposition to the North, and Sun was elected its president. Within a few months, however, after one of those acts of party treachery which seem inseparable from Chinese politics, Sun had to flee for his life—assisted in his escape by a British gunboat—and he again became a wanderer in the wilderness which had been his political home for so large a part of his life. Two years later he returned to Canton, and from this point it is necessary to follow events in somewhat greater detail. First, however, a point must be mentioned to make the general situation clear. In politics, as in religion, dividing lines in China are blurred, and there

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is normally a mutual tolerance which is strange to foreign minds. This explains how it was that, although Sun and his party were declared enemies by the Northern Government, Kuomintang partisanship was freely professed, especially by students, throughout the whole country. Even members of the Peking Government have sometimes belonged to it. The Kuomintang in this way had something of a dual existence. It was both the governing body of Canton and a political association which extended right through China.

On his return to Canton in 1923 Sun felt round for material support to enable him to keep in power and to give practical effect to the "three principles," which were his doctrine for China. As these are still the Nationalist motto it is necessary briefly to describe them. They were first the creation of a politically conscious entity and the abolition of foreign servitudes in China, secondly, the establishment of a national government united to the people by the mutual ties which are found in constitutional countries, and thirdly the economic reorganisation of China on quasi-Socialist lines. His scheme for the realisation of these reforms—now an integral part of the Nationalist programme—consisted of three stages; first, an era of military force to destroy the war lords; secondly, a period of political tutelage under the Kuomintang party; and thirdly and lastly, parliamentary rule.

It is said that at this point, in 1923, Sun turned to the British for help. He was technically a rebel, and he had the official reputation of being an unpractical and unreliable dreamer. Great Britain, moreover, had tied her hands diplomatically by the Washington Conference; her help was not forthcoming. Sun's next act went far towards justifying the opinion of his traducers; he bought with bribes, and imported from Yunnan, a large body of mercenary troops of the worst kind to help him against his rivals. The natural sequel took place, and he soon found himself in the power of his prætorian guard. Then

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it was that he took the fateful step of allying himself with Russian bolshevism. In his wild search for external assistance—money, arms and experts—he had already listened to bolshevist counsels, though he was never a convert to their creed, and during his period in exile he had adopted Borodin as one of his advisers. He now turned whole-heartedly to the Russians for help in his dilemma and allowed them to fashion a new weapon after the bolshevist pattern. They took over the Whampoa cadet college and trained a highly disciplined body of young officers soaked in their own doctrines. At the same time they founded a school for propaganda and set to work to convert the Chinese labour guild into the Russian type of union. When the time was ripe the cadets were launched against the Yunnanese, all of whom were either expelled or massacred, and the power of the “Reds” was established at Canton. Sun’s death in 1924 removed a force which might eventually have acted as a check on this movement. Being dead, he was canonised on the model of Lenin, and his name and political testament have been made the watchword of the Kuomintang.

Having obtained an assured footing in Canton, the Russian bolsheviks launched a campaign of intense and heavily subsidised propaganda among the students throughout China. The work was on a scale which made real secrecy impossible, nor was there much attempt to practise it. The propaganda was directed against the Treaty Powers, and Great Britain in particular. Then came the Shanghai and Shameen incidents—the details of which are now too well known to need any description—followed by the cloud-burst of anti-British agitation and the Hongkong boycott.* The intensity and the universality of the “hate” against England in the summer of 1925 came as a shock to Englishmen living in China, few, if any, of whom had realised the

* The Shanghai affair was dealt with in *THE ROUND TABLE*, No. 60, of September 1925, and the Shameen incident and the boycott in No. 63 of the following June.

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depth of the anti-British feeling prevalent among the Chinese *intelligenza*. The foreign Governments were also taken unawares, and the international handling of the situation in its early stage was not of a nature to stem either the anti-British or the anti-foreign movement.

It is, however, necessary to leave this side of the question for the moment and to return to Kuomintang developments at Canton, where a struggle between the extremists and Communists on the one hand, and the moderates, led by Tong Shao-yi, on the other, had ended in the defeat of the latter and their withdrawal to Shanghai, where they carried on an innocuous opposition. Under their Russian tutors the Nationalists then built up a political system faithfully modelled on Moscow. The central executive of the Kuomintang, like that of the Communist party in Russia, became the real source of power. It concealed itself, however, for all executive purposes behind a political council on the lines of the Soviet Government and a Propaganda Bureau which, in a general way, corresponded to the Third International. The Soviet or Committee system was at the same time introduced both into the army and the organs of local government, thus undermining the personal authority of individual officers. Every encouragement was given to the formation of unions of workmen and peasants on ultra-socialist lines. Of the dominant personalities of this new dispensation little is known to the outside world beyond their names. Prominent figures in it have been Sun Fo, Sun Yat-sen’s son, and Mr. Eugene Chen; it is probable, however, that the former owed his position mainly to his name and the latter partly to his reputation as Dr. Sun’s faithful secretary, and partly to the qualities which made him a useful agent for diplomatic dealings with foreigners. It is doubtful if either had any great voice in the party councils. Borodin’s dominating influence has, on the other hand, been an undisputed fact.*

* An account by Mr. Eugene Chen of what his party learnt from the Russians is set out in the Appendix.—EDITOR.

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As soon as the new machinery had been brought into working order the Cantonese launched their attack against the "Northern" militarists who held the provinces as far south as Hunan. With the aid of Russian technical advice, and helped by their newly forged weapon of propaganda, Chiang Kai-shek accomplished the feat, previously thought impossible, of marching an army the five hundred miles to the Yangtze. As he advanced he was reinforced by the Hunanese troops under their own *tuchun*, General Tang Sheng-chi, who deserted Wu Pei-fu and went over to the South, and other bodies of troops were also "snowballed" in the same way into the Southern army.

Hankow fell to the Cantonese forces in the autumn, and after a short interval the government was transferred there from Canton. It is unnecessary to describe the grave series of events which have since occurred, and any survey of the military situation would under existing circumstances be out of date long before it reached the reader; but the spectacle of successive splits between moderates and extremists, which was so marked a feature of the Russian Revolution, is being re-enacted. At the time of writing a struggle has begun between Chiang Kai-shek, the "moderate" Commander-in-Chief, and the Communists entrenched at Hankow. An alternative government has been set up by the former at Nanking, and a state of war now exists between Hankow and Nanking, as well as between both of them and the North. The Communists are being driven out of Canton and other southern places by the friends of Chiang Kai-shek. An attempt, apparently abortive, was made by Hankow to secure Feng Yu-hsiang as Commander-in-Chief in place of the latter. Feng is still with his army in the wilds of western China, the dark horse of the situation.

Militarism

IV. MILITARISM

IN the present revolution nationalism and militarism are opposed forces; but here again the difficulty of language crops up, for in China the word militarism means something quite different from militarism in its ordinary sense. In the first place, it means the political domination of a certain portion of the country by peculiarly Chinese organisations known as military cliques and, secondly, the subjection of the civil population to the arbitrary will of the hordes of soldiery which fill the country. The first applies to all of China which is not under the direct control of the Kuomintang; the second to the whole country, except the comparatively few places where the troops are under proper disciplinary control, or in the case of the South, where they were held in check by the civil power backed by labour unions.

To realise the position in the North it must be understood that the Chinese military clique is not a mere *junta* of professional soldiers. In the time of the Empire the military arm was kept more or less in the background. Every provincial governor had a military colleague in the person of the Tartar-General, but the administration was essentially civilian in character and the military enjoyed comparatively little prestige. Early in the present century Yuan Shih-kai, then a servant of the Manchus, began to modernise the troops and introduced weapons and equipment of the European type. By the 1911 revolution the change had been effected from a mediæval to a modern army. The latter played a leading part in the struggle, and, as is usually the case, the revolutionary generals demanded, and obtained, positions of power under the new republic. Yuan Shih-kai's presidency was, indeed, based on military force, and the natural result was a development of military at the expense of civilian authority in the administration of the country. The provincial military governors,

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the counterparts of the old Tartar-Generals, exalted themselves over their civilian colleagues and earned for the name of *tuchun** the opprobrium it now carries with it.

After Yuan's death the disintegration of the central authority led to the endless party wars for the control of Peking and the possession of individual provinces which have filled the better part of the last ten years. The parties, or cliques, engaged in this struggle have had various origins, but broadly speaking they represent groups of soldiers and politicians united by the bond of fellow-provincialism or by some other common link. Some of the parties, for instance, the Anfu and Chiaotung cliques, were more political, others—the Chihli and the more recent Mukden (Fengtien) and Shantung combinations—more purely military. In all cases, however, the groups centred round a military leader, generally a “hero” of the 1911 revolution. The names of Tuan Chi-jui, Chang Tso-lin, Wu Pei-fu, Tsao Kun and—to come to a later date—Feng Yu-hsiang, the “Christian General,” and Chang Tsung-chang, *tupan* of Shantung, will be well known to the reader. Every party contains a nucleus of army generals who rose to prominence in 1911 or under Yuan Shih-kai, and a number of politicians, chiefly of the older type, not a few of them men who held office under the Manchus and enjoy something of the prestige of “elder statesmen.” In the course of the *tuchun* wars, the successful parties had acquired military recruits in subordinate officers who had done good service to the party leaders in their struggles with their rivals and been rewarded out of the “spoils” with the governorships of provinces. Thus provided with independent means of maintaining and increasing their troops, these new generals—some of them had risen from the position of coolies—have become minor “warlords” of a type comparable with the self-supporting robber-barons

* The changes in the appellation given to military governors of provinces during the Republican era are confusing. Originally called *tutubs*, they later became *tuchuns*, and are now termed *tupans*.

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of mediæval Europe. A prominent example is the notorious Shantung *tupan*, Chang Tsung-chang, who became almost as powerful as his overlord, Chang Tso-lin.

A digression is now necessary to glance at the state to which the country has been brought as a result of political power passing out of the hands of a stable central Government and of provincial governors regularly appointed from Peking into the hands of these military parties, which succeeded each other in the momentary control of the administrative capital, and of the semi-independent *tuchuns* who “hold” and “squeeze” their provinces for as long as their party remains in power. It is no exaggeration to say that throughout the greater part of China the population is completely at the mercy of the man with the gun, or, to be more generally correct, with the Mauser pistol. For millions of Chinese peasants life is expressed in terms of “ping,” that is “soldiers.” The word implies almost inconceivable misery. To be “squeezed” by those in authority is the accepted lot of the peasant, but before militarism took shape the extent was regulated and more or less calculable. It had its limit, for after a certain point a district would turn and bring the traditional Chinese weapon of riots and trade-guild strikes to bear against the officials. To-day masses of brutalised, undisciplined, and unpaid soldiers are moving about the country eating it up like locusts, taking the farmer's cattle and crops, stealing his tiny savings, cutting down his trees, and even tearing the timbers out of his roof to use as firewood. Meanwhile the trading community suffers in other ways. When a military commander quarters himself on a town the merchants are lucky if they are not immediately called upon to make a loan of many thousands of dollars on purely nominal security. The various leaders issue military notes which are used to pay the troops—when the latter are paid at all—and forced at par on the banks and the shopkeepers under fear of punishment which on occasion does not stop short of decapitation. As the free exchange value

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of the notes is often no more than a quarter of the engraved amount, their imposition on the public is a camouflaged form of robbery. The military chiefs control and abuse the productive public services with the partial and diminishing exception of the Maritime Customs and the other foreign staffed services, to wit, the Posts, the Salt Gabelle, and one or two of the railways. The country, moreover, is taxed to the bone to provide munitions of war, whether bought from countries abroad which—unlike Great Britain—are not bound by, or choose to ignore, the international arms embargo, or else manufactured in the native arsenals. The largest of these, at Mukden, is said to consume more than half the total revenues of Manchuria.

This grim picture is only rarely relieved by examples of discipline and a decent conception of civilian rights. The exceptions are chiefly to be found among the Kuomintang forces, notably the Cantonese troops proper, the "First Kuominchun," and Feng Yu-hsiang's own army which gained a brilliant reputation for good behaviour when it was in occupation of the metropolitan province last spring. The Mukden armies too, in certain districts, are retrieving something of their old disastrous reputation. Such exceptions to the general rule are, however, few and far between. The country as a whole suffers under the scourge of a couple of million armed men, the majority of whom are little better than brigands and the cost of whose maintenance is by itself a crushing economic burden.

Such is the condition to which China has been brought by ten years of increasing administrative anarchy and continual fighting between rival "warlords." As regards the latter an important change has taken place in the last nine months since the successful march of the Cantonese expedition to the Yangtze and its capture of Hankow. The threat from the South had the immediate effect of uniting all the Northern *tuchuns* except Feng Yu-hsiang. An alliance was formed by the three military chiefs of Northern China: on the north Chang Tso-lin, the head

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of the Mukden party; on the west Wu Pei-fu, the head of the Chihli party; and on the east Chang Tsung-chang, the *tupan* of Shantung. The allied forces, known as the Ankuochun ("Pacification Army") were placed under the supreme command of Chang Tso-lin, whose army was the largest and best equipped of the three. Thus for the first time since Yuan Shih-kai's death the Northern militarists have lined up under a single leader.

The question arises whether this unified force is to be regarded as merely the latest phase of rapacious "tuchunism" or whether, as claimed by the Mukden apologists, it represents a new political growth, which, if it succeeds in defeating its opponents, may develop into a sound national Government. It is certainly true that the dominant Mukden party has active adherents among the younger foreign-educated civilians who, in conjunction with some of the older politicians and a few of the best of the generals, have patriotic feelings and are anxious to save their country from further exploitation by individual militarists. They declare that they are as much concerned for the rehabilitation of China as the Nationalists themselves, and that their programme is more practical than the Nationalists', because their aim is to set up a constitutional dictatorship which is, they contend, the only form of government appropriate to China in her present state of political development. A certain number even of the students are stated by missionaries, who are in touch with this class, to be transferring their hopes to the Northern party as offering the only practical, however devious, route to the attainment of their ideals. The adherents of the Northern party hold, however, that no start can be made in the direction of political reform till bolshevism is crushed and the provinces united by military action. They deplore the bad name which their party has acquired by association with men of the Chang Tsung-chang type and assert their intention of purging their ranks as soon as possible. In the China of to-day a man with a large army at his back, however

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undesirable a partner, cannot easily be got rid of, and there are hints that the despatch of the Shantung *tupan* to fight the Nationalists at Shanghai was only a variation of King David's method of dealing with Uriah. To sum up, the case of the Northern party—a case little known abroad, since the North have no propaganda to compare with that of the South—is that underneath the militarist régime there is a ripening political force which aims at peace, unification and slow but steady reform on typical Chinese lines as against the revolutionary and largely exotic methods adopted by the Kuomintang.

Men and parties must be judged by their fruits. Little justification for faith in these professions is to be found in Chang Tso-lin's own record, yet it is not entirely wanting. As autocrat of Manchuria he has shown administrative capacity and done much to develop the country which, but for the crushing burden of taxation imposed for military expenses, would be in a highly prosperous state. Foreigners who have travelled much in China have been known to express the opinion that the Manchurian provinces are better administered than any other part of the country, not excepting Canton. Chang himself can hardly, however, be reckoned as anything else than a hardened political reactionary, and confidence in him is waning in view of his habit of gambling, which is said to be near the verge of mania. He has, on the other hand, shown undoubted genius in selecting his entourage. Its outstanding personality is General Yang Yu-ting, his chief adviser—one might say his Grand Vizier. Yang is a man of forty, educated in Japan, and without any knowledge of English. His superior education and intellect give him great influence over his chief and he is already generally regarded as the "power behind the throne." It is in him that the hopes of the progressive members of the party are centred.

But this sketch must now be brought to an end. It is not complete. It does not, for instance, explain why the Chinese, who in the mass are an essentially friendly tolerant

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race, are anti-foreign, especially anti-British, nor what is to be said on the other side. These questions must be left over for some future occasion. When we come to them, however, we need not concern ourselves to show how one-sided and distorted the picture is as the Chinese see it. What matters is that it is the picture that fills thousands of Chinese minds and supplies the groundwork for the anti-foreign and anti-British sentiment among the educated classes.

China. April, 1927.

APPENDIX

The following is an extract from a statement by Mr. Eugene Chen which appeared in the *Manchester Guardian* on May 4 last.—Ed.

Russia has no influence on our foreign policy. Russians do not understand England and never will. We owe the Russians a great deal. What they have given us is technique. Our struggle in China is one against feudalism. We tried to combat it with Parliamentary institutions, and they were a complete failure. What we are now trying to do is to substitute government by party for government by individual feudalists. That is a great step forward, and we have learnt from the Russians how to do it. One of the fundamental weaknesses of us Chinese is unwillingness to take responsibility. The system of party government we have adopted from the Russians frees each individual from too heavy a burden of responsibility by making him the unquestioning instrument of the party. Each man is free to discuss until the party takes a decision. He is then bound to carry out that decision, and the responsibility for it is not his but that of the party as a whole. Parliamentary institutions did not work in China. We have proved that this method does. We do not want Mussolini government. We have had quite enough of it in every province in China. For the individual we substitute the party, and that idea is enough to enable us to bring China out of her feudal period, the last smouldering fires of which you can observe in Chang Tso-lin and similar warlords. In all this (referring to party government borrowed from the Russians) there is no bolshevism whatsoever. I do not believe that the ideals of the Communists are realisable for some twenty thousand years, until man evolves into some new order of intelligence.

The Syndicates

Confederations, into which the syndicalist State is divided, themselves constituted by the twelve National Federations, and finally, at the apex of the pyramid stands the Minister of Corporations, Mussolini himself, with the National Council of Federations.

It proved a difficult task to classify the nation's activities, and it took a long time to constitute the syndicates. The gigantic structure is now, however, nearly finished. What it will be like complete, with its nominated syndicalist parliament and other more or less ornamental additions, it is, however, still too early to say. All that we can do at the moment is to watch its working, and especially see how the relations between employers and employed are regulated. For that is its only important function. It is certainly the one which is most likely to interest foreigners.

The Law was still a Bill when we described its provisions a year ago,* but there are no important modifications to record. The labour courts have been set up, but they have not yet had anything to do, for there has been no conflict between employers and employed of a kind to call for their intervention. Strikes and lockouts are prohibited.† This does not mean that things have gone altogether smoothly. As Signor Benni, the head of the Fascist Federation of Industry, recently admitted, there have been incidents—stoppages of work, impositions, violence and other troubles. But there has been nothing serious, and work under the new law has so far mainly consisted of arranging new collective bargains and revising the old ones. There were more than 1,000 such transactions in 1926. In these the working man has bettered his position, sometimes to a marked extent. The general impression in industrialist and agricultural circles was, indeed, that the Fascist secretaries of his syndicates outdid the secretaries of the old Socialist and Catholic leagues in their intransigence.

For the rest, two conclusions stand out. First, syndi-

* THE ROUND TABLE, No. 62, March 1926, pp. 256-266. † Ibid. p. 261.

FASCIST RULE AFTER FIVE YEARS

I. THE SYNDICATES

AT the beginning of this year the Secretary of the Fascist party proclaimed its motto for 1927 to be: "All power to all Fascism." One would have thought that nothing still remained to do. The stress that Fascists still lay on this motto is, therefore, significant. As doubts grow among the different classes, they naturally have to look with increasing care to the instruments upon which their power depends. For, as Mussolini told the French review, *Candido*, the other day, it rests not upon the will of the people, but on force.

The Government and the Party are, therefore, concentrating upon the consolidation of their position both in the economic and the political field. In the former the Syndicates Law is occupying their attention. This measure, which breaks up the population into syndicates, was passed on April 3, 1926. The syndicates—every kind of activity in a given district is to have two, one for employers and the other for employed—are the foundations upon which the syndicalist State is being built. Next, as we ascend, come the Provincial Federations, which are themselves formed by the syndicates in each province. Over these again are twelve National Federations, six for employers and six for employed, representing industry, commerce, agriculture, banking and transport by land, air and water, together with two special bodies for the professions and the handicraftsmen. Then come the two

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calist reform and the syndicalist State are, it would seem, simply a way of perpetuating the domination of the Fascist party; secondly, the regulation of industrial relations is governed by purely political, one might even say partisan, considerations rather than by economic ones.

A single illustration will suffice for the first point. One syndicate only, it will be remembered,* can obtain legal recognition for each category in a given district, and at least 10 per cent. of the members of such a category, either employers or employed, must be included. The law further makes "good political conduct from a national point of view" a condition of entry. What is the result? The door is closed against you if you are not, or—what is worse—if you do not pretend to be a Fascist. These syndicates do not, therefore, really represent all the members of a given category, only an *élite* selected on purely political grounds. The *mot d'ordre* in their formation is: "Ignore quantity; pay attention to quality." The new syndicalist structure is, in consequence, at the disposition of the Government and the Party from base to apex. There is no mystery about it. On March 5, the Secretary-General of the syndicates himself said at Milan: "Fascism may do what it likes with the syndicates because the fundamental truth is that the syndicates are Fascist, exclusively and desperately (*sic*) Fascist."

Now for the second point. The exchange has steadily improved since Mussolini introduced his revaluation policy last summer. The lira was 150 to the pound in August, by April† it had dropped to 100 or less. As the index figure for wholesale prices also fell from 691.35 in August to 597.90 in March, one would have expected a corresponding drop in retail prices and wages. In point of fact, a reduction of wages was more than once attempted by industrialists or farmers. The Government, however, always stood in their way, and in certain cases wages have

* See THE ROUND TABLE, No. 62, March 1926, p. 260.

† As this article goes to press the exchange is 91 to the £.

The Syndicates

even had to be raised. Last February, for instance, when rice, a staple article of Italian diet, followed the example of corn, and fell from 160 lire the quintal to close upon 100, the farmers proposed to knock two lire off the daily wages of the *mondine*.* The *mondine* syndicates, however, immediately protested through their Fascist secretaries. They did more. They counterclaimed for a rise of two lire. When the employers appealed to the Government it backed the *mondine*. So the employers had to give way. They accepted its ruling "only," as they put it, "for the sake of discipline." Other instances could be cited to show that political considerations are the determining factor in such cases. The Fascist Government favours whichever class suits its book. At first it was for the industrialists and the farmers, because it attained power by their aid and depended upon their support to keep it. Now, however, that they are discontented with the sound financial policy adopted to stop inflation and restrict credit, the Government has transferred its favour to the working classes. To-morrow it may swing back again. These circumstances destroy most of the interest of the Syndicates Law for the foreign student, because they are peculiar to Italy. And even if they were an inseparable accompaniment of a constitution which like the Fascist is based on syndicates, it would be permissible to ask whether the advantages of such a system are sufficient to make up for its evils, *e.g.*, the loss of all public and private liberty.

* The women who weed the rice fields.



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II. FASCIST EXCLUSIVENESS

BUT exclusiveness is not confined to the syndicates; it is found in everything. Italian life, in all its manifestations, has to bear the hall-mark of Fascism and nothing else. The lictors' *fascas*, till yesterday the emblem of a party, have become the national emblem. The calendar dates from the coming of the Fascists into power. One reads "Vth year" on the title-page of one's newspapers. The Fascist salute is compulsory in public offices and schools. No State or commune employee is allowed to express any political ideas opposed to Fascism, or to offer the slightest criticism of it. All secondary and elementary school teachers have had to declare their submission to the Fascist creed, and failure to do so has meant dismissal. It was the same if the teacher was known to have formerly belonged to some other political party. University professors are required to sign an oath of allegiance. Last March the Minister of Education told the Chamber that his task was the *fascistisation* of the schools. He had, he said, kept all anti-Fascist professors out of the universities, even those who had taken a "first" in their examinations. The Government party has monopolised the whole moral and physical education of the young, both inside and outside the schools. It is now entrusted to the *Opera Nazionale Balilla*. No other organisation is permitted. Those already in existence, except religious ones in towns of less than 20,000 inhabitants, were dissolved, notwithstanding the repeated protests of the Pope.

In the administration of justice this exclusiveness is even more felt. The independence of the judiciary has not been spared. Seventeen judges—to give a single instance—were dismissed "for having expressed opinions contrary to the régime," and on December 8 attention was publicly drawn to their punishment as a warning.

Fascist Exclusiveness

When a public official, magistrate, professor or teacher is punished for such opinions, it must obviously generally be for something said in the course of private conversation, as any expression in public is out of the question. Indeed, every way of airing an opinion on politics has been ruthlessly suppressed. Nobody can speak at elections except the Fascists, and they pour scorn on the very idea of an election. The Chamber of Deputies, as everyone knows, does not really function. It meets at rare intervals for short sittings, at which there is no discussion of any kind. Its business is to pass the Executive's provisional decrees into law. Last November 120 Opposition deputies, the section known as the Aventine, were deprived of their seats by its vote. How long Mussolini will tolerate the Chamber's existence no one knows, but if rumour is to be trusted, the King objects to its formal abolition. The Fascist plan is, however, to have instead a Chamber composed of representatives of the syndicates nominated by Mussolini, which would have no legislative power and merely be consulted on technical questions. The electoral system has already been abolished for municipal councils. The provisions of the law of February 4, 1926, which did away with elections in communes with less than 5,000 inhabitants, was extended last August* to all of them. Their administration is now entrusted to a *Podestà* nominated directly by the prefect and indirectly by Mussolini. Citizens pay rates and taxes, which are becoming heavier from day to day, but they have no voice in public affairs. The electoral system has, indeed, fallen so completely from favour that it has been abolished even inside the Fascist party. Secretaries, consuls and other high officials are no longer chosen by the members, but nominated from above.

The abolition of the electoral system would not matter so much if the press had been spared. But the press has been subjected to treatment which has no parallel

* Law of August 30, 1926.

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anywhere. A Press Law was passed at the end of 1925.* Its character was repressive, but it at least left some newspapers in existence which were known not to be mere mouthpieces of the régime. Last November, however, this law was superseded by arbitrary action. All the papers except the subservient ones were suppressed. Certain important journals, such as the *Stampa* of Turin, formerly Signor Giolitti's organ, which like the *Corriera della Sera* of Milan used to represent moderate Liberal opinion, were suspended for a month, and the proprietor of the former was given the chance of either selling it to someone who was *persona grata* to the Government, or of seeing it confiscated and republished by the Fascist party. In this way Senator Frassati was driven from the *Stampa*, which was taken over by Signor Agnelli, of the Fiat firm, just as Senator Albertini had been driven from the *Corriera della Sera* in the previous November. Neither of these papers has yet become an official organ of the Fascist party, but their independence is limited and they have to praise its actions and the Government's. Like every other newspaper in Italy, they are told by the prefect every evening by telephone what news they may publish and what comments they may make. These orders are later confirmed by a written notice which the editor has to sign. No journalist can be employed without the consent of the authorities. All the best ones of the old Liberal régime who have not renounced their political faith have been dismissed and obliged to emigrate or to change their occupation. The result is that Italian newspapers are nowadays all the same. They keep on saying the same thing in the same emphatic manner. A deadly monotony has taken the place of live discussion.

*La dispute est d'un grand secours.
Sans elle on dormirait toujours !*

The Italian public evidently agrees with La Fontaine.

* Law of December 3, 1925. See also the rules of March 4, 1926.

The Defence of the State Law

It avoids reading the papers so as to keep awake. Many of them are in a bad way. Some are actually defunct, and others have amalgamated, but not a single one has increased its circulation. The only newspapers, indeed, which have a better sale to-day in Italy are the French.

III. THE DEFENCE OF THE STATE LAW

LAST autumn an attempt was made on Mussolini's life at Bologna, and on November 19 the new capital punishment law was passed by 341 votes to 12. Some additions were also made to the Defence of the State Law. The most important were the following. All passports were withdrawn as from the beginning of November and it has become very difficult to get a new one, even if you are not politically suspect. If you are known to have entertained non-Fascist views in the past, it is hopeless whatever your need. There are severe penalties for leaving the country without a passport, and a special service has been organised at considerable expense to stop people trying to cross the frontier by land or sea without one. This service is entrusted to the Fascist militia, which has orders to use its arms if necessary. In spite of all precautions, however, many people get away, and there are now a large number of Italian political exiles in different parts of Europe, especially in France.

Besides the suppression of the non-Fascist press, all the political parties except the Fascists have been dissolved, and any attempt to revive them is visited with from three to five years' imprisonment. Their membership had already been reduced to a handful even before November. Associations have also been done away with, whether they had direct political aims or not. The Fascists have, indeed, carried things to such a point that even literary, scientific and artistic clubs are under their control.

Other repressive measures were the *diffida*, the *ammoni-*

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zione and the *confino*. The first is a simple police warning not to do, say, or write anything against the Fascist régime, and the person who receives it has to sign it. There are writers with a European reputation who have had to do this. One of the fiercest Fascist crusades has been against the intellectuals. The *ammonizione* (admonition) is the punishment which attends disregard of the *diffida*. The offender is forbidden to leave his town or village, and has to present himself to the police at regular intervals, and to be indoors every evening by eight o'clock. The keys of his house must be left with the police. The *confino* (forced residence in some prescribed locality) is for "incorrigible opponents" of Fascism. The first move is generally a communication from the police informing the accused that, according to "information received," he has been denounced as an opponent of the régime. The next step is a special commission presided over by the prefect and other officials, before which the accused has to "make his defence." If this is not satisfactory, he is arrested and if he fails within ten days to sign a written declaration promising the Prime Minister to submit to the Fascist régime, he is sent to a colony, or a Sicilian island, or a hill village in the Basilicata or some other southern province, where he is put in the same building as common criminals who are finishing their term with a spell in the *confino*. He is let out every day at 7 a.m., and has to be back by 5 p.m. He is not allowed to mix with the local inhabitants or to enter any public building or meeting. If it is an island, he may not go near the sea. He may not practise his art or profession. An allowance is made to him of 10 lire a day for his keep.

A secret police has been set up under the control of the Fascist militia, and its ways are a mystery to everybody except the unfortunate individuals who find themselves arrested for having expressed themselves to some supposed friend in insufficiently enthusiastic terms about the present situation. *Concierges* are all registered, and it is their duty, on request, to give the police information about

Mussolini and Napoleon III

suspected residents; how they live, what company they keep and what newspapers or other literature they take in. Every citizen has to have an "identity card," bearing his photograph, personal identification mark, and particulars about his profession, etc. If he is suspected of non-Fascist views, his finger prints must also be shown. Without this card no Italian can engage a room in an hotel when he is travelling. People who send abroad "under any form whatever rumours or false, exaggerated and tendentious news and information about the internal condition of the State, which is calculated to lower the credit and prestige of the State" are liable to imprisonment for from five to fifteen years.* Not even foreigners are immune. A German journalist got thirty days' imprisonment with costs in Genoa last March for having sent his paper articles and photographs which the court considered to be a calumny on Italy. Cases under the Defence of the State Law are tried by a special tribunal, with a general in the army or the Fascist militia as president, and five officers of the Fascist militia as judges.

IV. MUSSOLINI AND NAPOLEON III

NO one can fail to be struck by the resemblance of the Defence of the State Law to the *Loi de Sécurité Générale* which Napoleon III had passed in 1858 after the Orsini affair. In both cases the motive was danger. Napoleon, too, cancelled passports, deported his political opponents, dissolved the political parties and had his enemies' movements watched. He also got entangled in a controversy with England about French exiles, which reminds one of Mussolini's with France. The second Empire and Italian Fascism have, indeed, many points of likeness.

There is, for instance, hardly a Fascist decree, the counterpart of which you cannot find among the repressive *décrets*-

* Article 5, Defence of the State Law.

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lois of the second Empire. Neither régime spared any effort to concentrate "all power in the Executive." Under the 1852 constitution the French Parliament was reduced to impotence. Fascism has done the same with the Italian Parliament. The Fascist law extending the powers of the prefects might have been copied from the *décret-loi* of March 25, 1852, which made the French *préfet* omnipotent. Under both régimes liberty is crushed in the provinces. The Italian *Podestà* law is the counterpart of the laws (July 7, 1852, and March 5, 1855) which gave the nomination of the *maires* to the *préfets*, and so indirectly to the Emperor. The revision of the Italian penal code by the Fascist Minister of Justice is on the same lines as the reform of the corresponding French code in 1853. The object in either case was prompter and more drastic repressive measures. Fascism dismisses judges and magistrates who refuse to be its vassals. The second Empire got rid of all the magistrates of the former régime on the pretext of old age.* The treatment of the Italian university professors is no novelty. The *décret-loi* of March 9, 1852, did away with the independence of the French professors and gave the Government the power of dismissing them. By the decree of February 17, 1852, the French press was subjected to the same treatment as the Fascist law of December 3, 1925, dealt out to the Italian press. Even the official bulletin, the *Foglio d'Ordini*, finds its prototype in Napoleon's *Moniteur*.

The parallel is even more striking on the imponderable side, if one compares moral, political and social ideas under the two régimes. Similar conditions, parliamentary paralysis, sterile debates, recurring crises and threats of an upheaval, led in each case to the *coup d'état*. France had to trample on legality to revive the authority of law seventy years before Italy did the same, and Napoleon III, in the first phase of his rule, had the support of both industrialists and agriculturists, just as Mussolini had. The

* Decree of March 1, 1852.

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latter's great idea is to put the State on a hierarchical basis. It was also Napoleon's. Compare his famous words at the Tuileries on New Year's Day, 1852: "For a long time society has been like an inverted pyramid resting on its apex. I have put the pyramid back on its base." Long before Mussolini's time Napoleon went about saying that people did not want liberty, but railways, ships, roads, bridges, opportunities for trade, etc. Both call commercialism "realism" and set it against Liberal and democratic ideology. Both try to distract people's attention from public affairs; politics and criticism of the Government are taboo. *Nihil de principe, nihil de deo*. By way of compensation everything is done to stimulate private enterprise and the spirit of gain. But the atmosphere of public life is in either case a deep silence broken at intervals by spectacular events, feasts, exhibitions, pageants, artistic and sporting shows, etc., calculated to appeal not to the mind—which must be kept inactive—but to the imagination—which has to be excited. Under both régimes, too, we find emblems everywhere—the expression, as it were, of a common idea bearing the official stamp: under Napoleon the eagle; under Mussolini the *fascies*.

Every dictator has the same ambition. He wants to suppress, but even more to create and initiate. His boast is speed and the grand manner in which things are done. Resolute daring must take the place of stick-in-the-mud parliamentarianism. It was so under Napoleon III; it is so under Mussolini. Like Mussolini, Napoleon gave the idea at the outset that he meant to reconstruct forthwith the whole economic basis of the country. The same fine visions haunt both men. Napoleon Haussmannised Paris. Mussolini would restore the splendours of Augustus to Rome. Both profess the same regard for the Church and the same care for the working classes. Mussolini honestly believes that he is creating a new civilisation—*novus rerum nascitur ordo*! The workman, he is convinced, will find his heart's desire in his new State. Napoleon's idea, De la Gorce

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tells us, was that "*le despotisme démocratique conduirait plus sûrement que la liberté à l'émancipation des travailleurs.*" Prudhon himself wrote, "*C'est sous le régime du sabre que commencera tout de bon le travail révolutionnaire.*" No wonder there are socialists in Italy, like the former chiefs of the late General Confederation of Labour, who firmly believe in Mussolini's socialism. Lastly, take De la Gorce's picture* of the second Empire. Could a Fascist fail to see himself in such a mirror?

The dominant preoccupation is at all costs to buttress up authority, and so to endow it that it will be recognised as the only source of all moral and economic progress. The Imperial Government is conspicuous for two things. It is both *compressif* and *progressif*. In the imposition of its will; it does not stop even at brutality; but it sets itself at the same time to gather round it so many advantages that slavery becomes more popular than liberty. Its ambition is to compass by despotic means the well-being which has in the past been so imperfectly realised and hindered by so many obstacles. It would in this way provoke a flattering comparison between the halting gait of the fallen régimes and the resolute movement of the new reign. It combines threats with blessings, terror with delight; it gathers in its hands favours of every description, and showers them upon the people in a beneficent rain, but a rain that falls only on those who fear it. . . . It keeps two lists, one of penalties, the other of rewards, and both are equally inexhaustible. Wherever the inquisitive policeman, the cruel gendarme, the mixed commission which deports you pass, there also pass the economist, the statistician, the engineer, the philanthropist and the man of action; all in a word who have labour to give, who develop wealth, or who help the poor and sick. It is its policy to compel obedience, but to pay profusely for it, and its generosity is particularly marked towards the masses, or, to use the ordinary term, the *working classes*.

A comparison between Fascism and other absolutist régimes has a value for Europe, for it enables it to avoid certain mistakes. There is too much talk about Mussolini and Fascism. It is easy to understand the reason. Distracted by the difficulties left behind by the war, many foreigners wonder whether the Fascists may not have a plan for themselves. But they are doomed to disappoint-

* *Histoire du Second Empire*, par Pierre De la Gorce, Vol. II, p. 3 (translation).

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ment. There is nothing new in Mussolini. He is no doubt a remarkable character, but to understand him one must turn to the past. His message will deceive no one as regards the future. Fascism is simply an old remedy for an old ill. The arguments it uses to discredit liberty, democracy, parliament and the electoral system, and to extol autocracy, force, bureaucracy, obedience, etc., have often been used before. Some of them can be traced back to Hobbes. They were all confuted by the encyclopædists. The Italian converts to absolutism, the young writers for whom Fascism is the new civilisation which the third Rome is to confer upon the world are simply treating us to a course in political archæology. Fascism's only value for the outside world is as a warning to constitutional governments and socialists. For it was the weakness of the former and the extravagances of the latter that provoked and to some extent justified Fascism in Italy.

V. THE ITALIAN STANDPOINT

IT remains to consider the standpoint of Italy, taking into account her peculiar historic and economic background. Opinions differ about the merits of Fascism. Its supporters make large claims for it. They say that it has restored the State finances, stimulated public works—eight milliards of lire are being spent in this way at the moment—improved the public services, encouraged the mercantile marine, assisted industry, commerce and agriculture, re-established order at home and raised the prestige of Italy abroad. It has also, they say, carried out all sorts of reforms with thoroughness and despatch. In the moral field, they point to the spread of discipline and obedience to law and constituted authority, the noble zeal for improvement, the enthusiasm for national enterprise, the spirit of emulation and of self-reliance, so weak under former régimes, the virile military training and the devotion to country.

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Fascism's opponents, on the other hand, to take the State finances first, say that it is impossible to analyse them, and even if it were possible, it would be of no use, as discussion is not allowed. The budget figures have to be accepted at their face value. They consider, however, that the enormous scale of public expenditure justifies doubt, for it could hardly be met out of ordinary revenue. The fiscal pressure is almost intolerable. As to public works, many of them were, they say, not strictly necessary, and only started, especially in the south and the islands, to win support. Instances of corruption are, they point out, of frequent occurrence both in the placing of tenders, where control is out of the question, and in the public administration. Fascism's assistance to industry, commerce and agriculture is admitted, but it could not alter economic laws or stave off the present crisis. The Government prevented strikes, but it could not prevent unemployment. It has protected certain industries with its duties, but it could not give them the capital which they are now looking for abroad. Foreign loans, whether dollars or sterling, may help industries to develop, and the Government to bring down the rate of exchange, but, if the critics are to be believed, they will end in the enslavement of Italy to foreign capital. As to the moral field, whatever virtues Fascism has to its credit are, in their opinion, more than counterbalanced by the evils—servility, flattery, insincerity, espionage, want of dignity and moral courage, which every despotism brings in its train. And they meet the boast about the revival of Italian patriotism with Voltaire's famous retort: a man who has no part, direct or indirect, in the government of his country can neither consider himself nor actually be a good patriot.

There is probably truth on both sides. On one point there is complete unanimity. Whatever one may think of the régime, it is not going to fall. It has plenty of difficulties. There is a veiled but real conflict between it and the monarchy. There is an open though court-cous conflict

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between it and the Vatican. Among the people themselves silence now reigns supreme. Not a breath disturbs the languid air. Fascism's popularity seems assured. The reality is different. It has lost a good deal of industrialist and agriculturist sympathy without breaking down the distrust of the masses. Practically all the intellectual elements are against it. There is an acute economic crisis; the cost of living has not gone down; taxation is incredibly heavy; there is a vague feeling of uneasiness. But the end is not yet. With the old constitutional machinery smashed, the parties wiped out, opposition annihilated, and all expression of thought suffocated, no peaceful change is possible. On the other hand, there is an armed oligarchy, some hundred thousand young men of the middle and lower middle classes who, after the war, faced with the phantom of poverty, threw themselves into the Fascist revolution. They know what they have sown in the way of hatred, and with possible reprisals in mind, they are not going to relax their grip on power. Some expect the end to come after an external shock. But Mussolini's foreign policy has proved wiser than the words he likes to utter. Credit cannot, indeed, be withheld from him for the way in which he has drawn the attention of the world to the problem of Italy's superabundant population, though the only visible result so far is a not unreasonable apprehension.

With the contingency of war ruled out, it is impossible to say what the future has in store. Perhaps the régime will gradually soften as it gains experience. It may drop some of its theories, abandon its reactionary laws and restore a certain amount of freedom. *Solvitur ambulando*. But the anxiety which the present situation inspires must not blind us to the other side of the picture, the adaptability of the Italian masses, their historic traditions, the inconclusive character of their brief experiment in freedom, their tendency to lean to the materialistic view in politics. With such factors to aid it, Fascism may continue, even as it is to-day, for years to come.

THE PRESIDENT AND HIS PARTY

MORE than a decade has passed since America first thrilled to the thought of a world made safe for democracy; and half that span has run its course since the electorate was enticed by the prospect of a nation returned to normalcy. It has become trite to comment on the disconcerting celerity with which history makes nonsense of our best phrases. The world is not safe for democracy, and the return to normalcy has been anything but a delight. Demagogy, however, is holding its own. Mr. William Hale Thompson has just won more than half a million votes and the mayoralty of the great city of Chicago by attacking King George the Fifth and Buckingham Palace under the slogan "Shall it take seven Yanks to equal one Englishman?" And this for Chicago is deplorably normal. So human events take their ironic and uneven course and the nation prepares with fortitude for its greatest sporting event, the quadrennial presidential election held in every city, town and unorganised plantation of the United States on the first Monday of November, 1928. It is still a good while away, but by no means too remote to engage the ardent contention of politicians and party leaders and the furious speculation of newspaper writers.

To foreigners and those who look with detachment upon American politics, nothing is more remarkable than the artificiality of America's bi-partisan party government. Every four years the Republicans of the country are lashed into a fury of excitement and apprehension lest the Democrats get control of the national government, and the

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Democrats burn with zeal to wrest authority from the party of special privilege and wealth. And what actually is the difference? Seventy-five years ago there was the moral and the economic issue of slavery between the two parties. Twenty-five years ago there was Free Trade for the Democrats and Protection for the Republicans. Even to-day a few stalwarts go to the polls to vote for Abe Lincoln's party or Andrew Jackson's party. But these people are getting constantly fewer. It is generally recognised that the Civil War is over, just as, outside of Chicago at least, we have made our peace with King George the Third. Nor is the tariff a live issue of the American party system to-day. Nobody imagines that if a Democratic administration were to take office in the spring of 1929 the protective tariff would be abolished. We should simply have a change and "protect" different commodities and in different degrees from those which we now protect. Most Democrats make no profession to the contrary. A leading Democratic Senator, Bruce, of Maryland, has recently observed in discussing the issues open to the Democratic party: "With the creation of the Tariff Commission and the enactment of the flexible clause of the present tariff law, the old classical tariff controversy between the Democrats and Republicans has been superseded by mere competition between different degrees of protection." Thoughtful Americans know all this perfectly well. The Republican party leaders know when they are haranguing their multitudes that the Democrat whose election they oppose so vehemently is quite likely to vote for exactly the same policies as the candidate whose election they argue to be essential to the national welfare. If this is true in national politics it is trebly so in State politics. State legislatures are often in session an entire winter without a single party vote. Once the Republican floor-leader advocates a particular measure the Democratic floor-leader hastens to advocate the same measure so that no one can claim that this is a party question, and so derive a

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party advantage from forcing the issue to a successful vote.

Why is it that Americans who have a keen enough sense of business realities allow themselves to be satisfied with these dummy parties and fictitious issues? Why is not the issue drawn and the battle fought upon some live question of the hour? Why is not the contest waged squarely between the Imperialists and the Little Americans, between the League of Nations and the Isolationists, between the Wets and the Drys, between Capital and Labour, or between orthodox Capitalism and Communism? These would be genuine struggles, holding in their outcome something significant for the future of the Republic, if not for the future of mankind. But no. The match must be played in the old uniforms. It must be the Republican-Democrat match. It has drawn the crowd for two generations, and the managers will be slow to risk putting on other teams.

The truth is, that in the field of ideas, abstract and political, the American people are of all people the most conservative. They will scrap a factory worth millions to erect a still more expensive factory which they hope will be more efficient. But they are quite willing to keep the political factories on the output of the 'eighties and the 'nineties, and they will spend millions in advertising the timeworn product. Of course, they realise as keenly as any foreigner how hollow are the ancient fictions. But they defend, if they take the trouble to defend them at all, by saying that it is much more wholesome for the country to be torn quadrennially asunder by these fictitious issues than by issues which would really and seriously stir or divide the nation; as, for instance, radical and conservative parties might divide it. And probably they are altogether right. As long as men will rally to the old party organisations and be loyal to the old party symbols, it is far better that they should. The lines of cleavage between the present parties cut athwart not only social classes, but all

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manner of opinions upon current questions. The parties absorb the shocks of social and economic controversies and tend to keep the nation from extreme policies in any direction.

To be sure, third parties crop up every now and again. In the 'seventies, for instance, there was the Greenback movement. In 1912 ex-President Roosevelt split the Republican party by his Progressive revolt. In 1924 the late Senator La Follette, of Wisconsin, headed a new third party of Progressives who made their attack upon the authority of the United States Supreme Court and sought to subordinate its position to that of Congress as the final arbiter of the Federal Constitution. But no substantial third party movement has ever been long-lived. It has been decidedly the type of exception which proves the bi-partisan rule. In 1924, for instance, the Republican managers made excellent strategy of a rather wilful inability to distinguish between the conventional Democratic Opposition and the new third party. The Democrats, they insisted, were Progressives under the skin. It was in vain thereafter that the Democrats protested their repugnance to such an alliance. In the Republican books a vote for the Democratic candidate, John W. Davis, was a vote for La Follette. Thus, the influence and interest of both the old parties is to crush out defections or new party movements.

Nevertheless, under the name and style of Republican and Democrat, it happens that very real clashes of opinion do occur. For these, however, the student of American politics must look beneath the surface of party designation. Conceding that in 1928 the United States will be standing resolutely to its bi-partisan traditions, we are brought to inquire what the Republican party is to do about the agrarian discontent in the ranks of its middle-western farmers. Because in the answer to that question we are likely to learn the identity of the next President of the United States.

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An enthusiastic local poet, in a popular effusion entitled "Where the West Begins," defines its boundaries in a variety of phrases, and not least by this:

Where the hand clasp is a little warmer,
There's where the West begins.

Politically speaking, the Republican west begins where the hand clasp is a little cooler and culminates where it is decidedly chilly. Geographically speaking, the area of discontent covers the wheat and corn States, Iowa, the Dakotas, and some of Kansas, Nebraska, Minnesota, Indiana and Illinois.

The story of the great agrarian coolness begins like many other stories in 1914. That was when the world commenced its increased demands upon the American farmer. The supply of world wheat and corn in that year began to diminish and the demand did not. In the six years from 1914 to 1920 the average prices of agricultural products doubled. Wheat went from a dollar a bushel to two dollars and a half. Corn (maize) rose from sixty cents a bushel to a dollar and a half. Cotton rose from twelve cents a pound to thirty-three cents a pound. The prices of agricultural lands increased in the ratio of the value of the crop. And naturally the crop acreage was increased prodigiously. The acreage under wheat is estimated to have jumped from fifty-four million to seventy-five. Farm lands valued at thirty billion dollars in 1910 were valued at fifty billion in 1920. In agriculture, as in industry, people were shortsighted. The return path to normalcy was full of thorns. In the war all sorts of land were sown to crops, and the value of land was estimated by capitalising the annual value of its produce. The same was true of buildings and agricultural equipment. Unfortunately, finance shared the delusions of the farm. Banks made loans upon the inflated values and took mortgages of the farms.

When deflation came the farmer felt it sooner and more

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grievously than the industrialist. As the upgrade had been quicker on the farm, so the downgrade was quicker. In one year the average value of farm products declined to a point only 25 per cent. higher than the pre-war level. In 1920, cotton went down $62\frac{1}{2}$ per cent., hides $52\frac{1}{2}$ per cent., corn 53 per cent., rice 58 per cent., steers 38 per cent., hogs $33\frac{1}{2}$ per cent., pork $38\frac{1}{2}$ per cent., lard 47 per cent. At the same time, industrial commodities stuck at 50 per cent. higher. Steel billets declined only $9\frac{1}{2}$ per cent., pig iron $8\frac{1}{2}$ per cent. That meant, of course, that in purchasing capacity the farmer was not holding his own with the city man. It took a bushel and a quarter of his wheat to buy what a bushel had bought before. Lately the gap has narrowed, but not closed. The farmer insists that the sweat of his brow is still unable to bring the results that it brought either before the war or during the war. And he has reason.

Therefore, as his farm dollar is not the equivalent to a city dollar, he is being denied, he says, his fair and equitable share of the great American prosperity that everybody talks about, and the great Coolidge prosperity that all Republicans talk about. And since 1920, the year of the Republican restoration, his lot is grown not better, but worse.

So the farmer came to Washington with his woes and Washington heard him. The majority of the Senate committee on agriculture found in his behalf

that the percentage of the total national income which has gone to agriculture has steadily declined since 1920 from 13.8 per cent. in 1920 to about 7.5 per cent. in the last fiscal year 1925-26. Whereas the percentage of our total population in agriculture to-day is 26 or 27 per cent. of our total population, this portion receives about 7.5 per cent. of the total national income.

The farmer blames the tariff. He says it protects industry and not the farm. He says it protects the things he buys, but not the things he sells. This is not true, but it is near enough the truth to be a potent political

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maxim. Flax, sugar, wool, butter and certain classes of live stock are "protected" by the tariff. Agricultural implements and machinery, harness, leather boots and shoes, cattle and horses for breeding purposes, rough lumber, fertiliser materials, gasoline, binder twine, and numerous other commodities are on the free list.

The farmer looks about him, and he sees the oft-reviled railways. They are guaranteed an income; why not he? Ingenious people answered that argument by pointing out that it wasn't so. The railways are allowed by law to earn up to 5½ per cent. of the value of their invested capital, but that income is not guaranteed them, and actually there have been many years when they lost money. In other words, the only government guarantee was not of a reasonable income, but against an excessive income—which is quite different.

Failing relief by having his earnings guaranteed, the farmer toyed with another project of relief by putting the Government into business. Surplus farm products were to be bought from the farmers at a fair price and exported by the United States Emergency Wheat Corporation, or whatever it might be called, at such price as it might fetch. In this manner obviously the farmers' loss was shifted directly on to the Government. The scheme was too bald to win adequate support. Finally, the farmers' unrest became crystallised into a demand for the passage by Congress of farm relief legislation known as the McNary-Haugen Bill. There have been three successive Bills in the McNary-Haugen dynasty.

McNary-Haugen I provided for price fixing at any level necessary to equalise the position of the farmer with that of the city man as to buying power. Its price-fixing characteristics were so evident that it was defeated. McNary-Haugen II provided for price fixing on crops at the world level plus the American tariff and this Bill was defeated in 1926.

Under the terms of the third McNary-Haugen Bill,

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cotton, wheat, corn, rice, tobacco and swine were designated "basic agricultural commodities" and the policy of Congress was declared to be "to promote the orderly marketing" of such commodities, "to provide for the control and disposition of surpluses of such commodities" and to enable their producers "to stabilise their markets against undue and excessive fluctuations, to preserve advantageous domestic markets, to minimise speculation and waste in marketing," and to encourage co-operative marketing associations. The Bill created a Federal Farm Board, to consist of the Secretary of Agriculture, *ex officio*, and twelve members, one each from each of the twelve Federal Land Bank Districts to be appointed by the President from lists of eligibles to be submitted to him by a nominating committee elected by farm and co-operative organisations. Under the Bill this Federal Farm Board is given \$250,000,000 of pocket money, known as a revolving fund. This is petty cash for a start; the Bill names no maximum limit of appropriations. With this fund the Federal Farm Board may by purchase remove or dispose of any surplus of a basic agricultural commodity, may purchase it and stabilise the price by diminishing the supply, may insure it against "undue and excessive fluctuations in marketing conditions" or finance its purchase, storage or sale. The Bill also creates "commodity advisory councils" of seven members, fairly representative of the producers of the commodity, whose duties are in brief to co-operate with the Federal Farm Board in advising producers and co-operative associations and farm organisations in the adjustment of production in order to secure the maximum benefits under the Act.

All this sounds fairly complicated, and the machinery is fairly complicated, but the idea behind the Bill is not so difficult to grasp. The chief function of this new Federal agency would be to lose money for the taxpayers. This it might do in a variety of ways, but most often presumably, by purchasing surplus commodities at the top price and

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marketing them abroad at whatever they would fetch. To offset this the Bill provides for an excise tax or "equalisation fee" to be paid "on the transportation, processing and sale" of each unit of a basic agricultural commodity. To see how this works, we may take a concrete example. Suppose the world price of wheat is \$1 a bushel; the American tariff is 42 cents a bushel. Ordinarily the American farmer will sell at the world price of one dollar, but if the Federal Farm Board will absorb all surplus at \$1.42 for sale abroad at a loss, then the price of wheat sold at home will, according to the new economic policy of the middle-west, rise to or be stabilised at \$1.42 likewise, so that the proceeds of the American wheat crop will be 42 cents all around greater under the McNary-Haugen Bill. To be sure, the Federal Farm Board loses at least 42 cents a bushel on the surplus marketed abroad, but this loss is made up to the treasury by assessing an excise tax, or equalisation fee as it is called, amounting per bushel on the whole crop to a sum sufficient to pay 42 cents a bushel or whatever the loss is on the crop exported. Thus, if the year's crop is 700,000,000 bushels and 100,000,000 bushels are exported as surplus, the loss to the Government, i.e., the difference between purchase price and world price, would be, say, \$42,000,000, which would be made up to it by an equalisation fee of 6 cents per bushel paid by the processor, who has thus lifted himself by his own bootstraps to the extent of 36 cents a bushel. In the case of wheat or corn, the term "processing" is defined as milling for market; in the case of cotton, the term means spinning, milling or manufacturing.

Obviously the person who would ultimately pay this equalisation fee which pays for the Government's loss is our old friend the ultimate consumer. And it is to be borne in mind that this applies not merely to wheat, but to flour, corn, rice, tobacco, pork and pork products. The Federal Farm Board under the Bill does nothing directly. The Government must not be in business; that would be

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Socialism. But the Board works through its agents, millers, packers and exporters, agreeing to indemnify them against all "losses, costs and charges, arising out of the purchase, storage, or sale or other disposition" of the surplus. And in the case of agreements insuring any commodity against undue and excessive fluctuations in market conditions, the Board may insure any co-operative marketing association against decline in the market price for the commodity at the time of sale.

Doubtful as are the provisions of this Bill as applied to wheat or pork, they are certainly more doubtful as applied to cotton, of which some seventy per cent. of the world's supply is grown in this country and which is on the free list. As to cotton, the scheme is a pure price-fixing scheme for the benefit of the growers. The inclusion of cotton in the Bill was an afterthought merely to catch Southern votes.

Such, then, was the complex and fantastic experiment in economics which came before the United States Senate on February 11, 1927 and received a passage by a vote of 47 to 39. Seven months before, the Senate had defeated a substantially similar measure by six votes. Another project of farm relief, which would have had the support of President Coolidge, was beaten by a vote of 54 to 32. Attempts in the Senate by opponents of the measure to have potatoes, hay, apples and dairy products designated basic agricultural commodities failed dismally. The only amendment accepted by the Senate was one providing that the Federal Farm Board should defer operations in any basic agricultural commodity until it became satisfied that a majority of producers of such commodity desired it. It is not easy to say how the Board would become satisfied of such a sentiment.

On the seventeenth day of February the Bill came to a vote in the House of Representatives. In vain did Representative Tillson, of industrial Connecticut, the Republican floor-leader, assail the fallacies of the Bill, economic and constitutional. Gilbert Nils Haugen, Congressman for

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the 13th session from the Fourth District of Iowa, was the master of the situation. Southern Congressmen who voted against the Bill in 1926 were won over to it. The cotton crop, the great staple of the Southern States, sold for half a billion dollars less on eighteen million bales in 1926 than sixteen billion bales had fetched in 1925. In the face of this harsh fact they were not preoccupied by economic theory. Amendment after amendment was presented and voted down. When the final vote was taken upon the Bill as it came from the Senate, it stood 214 "yeas" and 178 "nays." For the nonce the farmer was relieved.

For a few days the newspapers speculated as to whether President Coolidge, whose opposition to the measure had been known of old, would exercise his constitutional power of veto upon the Surplus Control Act—to give the McNary-Haugen Bill its brief official title—as he had before on the Adjusted Compensation Act to give Federal assistance to the veterans of the world war. Under the Federal and State constitutions this is the only part which an American executive has in legislation. But it is an important one, not only because it requires a two-thirds vote of both branches to pass a Bill over the executive veto, but also because the veto carries with it all the personal prestige and authority of the executive and, as a practical matter, nearly always changes some at least of the votes originally cast for the measure.

Speculation, however, was not for long. Three days within the constitutional period allotted to the President for his deliberation his veto message was returned to the Senate. The President devotes about eleven thousand words to a statement of his objections to this kind of relief and subjoins a five-thousand word opinion of the Attorney-General of the United States upon its constitutionality. He objects to the Bill because it discourages diversified farming and puts a premium upon the uneconomic one-crop method. It gives a sectional "relief" merely, ignoring

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the producers of beef and sheep, dairy products, poultry, potatoes, hay, fruit, vegetables, oats, barley, rye and flax. The Bill guarantees a profit not to the farmers but to the exporters, packers, millers, cotton spinners and other processors. The legislation involves governmental fixing of prices. "Governmental price fixing, once started, has alike no justice and no end." The Bill would not benefit the farmer. The cotton acreage in five years has increased seventeen million acres. If the Bill were to become a law "millions of farmers, each acting independently, with no assurance that self restraint on his part in the common interest will be accompanied by a like restraint on the part of millions of other individuals scattered over this immense country, will do just what anyone else would do under the circumstances, plant and grow all they can in order to take full advantage of a situation which they fear is only temporary." The control by twelve men of the agricultural industry and of the price of the necessities of life gives away unprecedented and despotic governmental powers. "No man can foresee what the effect on our economic life will be of disrupting the long-established and delicately adjusted channels of commerce. That it will be far reaching is undeniable, nor is it beyond the range of possibility that the present Bill, if enacted into law, will threaten the very basis of our national prosperity, through dislocation, the slowing up of industry, and the disruption of the farmers' home market which absorbs 90 per cent. of his products." Moreover, by dumping products like cotton cheap in the foreign market, while we maintain the domestic price at a high figure, we build up foreign competition. The Bill "calls for an aggregation of bureaucracy dominating the fortunes of American farmers, intruding into their affairs and offering infinite opportunities to fraud and incapacity. It does not replace any middlemen or manufacturers; it means that thousands of officials are set to watch them and the farmers to see that they do not evade the requirements." If a Federal

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Farm Board for farm products, why not a Federal Coal Board, a Federal Copper, Lumber, and Textiles Board? "Such action would establish a bureaucracy on such a scale as to dominate not only the economic life, but the moral, social and political future of our people." And so on, in a stream of merciless but agriculturally unpalatable logic.

The farm leaders will certainly renew their battle at the next session of Congress. But outside Congress greater forces are set in motion. The President has "dashed the hope of twenty millions." He has "slapped hundreds of thousands of intelligent farmers in the face." He has "sentenced the agricultural west to continue to feed the industrial east for less than the cost of production." They are "holding a lodge of sorrow" in the corn belt. Political comments on the veto would fill a little anthology of western invective.

So the Republican party faces the great and solemn referendum of 1928 with the unreconciled and irreconcilable farmers of the middle-west. Will Calvin Coolidge, the cold-blooded New England perpetrator of this constitutional outrage, be able to secure the nomination of his party, or if nominated can he lead it to victory against the hosts of agriculture unrelieved? This is the Republican rub. And if not Coolidge, then where shall the leader be found? Is it in Charles G. Dawes, the Vice-President, Chicago banker and son of Nebraska, or in Frank O. Lowden, sometime Governor of the great agricultural State of Illinois, and a man whose interest in the farmer is well established?

Beside the antipathies of the west, which flout traditional economics, is the antipathy of those who cling to the traditional political conception of "no third term." Senator Norris, of Nebraska, is quite certain that if Coolidge is re-elected the United States is no better than a monarchy. Federal patronage will secure a President in office for life. To be sure, Mr. Coolidge has been elected President of

The President and His Party

the United States but once. As Vice-President he came to the office by the death of President Harding in the summer of 1923, and served only a trifle over a year before his first election to the Presidency. So that his case is parallel to that of Roosevelt, who succeeded to McKinley in 1899. Can this taciturn Yankee lawyer succeed where the strenuous and impetuous hero of the Spanish War failed? There is much which points to an affirmative answer.

The veto of the McNary-Haugen Bill which has cost him so much in the west has made new friends and solidified old friendships elsewhere in the country. The great business interests of the country are with the President. Prosperity is with him, and in another year the agricultural index may rise up to "equalise" the farmer all of its own accord and spare the necessity of legislation. The Governor of the Federal Reserve Bank of the Tenth District, located at Kansas City, has been heard to say that the American farmers are in better financial condition than ever before, and that another good year is in store for them. The banks that failed failed from mismanagement; four out of five should never have been started. And there are some people in the corn belt even outside the banks who agree with him.

It really looks as if the Republican campaign buttons of 1928 would bear the magic name of Coolidge and coupled with it as candidate for the Vice-Presidency the name of a man who pleased the farmers of the corn belt. Maybe Senator McNary, of Oregon; maybe someone else who answered "Yea" when the roll was called; maybe an outsider who joined in the lodge of sorrow when Calvin Coolidge said "No."

United States of America.

April 25, 1927.

THE ECONOMIC FUTURE OF GREAT BRITAIN

(CONTRIBUTED)

I. INDUSTRY AND COMMERCE

IT is eight years since Peace with Germany was signed at Versailles. At no time in the course of that period has the economic position of this country been satisfactory. There has been improvement, but the improvement has been irregular and on the whole desperately slow. For a time people were content to attribute our economic disorders to "the War." The War seemed to offer an adequate explanation of all the great changes which distinguished post-war from pre-war conditions. It hardly even seemed necessary to ask exactly through what causal chain each such change was being brought about. But, however great the cataclysm, some sort of recovery must follow. To estimate the nature and extent of the recovery we must distinguish, among the causes of our present misfortunes, those which are permanent from those which are transitory. Only so can we form an idea of the economic future of the country, compare it with the past and calculate the loss and gain.

The War interrupted a period of economic progress. What were we then hoping for? The economic position of Great Britain was in several respects peculiar. It was peculiar in respect alike of production, of commerce, and of finance. The British manufacturing pre-eminence of

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the nineteenth century had already been successfully challenged. If our primacy could be said to have survived, it was at any rate no more than that of one who is *primus inter pares*. The British production of iron and steel had been far outstripped by that of Germany or the United States. There remained the special advantage in the *export* trade of the heavy industries, that the coal mines in Great Britain are very close to the sea. American exports of iron and steel and engineering products are hampered by the relatively heavy cost of transport by rail from the mining districts to the coast, which offsets the unique natural advantages of the American coalfields. The German heavy industries are tied to coalfields which do not offer better natural conditions of production than the British, and they are much further from the sea, so that they are handicapped in oversea markets. But they have the advantage in overland trade with the Centre and East of Europe.

But, important as they are, the heavy industries never quite held the first place in the British productive system. The lead among manufactures, from the beginning of the industrial revolution, had belonged to textiles, and particularly to cotton. The supremacy of the British cotton industry was undisputed in 1914. Outside these two big categories there were multitudes of other manufacturing industries, mostly dependent in a greater or less degree on export markets. The peculiarity of British manufacturing activity does not lie in any pre-eminence of quantity or quality over the corresponding industries in other countries, but rather in the fact that manufacturing forms a greater proportion of the total production than in any other country (with the possible exception of Belgium). The predominance of manufacturing has been assisted by historical and physical causes. The plentiful coal supply encouraged other industries besides iron, steel, and engineering. The climate of Lancashire favoured cotton spinning. Immunity from invasion during the Napoleonic Wars gave the country a

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long start in the industrial revolution. Special British aptitudes for manufacturing in various directions have helped.

But it is a mistake to trace the predominance of manufactures mainly to these causes. The real foundation of our economic system is not industry but *commerce*. Commerce depends on geography, and the same geographical circumstances that make a country a great commercial centre make it a great manufacturing centre. A commercial centre is essentially a place at which the merchant engaged in international trade may stop his goods and choose their further destination. Its selection for the purpose depends on its having good communication on the one hand with sources of supply, and on the other with a number of different markets. When materials stop there *en route*, the opportunity may be taken to apply a manufacturing process to them. Some manufactures need to be close to supplies of bulky materials, such as fuel, that are destroyed in the process of manufacture. Others are best carried on in close proximity to the ultimate consumer. But some are independent of any such considerations, and gain from being concentrated at a convenient centre of distribution.

The British Islands have long possessed great geographical advantages for these purposes. Their position in relation to the economic system of Europe might be equalled, but hardly surpassed, by some Continental centres. But in addition they had the advantages, military, political, and economic, of an island position. Partly from the needs and partly from the aptitudes of an island population sprang both a unique mercantile marine and supreme sea-power. Colonial expansion was the logical result. The sovereignty of colonies carries with it many economic advantages, among them that of regular communication with the overseas possessions. At a stage where economic needs by themselves would only lead to occasional communications, economic and political needs together might justify some-

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thing more systematic. Lines of sea communication once established, economic development on dry land accommodates itself to them. Even if in origin they were as much political as economic, they became an economic necessity, and are as unalterable as if they were tied to a double line of steel rails passing along cuttings, embankments and tunnels.

II. A CREDITOR NATION

BRITISH manufacturing pre-eminence may have been transitory; British commercial pre-eminence, though not indestructible, is more solidly founded. Commercial pre-eminence carries with it various economic consequences.

In the first place finance follows commerce. It is not for nothing that the historic firms of the City of London describe themselves as "Merchant Bankers." Commercial wealth is *mobile*. It is the natural foundation for a banking system. Banking assets secured on goods in course of passage through a great market are more realisable than any others.

Commercial wealth is also a source of *profit*. Profit is the income made by a trader, one, that is, who either produces or buys in order to sell. It is something *additional* to interest on capital and remuneration for risk. It may be regarded as the remuneration of the trader's personal activities, but it is proportional not to his skill or his exertions, but to his *turnover*. It is the excess of one market price over another, or of a market price over costs which is determined by markets. The profit gained by producers arises in the places where they produce; it is spread out where there is room for the capital and labour used in production. The profit gained by retailers arises in the places where they find their customers. But the profit gained by the wholesale dealers or merchants can be *concentrated* at the places where they meet one another to carry on business.

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Such a concentration of mercantile profit has especially contributed to make the wealth of Great Britain and particularly of London. Profit is the most prolific source of investible savings. Profit-makers are rich men, and at the same time their incomes may be disproportionately large in comparison with their capital. The established rentier has no motive to save; he can spend all his income and still be sure of having just as much to spend in the future. The profit-maker's income is precarious. That is especially true of the merchant. He has every motive to save until he has himself become a rentier. But the merchants at a commercial centre who accumulate fortunes do not all retire on secure and highly capitalised incomes. It is open to them to expand into financiers. Financial markets require great concentration if they are to work freely. Individual transactions are very big, and the total daily transactions of the market must be big enough to absorb them. A financial centre can only come into existence at a commercial centre. Only there will be found the requisite volume of banking transactions, foreign exchange transactions, and insurance transactions. And only there will be found a stream of investible savings of such magnitude and constancy as to support an investment market.

All these things exist in London. They add a flow of financial profits to the flow of mercantile profits, from which the whole system originates.

From this great flow of mobile wealth two further consequences have followed. In the first place the steady accumulation of savings has made Great Britain a creditor country on a vast scale, the holder of oversea investments from which is received a growing aggregate of interest, dividends, rents, and profits.

Secondly, this income from foreign investments, along with mercantile and financial profits and commissions, derived from oversea business, and with the earnings of shipping, makes a great mass of "invisible exports."

The true significance of invisible exports is very apt to

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be overlooked. If a man in London is entitled to receive an income of £10,000 a year from a business in Brazil, it is, of course, easy to see that the £10,000 must appear in the form of goods (or securities), partly an increase of English imports, partly a reduction of English exports, as compared with what they would otherwise be. But the recipient spends his £10,000 as he pleases. He does not spend it all on importable commodities. A part of his needs must be met by services rendered to him on the spot, and he will pay whatever is necessary to induce people to do what he wants. Suppose that he spends £6,000 on importable products and £4,000 otherwise. Then somehow or other the balance of trade must provide for the other £4,000. *Other people* must consume imports to that amount. The people he pays will apply part of their resources to imported goods, and part to employing others who will do likewise.

Applied to the country as a whole, this means that, in so far as the recipients of incomes from abroad do not spend their resources on imported goods, the level of incomes of the rest of the community must be so raised as to enable *them* to buy imports to make up the deficiency. The nucleus of rich men attracts to itself a local population of producers, to be paid with the command over external resources represented by the invisible exports. The numbers and standard of living of this local population are related together. The more numerous they are, the lower is the level of incomes that will attract a given volume of imports. But it must not be supposed that their income is composed only of the imports; it includes also the things they produce *for one another*. Each chooses freely what proportion of his income shall be spent on imported goods, and the proportion for the whole might be quite small.

If invisible exports raise the standard of living, it is equally true that invisible imports depress it. A country which has to make external payments must restrict its imports; the level of incomes must not be so high as to enable people to buy more imports than the country as a whole can

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pay for. At the same time low wages (unless accompanied by inefficiency) will stimulate the country's exporting power. But it does not follow that the creditor nation is prospering entirely *at the expense* of the debtor nations. For the investment of capital in a country tends itself to improve the standard of living there. Indeed, as between new countries and old, the abundance of natural resources in the former, as soon as it is combined with adequate capital, usually produces a higher standard of living than in the latter. And even in the overcrowded East capital exploitation means a great improvement in the wretchedly low standard of living.

The creditor nation itself has its invisible imports. If the income derived from external investments is an invisible export, the capital sum represented by *new* external investments is an invisible import. The *export* of capital may be regarded as the *import* of securities or of capital rights. The favourable effect of the invisible exports may be partly offset or even more than offset by the invisible imports. In the case of Great Britain the export of capital, even at its maximum, just before the War, was not much more than half the invisible exports.

III. THE WAR AND AFTER

AFTER this survey of the chief constituents of the British economic system, the next step is to examine in what respects the system has been affected by the War. The most direct consequence of the War was the actual diminution of material wealth. Instead of accumulating savings and investing them abroad, the country was drawing upon past savings. The extent to which this was done is surprisingly small. The cost of the War was met to a very great extent by the exertions, savings, and abstinences of the people. Progress in the accumulation of wealth and particularly of oversea investments was suspended,

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but the actual reduction in the pre-existing investments was only a modest fraction of the total. Some hundreds of millions of securities were sold. A little was destroyed by repudiation, bankruptcy, or monetary collapse. A heavy debt to the United States Government was incurred, but against it were claims against Dominions, allies, and enemies. If issues in the capital market were interrupted, still the accumulation of reserves by companies carrying on oversea enterprises went on. In reality the most serious loss to the British investor was probably the reduction in the purchasing power of those investments which were fixed in terms of gold or of sterling. There were arrears of capital expenditure at home—extensions, renewals, and even maintenance, to be made good, a shortage of materials, a tremendous destruction of shipping. But with the resumption of economic activity these were soon made good.

In what respects then have we failed to resume the progress which we regarded as normal before 1914?

The outstanding disaster is the continuance of unemployment. For six years the number of unemployed has never fallen below a million. Comparable pre-war statistics do not exist, but it is certain that this has been far worse than any trade depression for a hundred years. Secondly, the labour unrest, which was already being felt a few years before the outbreak of war, has been accentuated. Thirdly, the growth of wealth has apparently almost ceased. The standard of living does not noticeably improve. The volume of savings is much less than before the War (if account be taken of the reduced purchasing power of money).

For some time after the collapse of 1920 people were content to attribute our distresses to the economic prostration of Europe. Our customers, it was said, were too impoverished to buy. But this was never an adequate explanation. The prostration affected our competitors more than our customers. And in 1923, when the economic disorders in Europe came to a head with the occupation of

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the Ruhr, the result was an unlooked-for spell of comparative prosperity for the heavy industries in this country. Since 1924 the productivity of Europe has been approximately restored, and we have experienced no relief. The passing of the after-effects of the coal dispute leaves us still with a million unemployed.

To understand the position, it is above all necessary to *disentangle* the causes that are at work. In the first place we must separate those which arise at home from those which arise abroad. Among the former two particularly claim attention, credit policy and taxation. Credit policy includes currency policy; it is through credit policy that the value of the currency unit can be regulated. When the currency is depreciated, it is by a contraction of credit that its value can be raised, or, in other words, that the price level can be lowered. The process is a painful one. The fall of prices is forced on traders by a curtailment of the demand for goods. Under pre-war conditions it was well recognised that credit stringency would cause depression and unemployment. The cyclical trade depressions were invariably marked by a heavy fall of prices; *all* gold currencies were on those occasions being raised in value relatively to commodities.

Twice since the War this process has been applied to Great Britain. In 1920 a feverish inflation was interrupted both here and in America by a credit restriction. In less than two years the price level here had been reduced by half, and the number of unemployed had grown to two millions. Nevertheless the pound had not caught up the dollar, because the fall of prices in America had been little less than in Great Britain. In 1925, preparatory to the restoration of the gold standard, the Bank rate was put up to 5 per cent. A fall of prices, which has amounted to about one-sixth, was thereby initiated. This was moderate compared with the previous fall, but it started at a time when the revival from the effects of the collapse of 1921 was still incomplete. There were still a million unem-

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ployed. A 5 per cent. Bank rate is not high for a period of trade activity; but for a time of depression it is very high indeed. Its prolonged application at a time of extensive unemployment is without precedent for a century. What calls for explanation is not the intensity but the mildness of the depression which has ensued.

Here we have a very potent cause of economic distress, and an essentially transitory one. Not only is it similar to the conditions which caused periodical unemployment before the War, but other countries in the same post-war world as ourselves have been repeatedly exposed to the same experience. They have found that unemployment accompanies a credit contraction and falling prices; and in several cases they have found that a credit expansion, with rising prices, provided a way of escape. Before 1925 our currency was independent of foreign currencies; there was no necessary relation between the fall of prices here and elsewhere. Since then the pound sterling has been linked with the majority of other currencies by the gold standard. When our prices fall, foreign prices must also fall. And in fact there has been a fairly general fall of prices wherever gold currencies are used.

Is not this an act of God, outside our control? That is not so, because in virtue of our special position as a financial centre our Bank rate affects credit all over the world. Before the War the leading part in the credit cycle was always played by London, and the position has not been fundamentally changed. New York has become relatively more important, the centres on the European Continent less so; London is where it was. Upon London rests the responsibility for the general fall of gold prices of the past two years.

The most conspicuous result of the fall of prices is the continuance of an appalling amount of unemployment. But there are other grave consequences. Every considerable change in the price level invalidates all wage settlements which do not allow for price variations. Even where there

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is a sliding scale or cost-of-living clause, the settlement may easily fail exactly to suit the circumstances. Disputes are as likely to occur when prices are rising as when they are falling; and the times at which they occur do not necessarily coincide with the periods of rising or falling prices in which they originate. But it is not a pure coincidence that each of the two great credit contractions which we have been through since the War has been marked by a calamitous coal-mining dispute. Experience before the War showed that the group of heavy industries, the iron, steel, engineering, and shipbuilding industries, were always especially susceptible to the trade cycle, and suffered greater fluctuations than other branches of manufacturing. The prosperity of coal-mining is closely bound up with that of the heavy industries, which consume so much of its product. The device of a sliding scale was resorted to to adapt wages to the wide variations in the disposable resources of the coal-mining industry. The pre-war sliding scale was not adapted to the exceptional conditions and the great price variations of the War and post-war period. Hence the breakdown, when depression produced its usual effects in the heavy industries.

There are other circumstances affecting both the heavy industries and coal-mining, to which we shall turn our attention in a moment. It is the cumulative effect of various adverse factors and of the intense trade depression that has brought about the events of the last few years. Excessive taxation is an evil recognised on all hands. Nevertheless there is much misapprehension as to the nature of the harm it does. The hampering effect of taxation on trade as recognised by economic theory is produced not by the heavy direct taxes which are the main ground of complaint, but by ill-chosen taxes on commodities and on transactions, such as those which were so successfully attacked and reformed between 1820 and 1845. Our present fiscal system could not be called perfect in this respect, but its shortcomings nowadays are of a minor

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order. The harm done by heavy *direct* taxes is not in the hampering of trade but in the diversion of resources which would otherwise be available for investment. The big incomes out of which the bulk of investible savings is found are depleted by income tax and super-tax. A great part of the money, it may be said, is paid away again in the form of interest on the debt to the same class of people from whom it has been taken. But there is a vital difference. The taxes fall on incomes of all classes, including those derived from profits, and the interest feeds one type of income only. There are, no doubt, improvident profit-makers, and there are rentiers who add to their capital. But it is nevertheless broadly true that by income tax and super-tax money is taken from those who save more and distributed to those who save less. It remains true, even though the individuals in the two classes are in many instances identical. The saving that prudence would require of the recipient of a given income depends on the proportion of the income composed of secure elements, such as rent and interest, as compared with the proportion composed of precarious elements, such as profits or professional earnings.

During the War financial sleight of hand created a giant growth of gilt-edged incomes, far exceeding anything of the kind that normal savings could have produced in the same period out of stable money. The burden of providing the resources to pay these incomes falls through taxation on the economic system of the country, and incidentally upon the fund of profits out of which savings mostly come.

It is estimated that the annual amount of wealth saved in this country now is £150,000,000 to £200,000,000 below the standard of 1913 (proper allowance being made for the change in the purchasing power of money). It would be a mistake to attribute the whole of that shrinkage to heavy direct taxation. Trade depression has done its share. In the past the volume of savings has always been sensitive to the state of trade. Clear evidence of that is

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to be seen in the fluctuations of the balance of trade. A great part of our invisible exports (shipping freights and mercantile and financial profits and commissions) would increase at a time of good trade, yet at such times our excess of imports did not increase but almost always diminished. This was clear evidence that our exports of capital increased. Since our investment of capital at home certainly did not decrease, that meant that the total of savings increased. That in fact is the explanation of the sensitiveness of the heavy industries to the state of trade; for money invested is to a great extent spent on the products of those industries.

Evidence of the existing shortage of savings is supplied both by the growth of the excess of imports far beyond the growth of the invisible exports, and by the acute depression of the heavy industries. A revival of trade (if and when credit conditions allow it to occur) will be a partial but not a complete remedy both for the depression of the heavy industries and for the decline in our exports of capital. A complete remedy would require a reduction of taxation. The prospect of a reduction of taxation is itself not independent of a trade revival. One of the incidents of the pre-war trade cycle was the visible response of the yield of taxation to the state of trade. This was partly due to prices being higher at a time of good trade, so that a given yield in terms of wealth meant a higher yield in terms of money. But in addition allowance must be made for increased production at a time of good trade, and for the increase of profits relative to the volume of production at a time of rising prices. In taking a long view, we cannot look forward to perpetually rising prices. But we can hope to escape from the paralysing burden of falling prices, from which trade has suffered first in 1920-2 and then in 1925-7; and we can hope for tolerably steady employment and production. Those conditions would mean a greatly increased taxable capacity, and consequently, for given burdens, diminished rates of taxation.

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On the other side must be set the possibility of a further fall of prices. Three years ago it was not unreasonable to hope for something like a stabilisation of prices. American credit policy clearly had an objective differing little from this. The Genoa Resolutions had pledged the Central Banks of Europe to the same aim. If these hopes have been defeated once, they may be defeated again. The fall of prices of the *last two years* has increased the real burden of the debt by more than £1,000,000,000; it has more than undone all our efforts at debt reduction since we first made ends meet after the War. It is earnestly to be hoped that this calamitous process will not continue. It should be noted that American credit policy has not participated in the movement. The Federal Reserve Banks have adhered to low rediscount rates, and have not employed any of the methods of indirectly restricting credits. The fall in world prices has been brought about by the preponderant international power of the London Bank rate.

IV. PROSPECTS

NOW that we have examined the consequences of post-war credit policy and taxation, we are confronted with the remarkable result that we seem to have accounted for *all* the economic distresses from which the country is suffering. Unemployment is serious, but does it not require explanation that after the credit contraction and fall of prices of the past two years, the number of unemployed has not increased? We have had the coal-mining dispute, but how have we escaped an all-round cut in wages, when prices have fallen by one-sixth? Our accumulation of wealth has been cut short, but is not a reduction of 25 or 30 per cent. in savings very moderate considering the burden of taxation and the severity of the trade depression? Nevertheless, it would not be legitimate to jump to the conclusion that the whole extent of the adverse factors has

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been revealed. That may be so as regards the causes of unemployment. Unemployment is quite a special kind of economic disease. It usually arises from a dislocation of the machinery for marketing products. It may be severe in a community which is in underlying conditions thoroughly prosperous; or it may be entirely absent from one which is in the extremities of distress.

But as regards wealth and standards of living we cannot easily measure either the extent of the deterioration or what proportion of it we have accounted for. We cannot simply take the conditions of 1913 as a standard, any more than in 1913 we could have taken the conditions of 1900. There ought to have been immense progress in the past thirteen years. In the United States there has been. If we have not progressed, that is, of course, partly due to the direct losses of the War. But there are other adverse causes at work, and it is these that we have to estimate in looking forward to the future.

In the first place there is foreign competition. Our coal export trade will be found to have suffered permanently from the increased use of oil fuel and of water-power. That does not necessarily mean that our exports will never reach the pre-war level of sixty to seventy millions of tons; the rate of progress that had prevailed for fifty years before the War would have brought them far above that level by now. The shrinkage may turn out, when revival comes, to be only relative. Manufacturing activity has been stimulated in some countries formerly large importers of British products. That is particularly the case with cotton manufactures in the East. Protective tariffs tend to rise higher. Some, it is true, are lower than before the War, but that is chiefly in countries where tariff rates have been unsettled by currency depreciation, and it is not likely to last. But all these forms of competition put together do not amount to anything very formidable. They are not more serious in the aggregate than what we had to face (and used to complain of) at almost any time between 1871 and 1914.

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Another form of competition, which for a time excited great complaint, was the so-called "exchange dumping," the sale of goods at very low prices by exporters from countries in which cost of production had been temporarily reduced by a collapse of the currency. The actual volume of such competition was never very great; it was vexatious rather than serious. And in any case the conditions which produced it have almost passed away.

What of our commercial position? England grew rich as the *entrepôt* of a rich, populous and industrial Europe, and of new countries yielding an ever-growing supply of natural products in exchange for European manufactures. If Europe is less rich, this position will be so much less valuable. Europe is less rich, in that some of the great creditor nations have become debtor nations. But European *production* has not diminished. And the world outside Europe has grown richer. The tremendous export of capital from Europe in the pre-war period is bearing fruit in the increased productivity of the New World.

The English take substantially as great a part in the commercial affairs of the world as before, and perhaps in some respects even greater. Nevertheless, the greatest economic progress of all has been made by the United States, and here we have on the whole lost ground. The United States has become a commercially self-contained country, and English merchants have less concern in its external trade than formerly. That change is incidental to the gigantic growth of American wealth. The same growth has brought with it a great development of American finance. The Americans have become exporters of capital, the greatest exporters of capital in the world for the time being. Not only the English but the European supplies of capital have dried up. Heavy direct taxation has worked its way on the Continent as well as in Great Britain. Trade depression has diminished accumulation in some countries, and in others currency inflation has swept away working capital. On the other hand, if New York now rivals London as an

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international investing centre, London remains unchallenged as an international banking centre, and as the discount market, the foreign exchange market and the insurance market of the world.

It may well be that even when British external investment has fully revived, it will still be surpassed by that of the United States. But that is not itself a ground for pessimism. It is a strange freak of national sentiment that takes the form of what may be called statistical pride. People seize upon the numerical measure of one of their country's activities, and compare it jealously with those of other countries. Those with the biggest numbers, or the biggest numbers per head, have won. "Supremacy" in some economic field often means no more than this. American "supremacy" in the world's investment markets is not a thing to be hated or feared. If Europe can supply the same capital resources for the development of the world as before the War, the resources received from the United States will hasten that development and raise the standard of living everywhere.

It would be a mistake indeed to deride statistical rivalry as entirely without substance. Wealth is power. When German steel production far outstripped British, people shook their heads because that meant that German resources for war were increasing. When the War came, the value of economic resources, whether in steel production, in shipping, in external investments or in many other forms, was amply illustrated. Fortunately, the Americans and ourselves have once and for all thrown aside this form of rivalry.

From this point we are led back to ask again: What do we hope for from our economic progress? Possible answers are innumerable, but through all of them will be found the rival claims of two ideals, power and welfare. If we seek power, no achievement will satisfy us so long as we are surpassed by another country. If we seek welfare, we are concerned to see not that we do not fall short of a rival, but that we do not fall short of our opportunities. We

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may be quite content to see the United States, with two-and-a-half times the population and thirty times the territory of Great Britain, enjoying a higher standard of living, provided we are doing all we can with our own resources. But we should not think in terms only of area and material products. Tangible wealth is always limited. Economic opportunities based on mercantile and financial profits know no limits.

INDIA : POLITICAL AND CONSTITUTIONAL

I. PARTIES AND POLITICS DURING THE DELHI SESSION

THE last Indian article was despatched shortly after the complete returns of the elections for the third reformed Legislative Assembly and provincial councils had been received. This one is written a few days after the conclusion of the first session of all these newly elected bodies. The last article gave reasons for believing that although the Swarajists, or, as they now prefer to call themselves, the Congress party, found themselves, as a result of the elections, the strongest single party in the Indian Legislative Assembly and in two or three of the provincial legislative councils, nevertheless, these results did not represent the real importance of the Swaraj party or the extent of its hold upon public opinion in India.* It may be claimed that the experience of the past legislative session, both in Delhi and in the provinces, has substantiated the above remarks. In the two provinces—namely, the Central Provinces and Bengal, in which dyarchy had been temporarily overthrown by the Swarajists, the system has been triumphantly revived and has survived fresh attacks. In every other province, including even Madras, where Swarajists hold roughly half the seats in the provincial legislative council, dyarchy has continued to function and there is no reason to suppose that its opponents will be

* THE ROUND TABLE, No. 66, March 1927, pp. 317-318.

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able to cause its suspension. In fact, it seems as though the provincial councils, like the Legislative Assembly, have definitely revolted against the Swarajist methods of obstruction and wrecking, and there is every reason to believe that this revolt meets with the approval of the most important part of such public opinion as exists in this country on the subject of politics.

These conclusions, formed after a survey of the events of the first session of the third reformed provincial councils, are reinforced by the experience of the recently concluded session of the Indian Legislative Assembly. The Swarajist or Congress party, as we will henceforth call them, announced that the last elections had left them with from 45 to 50 seats in the Assembly. This estimate was too generous, for at no division during the session, not even at the famous division on the Rupee Stabilisation Bill, which was the largest ever recorded in the annals of the reformed Assembly, were they able to take 40 votes into the lobby. Undoubtedly, therefore, the party has suffered a loss of strength since the 1923 elections. Moreover, throughout the whole session the Congress party betrayed a lack of discipline and an uncertainty of behaviour, which contrasted very strongly with the solid and well-organised party which sat behind Pandit Motilal Nehru from January 1924 onwards. It is true that the members of the party voted against Government on every division which took place, but there were occasions on which members absented themselves from their seats when voting time drew near, and it is well known that the party was thoroughly divided on the subject of the Rupee Stabilisation Bill, and was only induced to vote solidly against Government by the application of disciplinary measures such as could hardly have been applied in any other legislative body in the world. Observers in close touch with the party have said that probably a majority of its members would have voted with the Government on this occasion had they been given a free vote. Thus the Swaraj party is not what it was two or three years

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ago, either in solidarity or in opinion, and it remains to be seen whether the present show of unity will be maintained or whether the party will suffer a split similar to that which took place eighteen months ago when the Responsive Co-operators broke away from the parent body. It is well known that throughout the past session a struggle has been going on inside the party to decide whether its leadership should remain with Pandit Motilal Nehru or whether it should pass to Mr. Srinivasa Iyengar, this year's president of the Indian National Congress. As far as one who is not in the party can judge, the decision seems to have been given in favour of Mr. Srinivasa Iyengar, but whether he will be openly acknowledged as the party leader is at present uncertain. This question is complicated by the existence of the Responsive Co-operators, who are quite likely to make further efforts to win the Indian National Congress over to their point of view. If they succeed in this, Mr Srinivasa Iyengar is likely to be left with a small following who think with him, whilst the majority of the existing Congress party coalesce with the Responsive Co-operators to form a new party. Yet another complication exists in the presence of the Hindu Mahasabha group and the so-called Independent Congress group, which, together with the Responsive Co-operators, form the National party under the leadership of Pandit Madan Mohan Malaviya and Lala Lajpat Rai. These two groups definitely represent the Hindu point of view and favour the Responsive Co-operators' views as against those of the Congress party. Unfortunately this despatch must leave India before the annual meeting of the All India Hindu Mahasabha, which will take place at the end of this month, for it is likely that the said meeting will throw some light on the attitude which these two Hindu groups mean to take up in regard to general politics.

It is not within the scope of this article to give a detailed account of the happenings of the past session of the Legislative Assembly. It will be useful, however, for readers

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to know the present political groupings. The Legislative Assembly chamber is in the shape of a horseshoe. On the President's left sits the Congress party, which may be taken to number from 37 to 40 and is still the strongest party in the House. Next to the Congress party sit the Nationalists, about 20 strong, composed, as has been pointed out, of Responsive Co-operators, Hindu Mahasabha members, independent congressmen and one or two odd members. Next to the Nationalists are the benches allotted to the Independent party, but at present there may be said to be no Independent party. It is true that a few Mahomedans and two Hindus sit behind Mr. Jinnah, the leader of the old Independent party, but these men can hardly be said to form a party, since there is no party discipline, and on certain important questions all but three or four of the members, who occupy these benches, have refused to follow Mr. Jinnah into the lobby. Continuing round the horseshoe, we come to the benches occupied by the European group, 11 strong, and then to the majority of Mahomedan members, who have not formed any party. The horseshoe is completed by the benches occupied by nominated non-officials and the official bloc. The total strength of the Legislative Assembly is 145, but it is only on rare occasions that as many as 120 are present. The Congress and Nationalist parties, which number over 60, and may be counted upon to go solidly against the Government, thus form a very serious Opposition. The officials number 26, and the nominated non-officials 14, but not all of the latter can be counted on to vote for the Government on any particular issue. The same, of course, can be said of the unorganised Mahomedan members and the European group. So it will be seen that the position of the Government is normally a precarious one. Instead of being able to count on the constant support of an organised group of its own followers, the Indian Government has to find its majority as best it can against the automatic obstruction of the Congress party and, it is to

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be feared, of the newly formed Nationalist party also. In spite of this handicap, however, the Government carried everything of importance during the past session, including the Steel Protection Bill, the Rupee Stabilisation Bill, the Finance Bill, a motion to raise the pay of judges with Indian experience sitting on the Judicial Committee of the Privy Council, and finally, the restoration of the salt tax to its original figure of Re. 1-4 per maund, after it had been reduced by the Assembly to 10 annas per maund. The salt tax, of course, was included in the Finance Bill, and when the latter went to the Council of State, the clause relating to the salt tax was amended so as to make the tax stand at its original figure of Re. 1-4 per maund. When the Finance Bill returned to the Assembly from the Council of State, the latter's amendment was accepted by a substantial majority. Had the tax not been restored, over three crores of revenue would have been lost, and the further remission of provincial contributions would have become impossible. The importance of this decision will be explained later. Even a motion for the adjournment of the House to discuss the refusal of the Bengal Government to allow an elected member, who is at present confined under the Bengal Ordinance of 1924, to come to Delhi to take his seat, was only passed by a majority of about a dozen. But although, from this point of view, the session was a satisfactory one for the Government, from another point of view it was far from satisfactory. For the two organised parties in the Assembly showed no intention, as far as could be seen, of treating Government proposals on their merits. Both the Congress party and the Nationalist party voted automatically against the Government on every division, and it is very significant that the motion to reject the Finance Bill altogether originated with a Congress party back-bencher, who undoubtedly, in this matter, acted against his leaders' wishes, and was supported by the Nationalist party almost *en bloc*. In the division a large number of the Congress party remained neutral and

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most of the votes for the entire rejection of the Finance Bill were given by the Nationalist party. If this state of affairs continues during succeeding sessions, it is difficult to see what proofs of a desire to co-operate in the working of the Reforms can be offered to the Statutory Commission when it comes to India.

II. THE INDIAN SCENE

SO much for the outstanding features of the political situation. What is the general state of India at the present time? In the provinces, as we have seen, dyarchy is functioning everywhere and no special grievance seems to be agitating the mind of the Indian public or the columns of the Indian press. Except for the Bombay cotton industry there is no particular depression in any industrial circles. The Bombay cotton industry is at the present moment the subject of a special enquiry by the Indian Tariff Board, whose report is expected shortly. It is rumoured that the protective duties on imports of cotton goods will be raised, but whether or not there is any ground for this rumour it is impossible to say. Unquestionably the organisation, the financing, and the technical equipment of the cotton industry in Bombay need to be made the subject of a searching enquiry with a view to their being thoroughly overhauled. A strike on the Bengal Nagpur Railway broke out a few weeks ago, apparently without any adequate cause, and quickly subsided after a few minor incidents of sabotage at several places. Otherwise there have been no notable disturbances in Indian labour circles since the last article,* and fortunately the stabilisation of the rupee at 1s. 6d. gold has prevented a reduction of the real wages of labour in this country which would undoubtedly have led to a period of prolonged and ruinous disputes between employers and

* THE ROUND TABLE, No. 66, March 1927, p. 326.

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employed. Again, the passage of the Steel Industry Protection Bill by the Legislative Assembly in February ought to stabilise the position, as far as this important industry is concerned, for the next seven years. The Bill abolished the system of bounties and replaced it by an adequate protective tariff, discriminating at the same time between standard and non-standard steel. The latter, which is imported practically entirely from the continent of Europe, has a higher *ad valorem* duty imposed upon it as compared with the duties imposed on standard steel, which mostly comes from Great Britain. The last monsoon was a good one and there is every reason to anticipate that when the final figures for the past financial year are available, it will be found that the year has been a prosperous one for Indian exporting interests.

Nevertheless, a shadow is over the face of India—the old shadow of Hindu-Mahomedan trouble, which unfortunately is again spreading and deepening. Since the last article there have been many minor clashes between partisans of the rival communities, and some more serious incidents. On February 17 a petty quarrel between a Mahomedan and a Hindu shopkeeper in the town of Bahadur Ganj, in the Ghazipur district of the United Provinces, developed into a riot in which one man was killed, one seriously injured, and 15 others were less seriously hurt. Three days later, in Bombay city, the passage of a Sikh religious procession with music before a mosque led to an affray in which one man was killed and a number of others were injured. Again, on March 2, occurred the incident in Kulkati in the Barisal district of Bengal, which has attained such widespread notoriety owing to its terrible results. A Hindu religious procession was passing with music before the Kulkati mosque when a number of Mahomedans attempted to prevent its progress. In order to avoid what would obviously have been one of the worst riots of recent years, the District Magistrate ordered a party of the Eastern Frontier Rifles to fire on the Mahomedans, with the result

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that 14 of the rioters were killed. Again, a few days ago in the Larkhana district in Sind, prolonged rioting took place between the two communities, as a result of which 58 Hindus and 11 Mahomedans were admitted to hospital, and one Hindu who was seriously injured died. At the moment of writing the news comes over the wires of an affray in Aligarh in the United Provinces, on April 11, in which a large number of persons were more or less badly injured. From many other places there is news of communal tension and impending trouble, and it is to be feared that the forthcoming hot weather with its important religious festivals for the two communities will be a time of considerable anxiety for the authorities. How long this state of affairs can last without resulting in widespread anarchy it is impossible to say, but only the heroic efforts of the District Police and Magistrates have for a long time stood between many important places and such disasters as the Calcutta riots of last April and the Kohat riots of 1924. Truly, the ill-conceived non-co-operation movement with its ruinous legacy of defiance and contempt for law and order has much to answer for. If those who led that movement had devoted their influence and their energies to lawful political work in the central and provincial legislatures, which stood open to them, and had tried to use these bodies to work for the common benefit of the whole people of India, this would have been a more peaceful and a happier country to-day, and the prospects of political advance would have been far brighter than they now are. To give only one example of the way in which Hindu-Mahomedan antagonism obstructs political action the following might be quoted. It is well known that the Congress party and the Nationalists intended last session to raise what is known as the "National Demand," *i.e.*, practically a demand for immediate and complete responsible self-government for India. A Mahomedan member, however, at once tabled an amendment relating to the protection of the rights of minorities. This would

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undoubtedly have brought on an embittered communal debate and in the end the "National Demand" was not moved.

On April 1 the report of the Committee which assembled at the end of 1925 under the chairmanship of General Skeen, to consider the question of Indianising the commissioned ranks of the Indian army and the possibility of establishing an Indian Sandhurst was published. Its most important recommendations related to the admission of Indians to 50 per cent. of the commissioned ranks of the Indian army by 1952, the throwing open to Indian officers of all branches of the army, and the establishment of a Sandhurst for India by 1933. In view of the past history of the problems dealt with in this report, it must be admitted that these are somewhat revolutionary proposals. Certainly, they represent a generous and determined effort to satisfy legitimate Indian demands in regard to the military services. On the whole, the Indian press has recognised this, and its comments have for the most part been reasonable and just. Anglo-Indian newspapers also recognise the value of the report as a solution of a long-vexed question, but they also point out certain difficulties which will undoubtedly have to be met and overcome. The chief of these relates to the recruitment of the 50 per cent. of British officers. It is no secret that the Indian Government is finding it very hard even now to obtain the necessary number of British officers for the Indian army, and it is not easy to see how its task will be lightened by the proposals of the Skeen Committee. British official, and particularly British military, opinion in India accepts them with perfect loyalty and goodwill, but soldiers' doubts with regard to their practicability are most serious on this question of the recruitment of British officers, and the British Government and the War Office will do well to pay special attention to it. In his speech in the House of Lords on March 30 Lord Birkenhead stated that he had considered whether it would not be

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better to withhold the report from the public until the Government of India and His Majesty's Government had had time to consider it, but that, in view of the long delay which would have been involved, it had been decided that it should be published forthwith. This decision was a sound one, because the report had been long and eagerly expected in India and undue delay would undoubtedly have given rise to avoidable suspicions and fears.

It is unnecessary to deal at any length with the other parts of Lord Birkenhead's speech. Perhaps it contained nothing that was particularly new on the Indian situation simply because at this time of the day there is nothing new that can be said. But it repeated things which cannot be too often repeated, and it dealt in an authoritative and masterly fashion with the main questions at issue between Great Britain and India. As Lord Birkenhead stated on July 7, 1925, he is not the slave of dates where the Statutory Commission which is to enquire into the progress of the Reforms is concerned. Therefore, his latest speech practically leaves India herself to fix the date for the commission. All that he asks is that she shall be ready for it, that she shall compose her communal differences and give evidence of the possession of a will to use the opportunities for political progress which have been, and will be, granted to her to the fullest advantage. Lord Birkenhead's declaration is unquestionably sympathetic to Indian aspirations and considerate for Indian self-respect. That it should have given rise to harsh criticism in certain quarters in this country is only another proof that some people are determined to see nothing good in British statesmanship where India is affected. A year ago Lord Birkenhead's omission to fix a date in advance of 1929 for the commission would have caused keen disappointment in political circles here, but to-day no such disappointment has been caused, for the plain truth is that India does not at present want the commission because she is not ready for it. It is impossible to say that she could profitably receive any

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important increase in her powers of self-government when almost every day affords proof of the deep and bitter estrangement of her two largest communities.

This section will, however, close on a more cheerful note. Mention must be made of the fortunate settlement recently reached between the Government of India and the Government of the Union of South Africa. The agreement is the fruit of prolonged negotiations during which extraordinary self-restraint has been shown by the people of India, and determination and wise statesmanship by her Government. Of course the agreement is very far indeed from satisfying Indian demands, but in the dropping of the Arcas Reservation Bill and in the provisions for the better housing and education of Indian settlers in South Africa, tangible advantages have been gained. Naturally the denial of the franchise and certain other civic rights to Indians is a cause of continued resentment and disappointment to the people of this country, but having gained so much there is no reason why more should not be gained bit by bit in the future. It is not too much to say that the feeling which now exists towards South Africa is better than it has been for many years past. It is greatly to be hoped that this feeling will be reciprocated by the people of the Union, and that from it will ultimately spring a settlement of the points at issue between India and South Africa, which will satisfy every reasonable person in both countries.

III. THE NEXT STEP IN INDIA

THE year 1929, when the Statutory Commission must be sent to India to review the political progress made under the Reforms, is drawing inexorably nearer, and many people, both in England and in India, are giving anxious thought to the question : " What is to be the next move ? " Has anybody got a satisfactory reply to this question ? Let us leave aside all demands for immediate

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and complete responsible self-government for India. It is doubtful whether any responsible Indian public man would seriously claim that this could be granted at present, or indeed within any specific span of years. A national spirit, which will grow in strength, has come to birth in India ; and it is to be hoped that it will prove one of the strongest of the forces which are going in the end to make her into a united nation. But the time is not yet, and the best service that all who love her can do is to consider soberly, and with the aid of such knowledge of her conditions as they can acquire, what the next practical step ought to be. A few years ago the Indian political scene was one of the utmost confusion. It seemed impossible to introduce any order or coherence. But now there is a change. The horizon is still far from clear, and those of us who welcomed the inauguration of the Reformed system of government in 1921, one of the greatest political experiments in history, little thought that six years later we should still be asking the political leaders of India to give what is needed to make the new constitution a success—namely, wholehearted co-operation with the Government of India and Parliament, a generous trust in the good faith of the British people and moral courage in the face of popular clamour and unfair newspaper attacks. Nevertheless, though not in the measure that we hoped, there is co-operation ; in certain quarters faith in the British Government and people has never wavered, and on occasion courage and political sagacity have been forthcoming. At any rate, to-day, after six years, we know that India wants the Reforms and wants the British connection. For the fiercest attacks which could possibly be made have been made on the new constitution and failed. After a period of deep anxiety and bitter disappointment it is functioning everywhere, and is stronger and more firmly rooted for the trials which it has undergone. Non-co-operation is a thing of the past, the Swaraj party has suffered losses, circumstances

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and public opinion have forced it radically to moderate its programme and its tactics, and signs of division are once more apparent inside its ranks. This much, then, we know. India accepts the new model of government.

But is this model to be an exact copy of the government of England, with its vast unwritten basis of convention, the result of the interplay of circumstance and the English temperament for centuries? Obviously not. Then what form is the government of India to take? This is a question which can only be answered by the people of India themselves. All that can be said here is that there must be no freak solution, no violent change either forward or backward, no wholesale alteration in electorates or anything else which does not spring naturally out of something that already exists. Perhaps the greatest merit of the Government of India Act of 1919 is that it provides scope and opportunity for experiment. Its fundamental purpose was to make it possible for India to fashion for herself, by the process of trial and error, a constitution which will suit her own peculiar circumstances, meet her people's needs and be acceptable to them. If this purpose is to be fulfilled, clearly the representatives of the Indian people must try the framework of government which has been provided, and see where it needs alteration. If practical reforms had been demanded by solid well-organised parties representing specific interests in this country, and pressed for with all the means that the existing constitution provides, it is unreasonable to believe that such demands either would, or could, have been resisted by the Government. The Government of India Act of 1919 itself provides that the Secretary of State may divest himself of some of his powers whenever it appears necessary or expedient that he should do so, in order to give effect to the great purpose of that Act. There is room for political conventions suitable to Indian conditions to develop, and such a development was intended by Parliament and by the Joint Select Committee. The Act of 1919 is, in fact,

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raw material for a constitution which has to be worked up and shaped.

The present moment is a favourable one for the beginning of that process. It is the general desire in political circles in India to see what can be made of the existing constitution, and this is also the desire of the British people and Parliament. For the first time since 1921 dyarchy is going to have its chance. It is quite clear to those who have studied its history that its main enemy has not been its own peculiar character, but the financial stringency from which every province has suffered. One of the main causes of this financial stringency, which has naturally seriously hampered Ministers in their efforts to develop the work of their departments, is the necessity, under which the provinces labour, of making large annual contributions to the central Government. During the past two years a start has been made in the direction of abolishing these contributions, and in his last budget speech on February 20 Sir Basil Blackett announced the remission of the whole of the provincial contributions for the year 1927-28. By far the greater part of this remission was permanent, but a portion of it was only for that year. If, however, the present financial year is a successful one, there is good reason for hoping that the next budget speech will see the permanent abolition of provincial contributions. This would mean an immense relief for the provinces, and there is little reason to doubt that new provincial Ministers will have enough money at their disposal to carry out schemes of enormous and lasting benefit to their own provinces. If it is backed by sufficient financial resources, dyarchy should in future function in a very different atmosphere. Political life in the provinces will be stimulated and a healthy development may be looked for there. It is greatly to be desired that one of the directions taken by such development should be the formation of real parties—parties that are held together by a practical programme of common benefit to all classes and communi-

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ties in the provinces. But the question now arises : In view of the present state of communal relations, are such parties possible ? The fate of the old Independent party which split on the rock of communal differences does not seem to hold out much hope. Then why not form frankly communal parties ? It may be that Indian politics will have to pass through such a stage. If so, it need not be a ruinous or even a dangerous one for India, provided that the best men of both communities stand for election and enter the legislative bodies. It would be an immense gain to India if communal quarrels could be transferred from the streets and lanes of our cities to the floor of the Legislative Assembly and the provincial councils, where they could be discussed calmly and constitutionally by men whose only desire was to bring into being a set of conditions which would make communal quarrels unnecessary and impossible. Pacts concluded by well-led, well-organised, and thoroughly representative communal parties in the legislatures would have far more validity and authority than agreements like the old Lucknow and Bengal pacts, which have never functioned and never can function. The way would then be clear for the different parties to consider programmes and action of common benefit to both communities. Little by little, economic and other interests would cut across communal interests, and in the end real Indian parties would be evolved out of the communal parties. Such a development would, of course, require goodwill, sound political sense, and even generosity on both sides. Above all, it is essential that the very best men of both communities should come into the legislatures. The closing of the breach between her two great historic communities is the greatest service that they could render to India.

The above remarks may be somewhat disjointed, but they, at any rate, provide a starting-point for thought and discussion on the subject of the next step in Indian politics. Startling changes and new solutions are undesir-

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able and unnecessary. The materials for an Indian constitution lie ready to hand. Let us, therefore, begin to work on them. Let our best men—Hindus, Mahomedans, Europeans and others—enter the legislatures with the determination to work together as they have never worked before. The prize to be gained is worth the effort, but it must be repeated again and again that it is work which calls for the best men that India can produce, men who can bring to their task the two great forces of sincerity and courage. After all, the old days of purely executive government in this country are gone for ever, and with them should go the old uncompromising hostility to everything which appertains to the Government of India. That government is now a national government, and it is for the people of India themselves to make it their own government in every sense of the word. If only old obsessions, obsolete grievances, and out-worn modes of opposition can be forgotten, the problem of the next step in Indian political development will lose many of its difficulties—and dangers.

India. April 14, 1927.

GREAT BRITAIN

I. BUDGETING WITHOUT TEARS

THE budget is, more than usually, a kind of graph of current history. It is also a forecast, whether true or false remains to be seen. The commotions of 1926 and their immediate consequences have been reduced to figures. We know with some accuracy a large part of what the nation has lost by them. Everyone can make his own guess as to what, if anything, it has gained out of them. Mr. Churchill has elected to make a hopeful guess and we trust he may be right. If the storms have brought us into waters unlikely to be troubled for some time ahead, coming budgets will nearly make themselves.

We turn to the figures and to a display of fiscal manipulation adroit and daring enough to have extracted admiration from the most reluctant. The accounts for the year 1926-1927 showed a result that was lamentable, if judged as a lapse from a more or less orderly series of financial years, and almost brilliant, if judged by the events they recorded. A year ago there was a deficit of over fourteen millions. The coal subsidy accounted for all of it and more. On March 31, 1927, the deficit, after a general strike and eight months of idleness in a basic industry normally employing over a million men, was over thirty-six millions. The coal subsidy only entered into this figure to the extent of four millions—a last instalment. But coal, or the lack of it, accounted indirectly for the rest. That is a loss of fifty millions to date, and there is more to come. The

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total tax revenue was twenty-seven millions down. Dearer money and the encashment of National Savings Certificates explained an increase in the National Debt charges of fourteen-and-a-half millions. Coal was the cause, or the main cause, of all these misfortunes. At the same time the word deficit cloaks some compensating virtues. In fact there has been no deficit. There has been a slackening in the rate of debt repayment. The statutory sinking fund of fifty millions yearly was enlarged to sixty millions by Mr. Churchill a year ago. The "deficit" is the extent of the failure to maintain that figure—a failure not to be minimised but to be judged in its true proportions. These two years do not, unfortunately, exhaust the claims of coal. According to the Treasury estimate, profits fell short of the expected total in 1926 by £150,000,000, and the whole of the loss will not be felt in one year.

In compiling a new budget Mr. Churchill had a problem as disagreeable as ever confronted a Chancellor of the Exchequer. The existing taxes were estimated to produce in the coming year £796,850,000—a substantial decline whether from the estimated or actual receipts of the previous year. Leaving out the sinking fund, the expenditure to be met was estimated at £768,390,000—a substantial increase on the estimated and even on the actual expenditure of the year before. Politically it was hardly thinkable that Mr. Churchill would confess failure by restoring direct taxation which the Government had succeeded in remitting and claimed credit for remitting. A disappointed public would have been all the readier to make the Government responsible for increasing its liabilities and for the upward turn in expenditure which happens to have coincided with Conservative administration. Besides, the direct tax-payer already supplied an overwhelming proportion of the tax revenue and was entitled to further alleviations, if anything. But no one quite knew how the Chancellor of the Exchequer was to make good a prospective deficit which, taking in the statu-

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tory sinking fund of £50,000,000, amounted to over twenty-one millions, unless he summoned the tax-payer to fresh toils or raided the sinking fund itself.

Batteries were trained on Mr. Churchill in expectation of either event, but, with the budget speech, the target disappeared. The audacity and the ingenuity of Mr. Churchill's contrivance have muffled criticism, for the current year at all events. He has covered his deficit, he has maintained the sinking fund, and not merely maintained it but increased it by fifteen millions. He has found additional revenue for the purpose without asking more from the tax-payer than a relatively trifling addition of six millions to indirect taxation. Over thirty-one millions have been swept together from other sources. He has played two cards from a suit that he employed the year before. Twelve millions represent the reserve of the Road Fund, and five millions a reduction, by another month, of the credit which the Treasury allows the brewers in the collection of excise duties. The Landlord's Property Tax, hitherto payable in two instalments, is to be paid in one, and an additional instalment is thereby brought into the accounts for the year. The anticipation of this tax-payment brings in another fourteen millions. The loss of interest on this transaction may be described as an addition, though a small one, to the liabilities of one class of direct tax-payer.

These devices, as their author has warned the country, cannot be repeated. The floor is now as clean as a Dutch painting and there will be no more sweepings. The test of the present budget is therefore its successor. It is for this reason mainly that serious criticism is suspended. The justification for postponing an evil day will be complete if and when postponement turns out to be avoidance. This is the most interesting aspect of Mr. Churchill's policy. To have increased taxation this year would undoubtedly have had a depressing effect. For reasons of party and for reasons of State the Government has preferred to stake

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the success of its financial policy upon an anticipation of expanding trade and improving revenue, or, as a hostile critic might put it, it has left the future to look after itself. There are some doubts about the present year. The final balance of estimates is as follows :—

Revenue	£834,830,000
Expenditure	£833,390,000
Surplus	£1,440,000

No doubt the Chancellor of the Exchequer has some "hidden reserves" in hand. Certainly fresh efforts will be made to effect economies. The "automatic increase" of certain expenditure authorised by recent Parliaments will be coming to an end. But there is little enough left to meet supplementary estimates such as might be expected in a normal year, and the course of events in China is abnormal already. Mr. Churchill's Labour predecessor, Mr. Snowden, prophesies another deficit. Even granting that the present year satisfies expectations, what matters is the outlook at the end of it. Will there still be a gap larger than the regular revenue can span? The answer depends partly on successful economies. National expenditure was falling from the end of the war up to 1924 and has been rising since. Mr. Churchill has heralded a new economy campaign by announcing the abolition of three Ministries—Mines, Overseas Trade, and Transport. The Opposition points out that the intended saving will be largely illusory, since the functions of these departments cannot be abolished and must be transferred to other departments, and that the three selected for extinction are those which have the most important part to play in economy of the best, the constructive, kind. The answer, again, depends on smooth work by our diplomacy abroad and especially in China. But the answer is certain now unless we are entering upon a period not only of peace but of progress in industrial relations. This brings us to the Trade Unions Bill.

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II. TRADE UNIONS AND THE STATE

THE Trade Unions Bill quite eclipsed the budget in interest among the proceedings of the present session. Of the effect upon the constituencies it is too early to judge. The same applies to industrial relations, though in an appeal made to the Prime Minister by the National Industrial Alliance, an association formed to secure friendly relations between employers and workmen, against the Bill, the signatories stated that its introduction had already developed antagonism between employers and employed. But no Parliamentary discussion for a long time has been followed with such attention as the debates which filled the first half of May. With its presentation and publication, Labour, which had announced its intention beforehand of opposing the Bill to the uttermost, whatever its terms—a forecast of the Government's proposals was given by the Chancellor of the Exchequer at Manchester on February 4 last—seized upon it at once tooth and claw. As our readers will remember,* there were people besides Labour against the introduction of legislation, Conservatives as well as Liberals, and Lord Grey's letter of April 11 to *The Times* expressed what they thought. Most of them were not opposed, in principle, to the amendment or clarification of the trade union laws, but they believed that it was a mistake to deal at the same time with the regulation of trade union functions and the general strike, and that the introduction of such legislation would have a bad effect on the prospects of industrial peace at a time when the atmosphere was beginning to show signs of improvement. The advocates of legislation contended that if the law were wrong and permitted general strikes—there was a difference of opinion as to their legality—it should be put right forthwith, and any obscurity ought

* THE ROUND TABLE, No. 66, March 1927, pp. 334-6.

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in any case to be made clear even if risk were involved. *Fiat justitia, ruat cælum*. They did not, however, consider that there was any risk that mattered.

Then came the Bill. The Government's intentions were explained to the House of Commons by Sir Douglas Hogg, the Attorney-General. In moving its second reading, he declared them to be founded on four propositions:—

1. That a general strike is illegal, and no man shall be penalised for refusing to take part in it;
2. That intimidation is illegal, and no man shall be compelled by threats to abstain from work against his will;
3. That no man shall be compelled to subscribe to the funds of any political party unless he so desires;
4. That any person entering the established civil service must give his undivided allegiance to the State.

The King's Speech had foreshadowed legislation to deal with trade unions. The appearance of concrete proposals, however, introduced a new situation. It is one thing to object to something of which you approve in principle, because you look upon it as untimely, and another to vote against it when it is actually before Parliament in the form of a Bill. Labour remained as uncompromising as ever, and the Liberal opposition continued. But the ranks of the Conservatives closed up, and when the second reading came to the vote, though one supporter of the Bill warned his party against making it the starting point for a "general swing to the Right," only one individual voted against his party (there were twenty-two absent). Twenty Liberals, including Mr. Lloyd George, voted with Labour for the rejection of the Bill, five were paired against it, seven voted with the Government, and seven more, including Sir John Simon, were absent unpaired. Sir John Simon gave his blessing to the objects of the Bill, though he considered that it needed amendment. Two independent members, Dr. Graham Little, and Mr. George Spencer, the Nottinghamshire miners' leader,

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voted for it, and another, Mr. Austin Hopkinson, was absent unpaired.

In the Labour party there was deep resentment at a Bill being introduced at all, and there were bitter taunts against Mr. Baldwin. He had, they said, changed his mind since the spring of 1925, when he deprecated any attempt at legislation of the kind. They accused him of giving way to his die-hards, and contrasted his present attitude with his language at the time of the general strike. Sir John Simon, though he did not vote against the Government, thought that a simple one-clause Bill a year ago would have been far better. The Prime Minister's retort to these criticisms was that the general strike had taken place since his gesture in 1925, and legislation was postponed last year because of the tenseness of the atmosphere.

To pass, however, to the Bill itself; the objections to it were, as Sir John Simon pointed out, of three kinds:—

When the Government of the day (he said) introduces a contentious Bill and asks the support of the House for its principles on second reading, there are, I suppose, three kinds of grounds upon which the Government's application may be rejected. We have had in the course of the debate on the second reading of this Bill indications that all three grounds are taken. First, I suppose, it is possible, in reference to any Bill, to challenge the avowed objects of the Bill altogether, and to declare that the authors of the Bill when they describe what they aim at doing, are aiming at something which is wrong and bad. There are some Members of the House who will, I think, take up that attitude in regard to this Bill. There is a second and quite distinct line of attack and one which it is very material to mention in connection with this Bill, namely, the criticism that, whatever may be the avowed objects of the Bill, the method which it seeks to adopt and the language in which it seeks to express its objects are such as to make the Bill worthy of rejection at this stage. There is a third and it seems to me a perfectly legitimate ground, in a proper case, upon which a contentious Bill may sometimes be resisted, and it is this: that even if the avowed objects of the Bill and even the methods and language of the Bill are appropriate, none the less as a matter of high policy it is much better to leave things alone.

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In some cases all these grounds were taken by the same critic. Liberals, however, were generally unwilling to contest the underlying principles of the Bill in themselves, though they doubted more than ever the opportuneness of this kind of legislation, and in face of its terms questioned whether a great deal of its language was not oppressively indefinite. Some of them went further than negative criticism. Mr. Lloyd George, for instance, contended that what was wanted was not negative but constructive proposals in the direction of improving the machinery of conciliation.

To come back, however, to the Attorney-General's propositions. The existing trade union law is notoriously full of complicated questions. The lawyer enters its field with diffidence. Eminent counsel, learned in the law, dispute its interpretation in Parliament, in the columns of *The Times* and elsewhere. No drafting difficulty arose in connection with the third and fourth of the Government's propositions. They were strongly opposed, but they presented a plain issue. The first and second propositions were different. The clauses intended to give effect to them were at once attacked, not only on grounds of principle, but for their obscurity. The main purpose of existing statutes was to protect the right to strike. The object of the new measure was to limit it within the terms of these propositions. The first question raised was whether the clauses concerned with the general strike and intimidation were not so drawn as to go beyond the declared intention. There was a fear that they might even cripple the right to strike. To illustrate this contention we give the material part of these provisions as they originally stood.

Illegal Strikes.—It is hereby declared that any strike having any object besides the furtherance of a trade dispute within the trade or industry in which the strikers are engaged, is an illegal strike if it is a strike designed or calculated to coerce the Government, or to intimidate the community or any substantial portion of the

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community, and that it is illegal to commence, or continue, or to apply any sums in furtherance or support of any such illegal strike.

For the purposes of the foregoing provision, a trade dispute shall not be deemed to be within a trade or industry unless it is a dispute between employers and workmen, or between workmen and workmen, in that trade or industry, which is connected with the employment or non-employment or the terms of the employment, or with the conditions of labour, of persons in that trade or industry.

Then followed provisions prescribing penalties for participation in an illegal strike, withdrawing from such strikes the protection of the Trade Disputes Act and other enactments, and safeguarding as against their trade unions, workmen who refuse to take part in them.

The first thing noticed about this clause was that it said nothing about employers or lock-outs. The omission may not have been of practical importance, but it was bad psychology. Labour seized upon it at once as evidence of class-bias behind the Bill. Conservative members demanded, and the Government promised, that employers should be brought within the provision.

In the next place, the clause was accused, not only by Labour, but by friendly critics like Sir John Simon, of vagueness in its language and effect. Sir John Simon would have preferred some such clause as the following :—

Notwithstanding anything in the Trade Union Acts, it is declared that any combination, whether of employers or of persons employed, to coerce the Government or Parliament by means of simultaneous refusal to continue employment or work, is an unlawful conspiracy.

The illegal strike, as the Government defined it, must satisfy three conditions. It must (a) have an object besides the furtherance of a trade dispute; (b) extend to trades or industries not primarily concerned; (c) it must be “designed or calculated” to coerce the Government or to intimidate the community or a substantial portion of it; while a trade dispute will not be a trade dispute so far as it involves unions not primarily concerned.

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Labour, with one eye on the conservative spirit of interpretation in the Courts, read this as a complete ban on the sympathetic strike, and a possible ban on the primary strike, if it “were likely”—the phrase “designed or calculated” might, it was contended, be held to mean no more than that—to “intimidate or coerce”—an expression not defined for the purposes of this clause—a “substantial portion of the community”—a phrase which the critics argued could also be interpreted within wide limits of variation. They had in mind more particularly a recurrence of the sympathetic strike, not perhaps on the wide scale of the general strike last year, but with the same ambiguity of purpose, political to some participants, industrial to others, and considerable enough in extent to “hold up”—as even a “primary” railway strike would—a substantial portion of the community. A workman who, in support of his side of the dispute, terminated his employment after due notice would, it was pointed out, find himself liable, on summary conviction for the act of striking, to a fine of ten pounds, or imprisonment for three months. Convicted on indictment, he might go to prison for two years. In such circumstances, little revolutionary in intent as they might be, he could not legally withdraw his labour. This position was indignantly described by Labour speakers as “statutory serfdom.”

Next, to take the second proposition, the one intended to prevent intimidation, the Bill made it unlawful for one or more persons to picket “if they so attend in such numbers or otherwise in such manner as to be calculated to intimidate any person.”

In this section, as it was introduced, “the expression ‘to intimidate’ means to cause in the mind of a person a reasonable apprehension of injury to him or to any member of his family or of violence or damage to any person or property, and the expression ‘injury’ includes injury other than physical or material injury, and accordingly the expression ‘apprehension of injury’ includes an

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apprehension of boycott, or loss of any kind, or of exposure to hatred, ridicule or contempt."

The prohibition of mass picketing was not objectionable in principle either to Liberals or Conservatives, though Liberals were disposed to think the law complete enough as it stands already, even if it is in practice seldom enforceable. The new clause would extend the prohibition to social ostracism—an offence which the law will, the critics pointed out, have difficulty in tracking and overtaking.

The obscurities will no doubt have been dealt with in Committee before this article reaches the reader, but these examples of the criticisms directed against the Bill illustrate the inherent difficulties that attend legislation on the vexed subject of trade union rights. For the rest, the Bill provided that trade union members shall in future "contract-in" as subscribers to the union's political fund, instead of, as now, "contracting-out" when they do not wish to subscribe. The political fund is to be kept and accounted for separately from the other funds. Established civil servants may not be members of an organisation having political objects or affiliated to a political party. Local authorities are forbidden to make membership of a trade union a condition of employment. Employees of public authorities are made liable to penalties for a breach of contract preventing the authority from discharging its function. Finally, the Attorney-General is given power to apply in the Courts for an injunction restraining the use of trade union funds in contravention of the Act.

The motives of the advocates of the Bill have already been indicated. They claimed also that the Bill was necessary to protect not only ordinary citizens but trade unionists themselves. They pointed to the threats of another general strike which were still made by some of the extremists, and to the denial in certain quarters that a general strike was in any way illegal. The attitude of the Liberal opponents of the Bill has also been explained. It

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remains to say a word about the motives of the Labour opposition, and to consider the effect likely to be produced upon the great body of working-class opinion.

By pledging itself in advance to uncompromising resistance to any legislation affecting trade unions that the Government might undertake, whatever it might contain; by refusing all consultation or collaboration; and by rowdiness in the House of Commons, the Labour party at the outset gave its opposition a factious and propagandist appearance. But there was more than party tactics in its extravagance. There was real bitterness in its attack on what it called the "blacklegs' charter." The right to strike is, it claims, the sole substance of collective bargaining on the trade unionists' side, and their rights, it contended, would be unfairly limited by the Bill.

To what extent will the trade union world as a whole share this bitterness? There are those who think that Labour generally will consider that its rights are being vindictively restricted; that the general strike was only used as a pretext by the Conservative party, and that the provision with regard to the political funds of the unions is a base and partisan attempt by a wealthy party to paralyse the fighting power of a political opponent. Labour leaders have, such critics say, been given the congenial task of convincing the working man of his danger and that they will be helped by the Conservative record. The new measure has a negative character, and, whatever it does for individual trade unionists, it is in restraint of trade unions as a whole. It will be emphasised that the Government have been less prompt in constructive labour legislation, and their slowness to apply the eight-hours convention and their postponement of the Factories Bill will be used against them. On the other hand, election statistics show the large proportion of trade unionist votes cast for Conservative and Liberal candidates, and, as our last number pointed out,* Conservative members were pressed

* THE ROUND TABLE, No. 66, March 1927, p. 334.

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by working-class constituents to take action. Undoubtedly there are hundreds of thousands of trade unionists who dislike the class-war, and distrust its apostles, though they lack the character or energy or opportunity to make any effective protest. It is true, too, that noisy, active political minorities tend to conduct the industrial business of many trade union lodges. Most causes, good or bad, are run by minorities. It is also true that there is a considerable element of intimidation in trade union discipline. The most impressive speech made in support of the Trade Unions Bill in the House of Commons came from a miners' member, Mr. Spencer. After the breakaway from the policy of the Miners' Federation last year had begun in Nottinghamshire, Mr. Spencer took charge of it and organised it. He is the founder of the non-political miners' union now flourishing in that area, and he has been duly ejected from the Labour party in the House of Commons. His personal testimony to the overbearing methods practised within the Federation and the diversion of industrial machinery to political ends, was hardly answerable. Lastly, it can be taken for granted that the failure of the policy or want of policy that landed the workers in a general strike has caused widespread disgust.

As against this, it is said that trade unionists will part with their political allegiance rather than abandon anything that helps to secure their industrial rights, and that they will rally to the defence of their standards without respect of parties if they are convinced that they are in danger. The purpose of this article, however, is to set out the facts, not to attempt predictions. At the moment of writing, moreover, the Bill has not received its final form.

Lastly, there is the question of the effect on the fortunes of Liberalism. As usual, it was not unanimous on the merits of the Bill, but this time the differences of judgment were not acute. For once it is in the position of a *tertius gaudens*. The Conservative majority can carry the Bill unassisted. Liberals are free to criticise. They are free to compete

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with Labour for whatever supporters Conservatism may shed in the constituencies. The forthcoming report of their industrial inquiry will offer an alternative to Conservative *laissez-faire*, as well as a refuge from Socialism. They have an opportunity, and they intend to make the most of it. With two by-election successes already to their credit they are gaining confidence. Both were won in three-cornered contests, it is true, but three-cornered contests threaten to be the rule at the next election. A Conservatism taking its chances on the Right rather than on the Left, and Labour occupied in proving either that there was no general strike last year or that it was a strictly legal proceeding, would undoubtedly suit Liberalism's book to a nicety.

III. OTHER EVENTS

THE present session of Parliament, due to end with the summer, will be mainly memorable for the legislation on trade unions. The rest of the immediate programme is not ambitious, and the public is not much interested in Parliamentary activities save where they directly touch its industrial and economic life. That mood is faithfully mirrored in the House of Commons. Nothing like the large attendances that crowded the House for the Trade Unions Bill had been seen before in this Parliament. Normally, its business shows the natural symptoms of an unassailable Ministerialist majority—sparsely occupied benches and scantily reported debates. Yet the proceedings record one decision that would have moved a pre-war Parliament to its depths. The Cabinet has undertaken, by removing the last distinctions of sex from the franchise, to increase the electorate by nearly five millions before the next general election. Women, with certain exceptions, now reach the vote at the age of thirty. The voting age for men is, of course, twenty-one. This is broadly the position as the

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last great extension of the franchise after the war left it. The organised women's movement has never rested content with a settlement which was obviously provisional and temporising. Just before the last general election Mr. Baldwin stated the view of his party :

The Unionist party is in favour of equal political rights for men and women, and desires that the question of an extension of the franchise should, if possible, be settled by agreement. With this in view it would, if returned to power, propose that the matter be referred to a conference of all political parties on the lines of the Ullswater Committee (which devised the last scheme of extension and redistribution).

Subsequently, in 1925, the Home Secretary carried this declaration further by saying " quite definitely " that there would be no difference in the ages at which men and women would go to the polls at the next election. At that time there was some discussion of a change in the law by which, in future, men and women alike should attain their political majority, not at twenty-one, but at twenty-five. The Government is now being held to its pledge. There is a widespread feeling that the chance, whether or not it was desirable to take it, of advancing the voting age for both sexes has been lost. The Government, without tying itself to a date, has repeated its promise of action before the next election, but does not contemplate a redistribution scheme. The women's spokesmen are still not quite satisfied that the extension will be effective in time for the general election, whenever it comes. But the Parliamentary prophets—in spite of occasional rumours on the Labour benches to the contrary—do not count on an appeal to the country before the autumn of 1928 at the earliest.

In 1918 an electorate of eight millions was increased to eighteen millions at one stroke. It will be over twenty-three millions when the Government has carried out its pledges. With no elaborate safeguards the constitution has managed to carry the huge weight put upon it in 1918 fairly successfully through the stresses of the last nine

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years. The new addition can hardly be serious in point of numbers. But the interesting feature of the enlarged electorate will be that women will outnumber men by nearly two millions. The prospect does not seem to disturb public opinion greatly, though a section of the press has been campaigning against " votes for flappers." The women's organisations point out that the new voters coming in under the age extension will only account for about half the increase. The rest will be women already over thirty, qualified by age, but disqualified by the discriminations that survive in the law as it stands.

One other event must not be passed over in a review of the quarter. The difficult question of the apportionment, as between the central government and the local authorities, of the burdens of trade depression is still unsolved. It is generally agreed that of all handicaps which British industry has to carry at the present time local taxation is the most severe. The areas on which the after-war years have borne most heavily have the heaviest expenditure to meet and the lowest resources, relatively, out of which to meet it. They are also the areas which tend to elect local representatives with the most generous ideas of the duty which a public authority owes to its more necessitous constituents. The combined pressure of these circumstances has reduced some boards of guardians to an advanced condition of bankruptcy, and where there has been no prospect of their taking any but the line of least resistance the Minister of Health has had to supersede them with commissioners appointed by himself.

Chester-le-Street, in the Durham coal-field, is one of the places where the Minister has intervened to take over the local administration of poor relief. The Commissioners were instructed to investigate and report on the practices of the guardians. Their account of events was startling. We quote the following comment from the *New Statesman*, which cannot be accused of unfriendliness to the Labour party :

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The Report itself is astounding. It describes the administration of the elected Guardians during the first four months of the coal strike and far more than justifies the action of the Minister in relieving them of their duties. A final judgment is not possible, of course, until the defendants have been heard, but it is hard to see how there can be any defence worth mentioning. Out of the 59 members of the Board 47 belonged to the Labour party, and 39 of these were miners, miners' wives or miners' officials. The majority first arranged their procedure so as to exclude non-Labour members of the Board from any effective part in the administration of out-relief. It then granted relief wholesale up to 55s. per week per family, and subsidised the wages of those who were still at work but earning less than that amount. It forbade inquiries into the private means of applicants, dismissed Relieving Officers who would not carry out its illegal orders, reduced the relief of men who were in arrears with their Union subscriptions, issued relief vouchers valid only at Co-operative shops, and finally, since Guardians cannot grant themselves relief without vacating office, its members organised a collection for their own benefit at the exits of the relieving stations. Some of these measures it had adopted by resolution long before the strike began. The suggestion in the Report that there are grounds for a criminal indictment seems to us rather absurd, but there can be no doubt about the gross maladministration that has been going on. A mining district, of course, is a mining district, which is apt to regard itself as an independent community, morally entitled to carry out a local revolution for the benefit of the local majority. But a few more such cases would do tremendous injury to the national Labour movement, and it is to be hoped that the Labour Front Bench, without too much regard for the feelings of Mr. Cook, will show no hesitation in saying what it really thinks of this scandalous affair.

It should be added that this case is an extreme one, and that for the most part Labour majorities in charge of local administration conduct their business in a very different spirit. For all that, this revelation of what can happen when a local community decides to finance social experiments of its own out of the public funds has strengthened the hands of the Minister in ensuring that rates shall be spent with due regard for the law, and has probably sped the cause of larger reform.

IRELAND: EVENTS IN THE FREE STATE

I. POLITICAL

BY the time this article is published the dissolution of the present Dail will probably have occurred and the general election campaign will be in full swing. The election itself is expected to take place about the second week in June. We are indeed already living in an election atmosphere, and the newspapers are full of the manoeuvres and battle-cries of the contending parties. Before speculating as to the possible result it is necessary to consider the present strength of the various parties, which is as follows:—Government, or Cumann na nGaedheal, 56; Republicans of all sorts, 47; Labour, 15; Farmers, 15; Independents, 12; People's party, 4; National League, 3; and one vacancy due to the death of a Government member, making a total of 153. The Republicans, with the exception of Mr. Dan Breen, have never taken their seats, because they refuse to take the oath of allegiance, and one may surmise that at least half of them, and probably far more, will not be re-elected if they maintain this attitude, because the people now fully realise that deputies who neither sit, act, nor vote in the Dail may be ornamental, but are certainly not useful.

The crucial question upon which this election will eventually turn is: who will secure these twenty or thirty new seats? Having regard to the voters they represent, it is probable that few if any of them will go to the Govern-

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ment party, and unless they can capture several seats from the other parties and lose none of their own, both unlikely contingencies, there is little prospect of their having a majority in the new Dail. The writer is quite aware that this opinion is contrary to the facile optimism of most other Irish political prophets, who seem to have assumed that, because they feel that it would be a good thing for the Free State that the present Government should obtain a new lease of power, therefore it will be granted to them. The Government themselves are obviously not living in such a fools' paradise, because although they have loudly proclaimed that they will not take office again as the result of a coalition after the election, they have sought to anticipate such an eventuality by arriving at a pre-election fusion or alliance with the Farmers' party. This alliance would have been beneficial to both parties and excellent for the country, because the agricultural element would have been a steadying influence in such a combination and would have curbed the ultra-nationalist and extreme protectionist wing of the Government. Unfortunately the Farmers' Union at its annual congress decisively rejected this proposal, largely through the influence of its Southern members, who are strongly anti-Government, and in favour of free trade. As a result, Mr. Gorey, the Chairman, and Senator O'Hanlon, the able secretary of the Farmers' party, who were the chief protagonists of the proposed fusion, have resigned, and the Government can hope for no help from that direction. It is difficult to see from what other source they can expect it. Mr. Cosgrave when asked a short time ago by an American journalist what programme his party intended to put before the electors replied : " Our record," and this indeed is their best argument for a renewal of public confidence, but it is also a double-edged sword. The resolute moral courage and the indifference to popular clamour which they have shown during their term of office have made them multitudes of enemies. The strict enforcement of law and order, the stringent levying of taxation,

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the new protectionist tariffs, and the various measures of social and economic reform for which they are responsible have stirred up against them all those forces which do not realise, or want to realise, that the first duty of a Government is to govern. There is also that jealous desire to pull down those who succeed, which is unfortunately one of our national characteristics. But the most unfortunate element in the situation is that if the Government do not obtain a majority in the new Dail no other party has the least likelihood of doing so, and it is difficult, if not impossible, to suggest any combination of parties which is likely to unite either in principle, policy, or personalities for the purpose of forming a majority Government. The Labour party, with its Marxian tendencies and its vague policies for nationalising the land, is the very antithesis of the Farmers' party. The People's party, which has been wittily described as the party without people, has nothing in common with the ex-soldiers, the publicans, and the still faithful supporters of the old Irish party, who form the nucleus of Captain Redmond's National League, or " resurrection men," who aim at resurrecting the old Irish party in personnel if not in policy. Captain Redmond has, it is true, been trying to discover if a coalition of all these discordant elements is possible on the basis of their mutual dislike of the Government, but even if achieved one doubts if it could long survive the shock of trying to think alike on a constructive basis. What is perhaps more disheartening and disquieting is that even if these discordant elements were to unite one cannot discern amongst them the personnel of an effective or desirable Government.

The only thing which at present seems certain is that the people as a whole will tolerate no return to extreme or violent policies, and that whatever swing of the pendulum takes place will be to the right rather than to the left. All parties are alike at the moment in having little money in their war chests and few suitable candidates. It is calculated that to fight an Irish general election on an extended

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scale at least £50,000 is required, and this factor alone will operate as a decided brake on the activities of the smaller parties, whilst it may well operate in favour of the Government, who are more likely to secure substantial financial support from the business community. Many people are inclined to blame proportional representation for our present plight, because it is argued that it accentuates the fissiparous tendencies of Irish politics. It may well be that whilst proportional representation undoubtedly gives adequate representation to all substantial bodies of opinion in the country it is also likely at the moment to prevent the creation of a strong and stable Government. On the other hand, the single member system elsewhere does not always produce stability of government or policy. The coming election will undoubtedly submit the system to a decisive test. It smashed the infamous electoral pact of 1922. Will it now fail to provide us with an effective Government ?

In so far as it will certainly ensure the return of some Republican deputies to the new Dail, proportional representation will act as a useful safety valve. Both of the cliques into which this party is now split are pledged not to enter the Dail, but the fact that Mr. Breen, a veritable Daniel in the lions' den, has survived the horrible feat of swallowing the oath of allegiance *in camera* may possibly lead to further defections from the strait and narrow path which Miss MacSwiney has chalked out for all who desire to enter the Promised Land. The splits which have already taken place in the Republican camp are probably child's play to those which will take place after the election. One of Miss MacSwiney's followers has recently stated that Mr. de Valera and his colleagues are "as big renegades" as the Government. This last-mentioned gentleman is engaged in America seeking to retrieve the American portion of the old Republican loan, which, like the famous Paris funds of the Land League, are held up by the courts because no one can agree to whom the apostolic succession

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to their ownership really belongs. Having split two political parties in five years, he is now somewhat humorously claiming American support as an apostle of national unity ! Mr. Breen, who is a man of action rather than speech, on a similar plea has enlivened the proceedings of the Dail by introducing a Bill to abolish the oath of allegiance. This Bill was naturally rejected on its first reading by 47 votes to 17, Mr. Cosgrave pointing out that the oath was a fundamental provision of the constitution which had been overwhelmingly approved by the people and which we were bound in honour and good faith to maintain. One sometimes wishes that the oath were abolished if only to destroy the last refuge of our political hair-splitters and word-weavers and to leave them with no further excuse for refusing to face the realities of our political and economic position.

But this question of the oath is the least of the troubles which the Government has had to face. Within a few months of the general election Mr. O'Higgins, the Minister for Justice, greatly daring, introduced an Intoxicating Liquor Bill, based on the recommendations of the strong and impartial commission whose Report was made to the Government in 1925.* These recommendations are founded on the sound principle that it is not the business of the law to make people good, but to maintain public order. The main changes proposed in the Bill, as introduced, were provision for the gradual extinction of the admittedly superfluous public houses, compensation being paid by the surviving publicans, a general reduction in the hours of opening, including a mid-day break in the cities, a doubling of the distance to be travelled by *bona fide* travellers on Sundays, and a provision giving the Circuit Court power to remove an endorsement on a licence on appeal when it was proved that the offence for which the endorsement was made was only technical or trivial in nature. The Bill in this shape was really a moderate

* See THE ROUND TABLE, No. 60, September 1925, p. 757 *et seq.*

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proposal to deal with admitted evils, but its very moderation proved its undoing, because the temperance party, whose ardour is greater than their brains, sulked in their tents and left Mr. O'Higgins to face the fury of the publicans alone. The licensed trade have for many years exercised a dominating and unhealthy influence in Irish politics and are past masters in all the arts of political strategy. On this occasion they made the welkin ring with their lamentations and the press sprout with resolutions from a stage army of numerous trades' councils and associations all composed of the same people. Deputies were bombarded with telegrams and deputations to such good effect that when Mr. O'Higgins brought his Bill before a meeting of the Government party after its introduction (which was a serious tactical mistake) he found that only by considerable concessions could he secure their support. It would seem that he either under-rated the power of the trade or over-rated the backbone of his party. However, he has succeeded, after a lively struggle, in carrying the most important part of the Bill through the Dail, and no doubt it will pass into law. It therefore seems probable that during the next few years we shall witness a reduction of the surplus public houses by at least one-third, a consummation which the trade itself knows quite well is as essential to save them from bankruptcy as it is to prevent illicit trading. At one stage of the performance they were terrified lest Mr. O'Higgins, aggravated by their clamour, would withdraw the Bill altogether. Hours of opening will also be reduced, but the *bona fide* traveller is to be spared the expense of travelling double the distance to obtain his Sunday refreshment, and the District Court will have discretion to waive the question of endorsing a licence where the offence is trivial or technical in nature, a discretion which the Act of 1924 abolished and which Mr. O'Higgins steadfastly refused to renew. On this last question one must admit that the trade had natural justice on their side, and it was their most decisive victory over Mr. O'Higgins. It is

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unpleasant to record that four-fifths of the Labour party voted against the Bill. Ireland, nevertheless, is and will remain a relatively sober country. The increased price of drink and the rival attractions of the cinema and the dance hall are principally responsible for the decay of the public house. The story is told that an inebriated citizen, surveying the statue of Father Mathew, the Irish apostle of temperance, at Cork, remarked: "Come down, Father Mathew; go up, Lloyd George." It is amusing to reflect that whilst Mr. O'Higgins was seeking cover on one side of the border to escape the fusillade of the publicans, Lord Craigavon was fleeing on the other from the scalping knives of his temperance braves.

Mr. Blythe's budget, if not so sensational as Mr. Churchill's, is certainly more satisfactory. It can hardly be called a vote-catching manifesto, because it makes few changes in taxation. Its only outstanding feature is the reduction of the income tax from four shillings to three shillings in the pound, a reduction which he estimates will cost about £550,000 this year. This relief, which the commercial community has long demanded, is to be principally obtained by funding £500,000 of the army estimates as abnormal expenditure. The creation of a small standing army with a reserve and a territorial or militia force is to be gradually carried out. Even £1,500,000 a year seems an excessive sum to pay for an army which, no matter how efficient, must necessarily be absolutely ineffective for military operations against any possible external enemy. Its only *raison d'être* is the necessity for maintaining internal order, and for this purpose a small, highly trained, well armed, mobile force concentrated in or near Dublin, Cork and Galway ought to be sufficient. The Labour party claim that the Government should have increased old age pensions to their original limit instead of reducing the income tax, but no doubt if this had been done they would allege that it was for election purposes. After deducting £3,462,897 for non-recurrent abnormal

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expenditure and £630,000 for over-estimating, Mr. Blythe estimates total net expenditure for 1927-28 at £23,181,103 and net estimated revenue at £23,809,200, leaving an estimated surplus of £628,097. He calculates that the new system of note issue will yield a profit of about £100,000 in the current financial year. He stated that if large sums of money had been available for relief he would have considered lowering the tobacco duty, and indicated that in the near future the whole scale of income tax allowances would be revised from a social standpoint. No fresh tariffs are imposed, but since the Tariff Commission has been set up the Government have held themselves free to introduce special tariff legislation at any time, so that the absence of fresh tariffs in the budget cannot be taken as indicating any change of policy in this respect.

An Economy Committee is to be set up at once, consisting of experienced civil servants, to examine the whole field of government expenditure and to recommend such reductions as they consider possible. This is an answer to the demand for a Geddes Committee made by the Chambers of Commerce, but it is hardly likely to placate them, as the suggested tribunal will naturally be suspected of not desiring to use the axe very violently. There is much truth in Mr. Blythe's statement that whilst we must seek for economy we must not forget that we have an undeveloped country and that our real hope is in development. The nefarious tax on wireless apparatus, which is really a tax on rural education, is maintained, but the proceeds are to be earmarked for broadcasting service—another way of robbing Peter to pay Paul. Low power stations are now open in Dublin and Cork, and a high power station is projected.

Mr. Blythe stated that the national debt is now only £16,854,400, that he has reduced taxation by £3,000,000 a year since he has been in office, and that the general financial condition of the country is good. This last statement might be considerably qualified, as agriculture is

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far from flourishing, emigration continues unabated, and money is scarce. The banks, which advanced large amounts when land prices were at their peak, are now calling in their money and reducing credit at a moment when agricultural prices are low and the sale of land by no means easy. The heavy taxation has also hit the large landowners most severely. All this has combined to produce a somewhat depressing atmosphere for which the Government is most unjustly blamed. The reduction of the income tax and the bank rate will do something to improve matters, but whether they will re-establish the Government's political credit sufficiently to ensure their re-election is greatly to be doubted.

II. ECONOMIC AND GENERAL

IN the field of economics one must first chronicle the continued development of the Government's agricultural policy.* A new Land Bill has been introduced which makes good certain defects in the existing land purchase code, the recommendations of the Currency Commission concerning agricultural credit are being carried into effect by the formation of a State-aided credit corporation to grant long-term loans to farmers, and active steps have been taken to organise and federate the creamery industry, which has suffered so much in the past from lack of centralised control and marketing. The Minister for Agriculture, Mr. Hogan, understands this subject thoroughly, and aims at nothing less than the complete resurrection and reconstruction of Irish dairying. At present there are about four hundred co-operative dairy societies run by the farmers and nearly two hundred proprietary creameries owned by business companies or individuals. In many cases co-operative creameries and proprietary creameries existed in the same district. The results are disastrous to both the

* See THE ROUND TABLE, No. 64, September 1926, p. 818.

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creameries and the farmers. The competition lends itself to manipulation of both milk and prices. Mr. Hogan has formulated and negotiated a scheme for dealing with this situation. He has arranged to buy out, at a reasonable but not exorbitant price, the big creamery proprietors, who indeed have recently burnt their fingers sufficiently to welcome the proposal. These proprietary creameries he will either re-sell to the co-operative creameries or extinguish where they are redundant. This will leave the dairy farmers in control of their own industry. But Mr. Hogan quite properly goes further than this, because he stipulates that if the State pays the piper it should also be allowed to call the tune, and he therefore insists that the co-operative creameries shall be re-organised and made efficient. In the past these creameries have often failed from lack of capital, from want of support by the farmers, and more often from bad business methods. Legislation is to be introduced which will ensure that all suppliers to creameries shall become shareholders, that their area of operation shall be defined, that farmers supplying dirty milk shall be penalised, that a substantial portion of the capital shall be paid up, and that their accounts shall be properly audited. Finally, it is proposed that they shall be all affiliated to a central organisation and that a federation for marketing purposes shall be established. This federation is absolutely essential if we are to compete effectively in the English market with our competitors, who are all highly organised, and whose butter is subject to uniform packing and refrigeration during transit. The big wholesale firms naturally will not deal with a multitude of small societies who cannot supply a uniform and reliable article. What Mr. Hogan has done for our egg trade by regulation and control he now proposes to do for the dairy industry, which is the mainstay and basis of our agriculture. It is only right to add that it is the same policy which Sir Horace Plunkett, Lord Monteagle, Mr. Anderson and Mr. George Russell have been preaching in season and out of season for over a

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generation, and they may well be pleased and satisfied at seeing their projects fully implemented by an Irish Parliament.

The Tariff Commission* has already held public sittings for the purpose of hearing applications from the margarine manufacturers and the flour millers. These sittings have had both an educational and a chastening result. The margarine manufacturers were told, quite properly, by the Chairman, Mr. McElligott, that they would have served their case better had they paid more attention to marshalling their evidence and less to uninformed propaganda, whilst the flour millers have been reminded that their alleged failure to compete with English millers is not altogether due to dumping, but, in part at least, to inefficient and out-of-date methods of organisation and manufacture. The opposition of the bakers and the biscuit manufacturers to this last application has also reminded the public that if a tariff is imposed the consumer will eventually have to pay. Neither application has yet been granted, and that of the margarine manufacturers has been definitely postponed for the production of further evidence. The emotional appeal in Irish economics is apparently not likely to be reinforced by the activities of the Tariff Commission, and it is now clear that it is far better to have protective duties discussed scientifically and publicly before imposition than to have them suddenly sprung on us in a budget speech. The decisive vote of the Farmers' Union Congress in favour of free trade is also likely to set the Government furiously thinking before embarking on further tariffs at the ill-considered behests of Mr. Walsh and his merry men.

The Government has also just introduced two economic measures of first class importance, one the Currency Bill, which follows the report of the recent Commission,† with

* See THE ROUND TABLE, No. 64, September 1926, p. 813 *et seq.*, and THE ROUND TABLE, No. 65, December 1926, p. 135 *et seq.*

† See THE ROUND TABLE, No. 66, March 1927, p. 347 *et seq.*

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the important exception that the only limitation to the legal tender note issue will be its backing in sterling securities ; the other the Electricity Supply Bill, which deals with the future control of the Shannon water power scheme* and electrical supply generally. The Currency Bill is not likely to raise much controversy because, whilst it changes details and practice, it leaves undisturbed the fundamental fact that our currency is still based on the pound sterling. The Electricity Bill, however, has raised, and is likely to raise, considerable controversy. It proposes to set up a Board of Control, on the lines of that already existing in Sweden, which will have complete control over the generation and supply of electricity throughout the Free State and will be appointed by the Government. The original proposal of the experts was that existing electrical undertakings should remain intact, but take their supply from the Shannon scheme instead of generating it themselves as heretofore. The present Bill is entirely different because it contemplates that the projected Board of Control will absorb all existing undertakings, whether statutory, municipal, or otherwise, during the next five years. This change would suggest that the possibility of supplying power from the Shannon at a lower price than it can be generated from coal has become doubtful, and that it became necessary to exclude the possibility of competition. The Board of Control will have full power to control, co-ordinate, and improve the supply, distribution and sale of electricity generally. It will also be empowered to sell or hire electrical equipment machines and fittings of all kinds, thus competing with the present electrical retail suppliers and contractors, a proposal which seems hardly just or desirable. The Board will be advanced a loan not exceeding £3,100,000, which shall partly constitute its working capital and can be also used to purchase existing undertakings or in developing new areas. After December 1932 the charges made by the Board must be such that the

* See THE ROUND TABLE, No. 60, September 1925, p. 761 *et seq.*

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total revenue will meet the expenses of administration, interest, sinking fund, renewals and depreciation ; in other words, the scheme is expected to pay its way but not to be a profit earning enterprise ; its primary object is to be the supply of cheap power, and not the relief of taxation. The Dublin newspapers have raised a loud and artificial outcry against the Bill on the ground that it does not propose to repay to the Dublin municipality the entire sum which the Dublin electric station has cost. Mr. McGilligan, the Minister for Industry and Commerce, replies that practically this entire sum has been paid off by the consumers, and that the proposal to repay the municipality now out of the Board of Control funds is equivalent to asking the consumer to pay all over again, as any such payment must in reality come out of his pocket in increased charges. He maintains that municipal enterprises are created to give an efficient service and not to make profits, and this seems to be a rational position. There are more serious grounds for objecting to the Bill, which will eliminate all private enterprise and competition and make it almost impossible to decide whether the Shannon scheme has been justified. The results of similar State controlled enterprises elsewhere are by no means encouraging. However, if the proposed Board of Control can co-ordinate and stimulate the supply of cheap and efficient light and power it will have done something, though not perhaps as much as its promoters think, to develop our economic condition. Power is after all a very negligible part of industrial expenditure, and even cheap and plentiful electricity will not create a Birmingham west of the Shannon, as some people seem to think.

There is no doubt that the Government is seeking to rush through a great deal of important and complicated economic legislation on the eve of the election so that it may present a completed task to the electorate, and it may be doubted if this is wise. Captain Redmond has indeed already asked the other Opposition parties to combine in asking the Senate to exercise its suspensory powers in respect of

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these Bills, although it is difficult to see what object is to be attained by such procedure, save to add to the difficulties of the next Government. Mr. Johnson, on behalf of the Labour party, has refused to be a party to this procedure.

Amongst minor measures also on the legislative stocks may be mentioned the Railways' Road Motor Service Bill, which empowers the railway companies to run road motor services on condition that the routes and nature of the service are approved by the Minister for Industry and Commerce. Such services, once undertaken by the railway companies, shall not be discontinued without the Minister's sanction. The motor bus has become an active and serious menace to the smaller branch railway lines, and without some such powers as the Bill confers the railway companies could not hope to maintain their present earning capacity.

The first report of the new Local Government Department has just been issued. It covers the years from 1922 to 1925. It is a remarkable record of reorganisation and activity. No department suffered such disturbance during the Anglo-Irish conflict and the civil war, and Mr. McCarron, its permanent and competent secretary, deserves the greatest credit for the work accomplished. One wonders, however, whether the policy of centralisation, and the abolition of the rural district councils, has not been in part responsible for the terrible tragedy at Adrigole, County Cork, where a father, mother and two children living in a remote mountain farm died from starvation. This frightful story of destitution has shocked the conscience of the entire country, and it is to be hoped will prevent its repetition. Generally the position in this part of West Cork is that there is a considerable amount of poverty amongst the small farming class, who are not as prosperous or well off as English agricultural labourers. The land is poor, the holdings uneconomic, and the people depend on incidental employment. In this particular case

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it is probable that pride, remoteness from assistance, and the provisions of our poor law which make it difficult for a landowner of any kind to obtain relief, all contributed to the tragic ending.

The report of the Committee on Evil Literature has raised problems of another kind. They propose that not only should we exclude journalism of the baser kind, but that there should be established a complete censorship over literature. There are some passages in the Committee's report which indicate that they are not unaware of the difficulties inherent in such a proposal. One may well ask what would have happened to the Irish theatre during the last quarter of a century had such a censorship been in force. Would it have produced one of the most vital and distinctive dramatic literatures in Europe? There are plenty of fanatics in Ireland who, once a censorship was established, would not be content till it had reduced our literature to a dead level of empty banality. Nor would such a censorship be really effective, because whilst it might suppress great literature it would not keep out the viler kinds of journalism. Already, in both Dublin and Cork, some of our enthusiasts for virtue have seized and destroyed imported newspapers which they decided were injurious to our morals. It is apparently a matter of small importance that in doing so they were guilty of robbery by violence. It may be doubted if such methods of propaganda will improve either our morals or our manners, but that they should be employed with the active approval of ecclesiastical dignitaries displays a mental attitude that is difficult to understand and more difficult to justify.

The Irish Free State.

May 1927.

CANADA

I. THE NEW PARLIAMENT AT WORK

THE first session of the sixteenth Federal Parliament of Canada, which ended on April 15, was the shortest on record, for, although Parliament met on December 5 for a brief sitting to clear up arrears of business left over from the truncated session of 1926, the session proper of 1927 did not begin until February 8 and occupied only 54 days. To its brevity several factors contributed. The strenuous struggles of the session of 1926 had exhausted the controversial capacities of a large proportion of the members and given them a taste for parliamentary tranquillity. The Government wisely fell in with this mood by producing a very modest legislative programme, of which most of the items were of an unimportant or non-controversial character, and the Conservative leaders, having decided that it would be wise tactics to force no major issues until the party had selected a permanent leader and equipped itself with a new programme, showed an accommodating spirit. The independent agrarian group, however, who possess a high average of parliamentary ability, and who enjoyed the steady co-operation of the three Labourites, were always vigilant and ready to launch shafts of criticism at measures which were unpalatable to them, and indeed, despite their reduced numbers, they gave the Government more trouble than did the Conservatives. On the Government side of the House Col.

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J. L. Ralston, of Nova Scotia, the Minister of National Defence, justified the high reputation which he had brought to Ottawa, and in recent years no Canadian politician has achieved such a striking parliamentary success in his first session. He gave evidence of combining character, good judgment, energy and fair-mindedness with first-rate debating powers and, if he can be prevailed upon to overcome his avowed preference for a legal and judicial career, he is obviously destined to play a major part in Canadian politics in the coming years. Mr. Guthrie's long parliamentary experience enabled him to lead the Opposition with dignity, while a striking impression was made by Mr. R. B. Bennett, of Calgary, whom the Government found one of their most formidable critics. Of the recruits who entered the House at the last election the most promising are Mr. Ernst, of Nova Scotia, an ex-Rhodes scholar, and Mr. Glen, of Manitoba, a Scotch lawyer, who sits as a Liberal-Progressive.

In the budget which the Finance Minister produced on February 17 he was able to show a substantial surplus and to offer what were popular tax abatements in the shape of a ten per cent. cut in the income tax and a reduction of the sales tax. Not a single change in the tariff was proposed and an excuse for fiscal inaction was found in the plea that the findings of the new Tariff Advisory Board upon a series of important applications must be awaited. The chief criticisms came from the Progressives, who disliked the absence of tariff reductions and sensed that the cut in a direct impost like the income tax would help at a later date to put in the hands of the protectionists the plea that revenue necessities forbade lower tariffs. So they assailed the budget as a capitulation to protectionist influences and moved a hostile amendment which, however, was snowed under by the combined vote of the Liberals and Conservatives. The Conservatives on the whole, although they voted against the budget, were not dissatisfied with it and acclaimed it as giving expression to their own fiscal views.

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The most important batch of legislation was found in the measures designed to give effect to the recommendations of the Royal Commission appointed to report upon the grievances of the maritime provinces. For them it had urged very generous favours, and it is understood that a sharp controversy developed in the Cabinet before an agreement was reached about the Government's policy. A decision was probably hastened by the knowledge that, if most of the recommendations of the Commission's report were not carried into effect, a number of important papers in the maritime provinces had made plans to publish simultaneously editorials in favour of secession. Eventually the Government decided to make a real effort to appease the dissatisfied provinces and adopted as its policy four-fifths of the recommendations of the report. The Conservative members from the maritime provinces, although some of them grumbled at the Ministry's failure to give any fiscal succour to the coal and steel industries, were satisfied with the concessions which had been secured and at their instigation their party endorsed the Government's policy. So a series of measures which provided for increased Federal subsidies to the three Atlantic provinces, lower freight rates on their railway lines, the transference of the ports of Halifax and St. John to the control of Harbour Commissions, financial assistance to coking plants whose object is to make possible an increased use of Nova Scotian coal, and other lesser boons, were passed through Parliament with very little opposition. The Progressives were disposed to be critical of the special freight rate favours being granted at a time when in their view the Government was conniving at a grave injustice being done to the prairie provinces by the railways, but predictions that the maritime report would provide the fiercest controversy of the session were falsified.

A number of measures, which had been sacrificed last year through the summary dissolution of Parliament, were reintroduced and passed into law. Of these the most

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important was the Old Age Pension Bill, which proposes that the Federal and provincial Governments co-operate with equal contributions to provide aged necessitous persons with a pension of \$20 per month. But some provinces have already intimated their unwillingness to accept the scheme and British Columbia alone seems inclined to promise its co-operation. The Rural Credits Bill, which was also a relic of last session, has now become law; but here again it is very doubtful if it will be extensively utilised. There was the usual crop of amending legislation; provision, for instance, was made for the revaluation of the holdings of soldier-settlers, and the administration of the customs and revenues, of which the previous laxity had been emphasised by further revelations before the Royal Customs Commission, has been tightened up. The Customs Department disappears as a separate entity and there has been brought into existence a Department of National Revenue which will be charged with the collection of all taxes. One interesting piece of legislation passed in the final days of the session was a measure which transformed Ottawa and its environs into a Federal District, and sanctioned a liberal grant for the Commission which will supervise town-planning and beautifying operations within the favoured area.

In the end it was a private Bill which produced the most prolonged controversy of the session, but involved in its fate was a prize of immensely valuable power rights and a very important issue concerning the respective jurisdiction of the Federal and provincial authorities. Some twenty years ago Sir Robert Perks, the well-known English politician and contractor, had acquired a charter to build a ship canal which would use the Ottawa River as its main channel from Montreal to the Georgian Bay on Lake Huron. This charter, although no work beyond some preliminary surveys had been undertaken towards completion of the canal, had been repeatedly renewed and about a year ago it passed into the hands of a syndicate whose leading mem-

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bers were Sir Clifford Sifton and his sons. Its value obviously lay in the claims which might be established under it to the undeveloped power resources of the Ottawa River, and as it was due to expire on May 1, the Sifton group induced a Liberal member to sponsor a private Bill for its renewal. But meanwhile rival interests had entered the field as competitors for these power resources, of which by far the most valuable body was at the famous Carillon Falls lying between Ottawa and Montreal. For the joint utilisation of the Carillon Falls the State-owned Hydro-Electric Commission of Ontario and the group of private power companies, which are dominated by Sir Herbert Holt of Montreal, had entered into an alliance with the connivance of the provincial Governments of Ontario and Quebec. The latter, claiming as owners of the river-bed of the Ottawa the right to dispose of its power resources, had entered into a formal agreement that the Carillon Falls should be developed by a corporation called the National Hydro-Electric Company and that the resulting electrical energy should be shared by the Holt companies and the Hydro-Electric Commission; the Meighen Ministry also, during its brief tenure of office, had fortified this claim by granting a lease to the National Hydro-Electric Corporation.

But the Bill which sought a renewal of the Georgian Bay Canal charter clearly challenged this arrangement, and no sooner was it introduced than vigorous opposition developed. The Conservative and Progressive parties co-operated in deliberate tactics of obstruction, and the time allocated for private Bills being limited, talked it out night after night. The provincial Governments of Ontario and Quebec also registered a formal protest against the Bill and took the ground that since they controlled the power rights on such inter-provincial streams as the Ottawa, the Federal Government could not dispose of them under a charter or by any other method. The Government were faced with the dilemma of offending either Sir Clifford Sifton, whose paper, the *Manitoba Free Press*, has been

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giving them invaluable support, or of incurring the displeasure of Premier Taschereau of Quebec and his associates, and they also found public opinion in Ontario virtually unanimous against the Sifton Bill, and Liberal papers like the *Toronto Globe* and the *Ottawa Citizen* strongly criticising it. So they took refuge in a Laodicean attitude and eventually, after they had exerted their influence to get the Bill into committee, assisted in its slaughter there. But before this deed was done the Government, through the voice of the Minister of Justice, challenged the validity of the claims of the provinces about power rights, and insisted that on rivers like the Ottawa the right of disposition lay with the Federal Government by virtue of the authority over navigable streams conferred on it by the British North America Act. It happens, moreover, that the lease granted to the National Hydro-Electric Company also expires next May, and it is rumoured that the King Government will refuse to renew it and will defy the two provincial Governments to grant any concessions for the development of the Carillon Falls. A prolonged legal battle, which would eventually be carried to the Privy Council, would be the natural consequence of such a stand, but the delay which this conflict would involve may induce the contending interests to reach a compromise, and the extinction of the charter and the lapse of the lease would leave the way clear for a new arrangement. But, whatever the outcome may be, it is clear that the power resources of the Ottawa and St. Lawrence are destined to be a bone of contention between rival power interests in the coming years, and the struggle over them will intermittently invade the political arena.

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II. THE IMPERIAL CONFERENCE DEBATE

THE proceedings of the late Imperial Conference and the general question of Imperial relations were the subject of an interesting debate which consumed four whole days in the Commons, and a parallel discussion of a less consequential character followed in the Senate. Premier Mackenzie King had intimated on December 13 the intention of the Government "to put this report before the House just as it appears and recommend its adoption," and as a result there was considerable surprise and a strong protest from the Opposition leader when he announced that he had changed his mind and would refrain from moving a resolution. A desire to keep the Imperial question above partisan strife was given as the reason for the reversal of his earlier decision, but the suspicion prevails that a stronger factor was pressure from his French-Canadian lieutenants, who had discovered a widespread uneasiness among their constituents about the exact implications of the report, and were anxious to avoid any appearance of being definitely committed to it. Mr. King appeared to be anxious to avoid a division in the Commons upon the report, for when Mr. Guthrie moved an amendment, he made a strong but unsuccessful appeal for its withdrawal to prevent the appearance of any political cleavage upon this particular issue.

The Conservatives had made up their minds that it would be good tactics to stimulate such apprehensions as existed in Quebec, and to this task Mr. Guthrie addressed himself in his speech. Fastening upon such paragraphs in the report as:—

"Every self-governing member of the Empire is now the master of its destiny. In fact, if not always in form, it is subject to no compulsion whatever. . . . (and) "

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The different British nations are "in no way subordinate one to another,"

he proceeded to argue that since under the British system formal legalities could never impair the authority of accepted practices, the Canadian Parliament had, as the result of the report, become an untrammelled sovereign legislature and the cherished constitutional safeguards which the British North America Act was supposed to offer for the special rights and privileges of French-Canada had been wiped out.

The Canadian Parliament, he argued, was now free to pass a law abolishing the special recognition accorded the French language, and if it decided that appeals to the Privy Council must terminate, they would cease. He then elaborated at considerable length the thesis that since the provinces, which had made confederation possible by the sacrifice of various sovereign rights, were parties to this original pact under which the relationships with Great Britain were defined, no change in these relations and no amendments of the Canadian constitution must be made without their approval, and he moved an amendment in the following terms:—

That it is not desirable that this House should be deemed tacitly to have acquiesced in the declarations and recommendations contained in the report of the proceedings of the Imperial Conference, 1926.

That in the opinion of this House the proceedings of the recent Imperial Conference and the declarations and recommendations contained in the report of the Imperial Conference Committee on Inter-Imperial Relations should not be binding upon the Parliament of Canada until approved of by a formal resolution of this House; and that until such approval is obtained this Government shall not be deemed to be authorised to take any steps to carry into effect the recommendations contained in the said report.

That it is also the opinion of this House that no amendments should be procured to the British North America Act to give effect to the said report or otherwise, which would affect the rights, powers or privileges of all or any of the provinces of Canada, as they

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now exist under the terms of the said Act, unless the same are first approved by the legislature of each of the provinces of Canada.

Premier King, who spoke twice during the debate, favoured the House with a general review of the proceedings of the late Conference, and in discussing the constitutional report took the line that, while it made no basic changes in the relations of the self-governing communities of the Empire, it was a notable and valuable achievement inasmuch as it gave formal registry and final sanction under the high authority of the Conference to conditions and practices which had, in some cases for many years, already been incorporated in the working political machinery of the Empire and served a useful purpose in clarifying the status of the Dominions in the eyes of foreign peoples. In his second speech he displayed resentment at the critical attitude of the Conservatives, and argued that the Imperial problem should always be lifted above the sphere of partisan controversy.

Mr. Lapointe, the Minister of Justice, succeeded in making out a well-reasoned case for the report, and his verdict upon it is worth quoting at length:—

The Conference (he said) has crystallised the principle of equality of status which was already recognised and which was the logical outcome of the development of the various nations. It has published a definite, clear and official adherence to that principle. It has done so in such a way as to make it the greatest contribution to the permanency of the free association of the nations of the Commonwealth. It is the final and unequivocal acceptance of the principle of unity and liberty; unity preserved and enshrined in the British Throne and liberty in all domestic and external activities of the various nations of the Commonwealth. It is no longer, as has been said by some writer, "Daughter am I in my mother's house, but mistress in my own." The family is a family of sisters equal in their rights and activities.

In common with Mr. King, he mocked Mr. Guthrie's new solicitude for the rights of the French-Canadian minority, but both were at careful pains to give explicit

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assurance that the pact of confederation was unaltered by the report and that they would countenance no impairment of the special rights of French-Canada. In discussing these rights, however, Mr. Lapointe made one very significant statement.

No authority (he declared) outside Canada can effectively protect them [*i.e.*—French-Canadians' privileges] for us. We must rely upon ourselves for the safeguard and protection of these rights, working in co-operation and understanding with our fellow-Canadians in this country. It would not be possible, Sir, to secure the permanent adhesion of any section of the Canadian people to any plan whereby there would be any political force superior to their own government and their own constitution, which could, even indirectly, have authority to control their actions. It is not an act of isolation or indifference; it is an act of readiness to serve in the nation's own way.

In this declaration of faith he threw overboard the traditional doctrine that Quebec could never afford to entrust her special rights to the mercy of a Canadian Parliament, and such a statement, coming from the leader of French-Canadian Liberalism, makes a very important advance in sentiment in regard to this particular issue. Mr. Lapointe also discussed at considerable length the legal limitations which still exist in conflict with the ideal of full constitutional equality and, while he was very guarded in his references to the fate of Privy Council appeals, he pronounced openly in favour of the repeal of the Colonial Laws Validity Act. No other Ministers participated in the debate, but a number of Conservative members continued the barrage of criticism and for the most part argued that the report was dangerously centrifugal in its tendencies and could not fail to raise far-reaching domestic issues.

Voices of criticism from other quarters than the Conservative front benches were not absent. Mr. Bourassa regarded the report as a Machiavelian document which was a credit to the almost supernatural skill of British statecraft; it was devoid of harmony of thought or purpose, but something had been inserted in it to please everybody, and the

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result was that, although certain formal political bonds which had served their day had been voluntarily discarded by Britain, her statesmen had succeeded in their object of "preserving the means and ties by which in days of strife they will get the men and treasure from the Dominions to help them in all their Imperial enterprises." This mournful conclusion set him off upon his usual indictment of British Imperialism and its misdeeds, and once more he assailed both the historic parties for their timorous submission to its doctrines and their abandonment of the stout nationalist attitude which Sir John Macdonald had always adopted. The Dominions, in his view, had been given a sort of specious constitutional freedom to play with, but in reality they occupied the same position as the people known as "quality niggers" in the Southern States in the old slavery days. They were splendidly treated and during the Civil War were eager to fight for their masters because of the love they bore them.

But (said Mr. Bourassa) they were loath to exercise the responsibilities of freedom. They did not want to earn their living by their own initiative. They wanted to be possessed and be protected. They wanted to live in that happy state of semi-animal, semi-celestial irresponsibility in which they had dwelt for generations.

He bewailed the fact that the "quality nigger" spirit was rife in the Dominions and was even visible to a deplorable degree in his own province of Quebec. Then he subjected to stern dissection the phraseology of the report.

And yet you tell me this is one empire! (he said). Well, no. Of course there still exists a British Empire, the one I mentioned a moment ago, that one composed of England, of India, of all the subordinate colonies, of all the protectorates, of all the mandated countries, according to the vocabulary which diplomatic hypocrisy has adopted to define the works of plunder. But of that empire we form no part.

The "quality niggers" are not in the empire; they are nowhere. Of that empire we do not form part. In the government of that empire we have no influence whatever. In the policy imposed

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upon the British Government by the fact that the British nation possesses one-quarter of the globe, we have nothing to say or do except to co-operate of our own free will when war is declared against her or when she declares war, because of the fact that she possesses India, three-quarters of Africa, a large portion of America and most of the scattered islands in the seven seas.

He also objected to the term "Commonwealth of Nations."

How can you (he asked) call by the word "Commonwealth" a gathering of nations who claim that they are absolutely independent one of another; that they have the same equality of status; that none of them is subordinate to another? Of course you can call that a commonwealth because you can always adopt any word you like, but it does not correspond with anything in history or in constitutional law of which I have ever heard.

He held that the declaration embodied in the report represented a slight advance towards the goal of those who "look upon full-fledged independence as the only outcome for a self-respecting people of various origins but united upon the basic principles of British liberty," but he also contended that in regard to foreign relations and matters of war "there is a visible retrogression even from the Conference of 1923, and it is there I find the triumph of British diplomacy."

The Conference in his view had evaded the most fundamental issues of all, the responsibilities of the Dominions for British foreign policy and its fruits, and until it was boldly faced delegates to Imperial Conferences would simply be engaged in the profitless game of squaring a circle.

Mr. Bourassa also pronounced in favour of abolishing appeals to the Privy Council, and he agreed with Mr. Lapointe that French-Canada could not afford to lean indefinitely upon the Privy Council and the Imperial Parliament for the protection of her rights.

More constructive criticism came from some Western members who represented the school of nationalist thought

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created by the *Manitoba Free Press*. They welcomed the constitutional report as a useful document, but contended that as long as existing legal limitations upon Canadian sovereignty were allowed to survive, the claim that full equality of status with the mother country had been attained was dangerously fallacious. Mr. Thorson, a Winnipeg Liberal, who, like Mr. Ernst, is an ex-Rhodes scholar, went so far as to outline the following programme of reforms which he regarded as imperative if the goal of full constitutional equality was ever to be reached :—

1. Complete freedom from the supervision and control of Canadian legislation by the Government of Britain, even although that control and supervision be nominal.
2. The right to pass legislation having an extra-territorial effect if we deem it desirable in the interests of Canada to do so.
3. The right to decide for ourselves how we shall administer our laws and to prohibit appeals to the Privy Council if we so desire.
4. The right to amend our own constitution as we may deem it necessary without the intervention of the Parliament of Britain.

When a division was taken upon Mr. Guthrie's amendment, it was defeated by 122 to 78, the Liberals and Conservatives voting on straight party lines and the Progressives dividing their votes. The debate, although it yielded no immediate fruits, was much more creditable to Parliament than any other recent discussion of the Imperial problem, and there were discernible in it signs of a growing recognition that certain realities must sooner or later be faced and dealt with. Before the end of the present year a conference is to take place between the Federal and provincial Governments, and Mr. King, in one of his speeches, indicated that it would be encouraged to make at least a cursory exploration of the constitutional question and discuss the possibility of removing certain anomalies. The constitutional report of the Inter-Imperial Relations Committee gave a gratifying stimulus to private discussion of the problem of Canada's external relations and the debate in Parliament has served to bring into high relief some of the

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major difficulties which must be overcome before a permanent and satisfactory solution can be reached.

III. QUESTIONS WITH THE UNITED STATES

THE session closed amid a crop of rumours that the King Government is deep in negotiations with the Coolidge Administration for a comprehensive agreement covering transportation and tariff issues. A well-informed correspondent recently sent out a despatch to the *New York Sun* from Washington, in which he not merely outlined the general tenor of the negotiations but quoted specific articles of the pact which is in contemplation. The King Government has given a formal denial to the accuracy of the contents of this despatch, but an impression prevails that something is in the wind. On the American side the moving spirit in this reciprocity enterprise is said to be Mr. Herbert Hoover, who has set his heart upon the completion of the project known as the St. Lawrence Deep Waterway. Not only does he regard it as certain to bring great economic benefits to the middle-western States, but he sees in it a useful instrument for the placation of the farmers of that region who are in a state of bitter indignation over the defeat of the McNary-Haugen farm relief Bill* and are threatening a dangerous political insurgency; the waterway would offer them a promise of lower freight rates for their exportable surplus and would be a valuable counter in the election of 1928.

But Mr. Hoover clearly cannot get his waterway without the co-operation of Mr. Mackenzie King, and Mr. King on his part is anxious to get the American tariff on fish and forest products either abolished or substantially lowered as a further sop to the maritime provinces. Mr. King would naturally also like free grain and cattle for the benefit of the farmers of the Canadian West,

* See "The President and His Party," p. 514 *et seq.* of this issue.

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but the Coolidge administration would be afraid that such concessions would simply increase the fury of their own western farmers and render them deaf even to a blandishment like the waterway. However, there is obviously material available for a mutual bargain between the two countries and, while it is improbable that any definite negotiations have been undertaken, there seems reasonably good evidence that pourparlers have been initiated and that the ground is being carefully explored. Before Mr. King commits himself to any definite terms he must make certain that he can overcome what has hitherto been the resolute antagonism of his French-Canadian followers to the waterway project, and on the surface little abatement of it is visible. If, however, he can secure their concurrence, he has a very strong bargaining counter in his possession and, if the Coolidge Government does not encounter difficulties with the fishermen of New England and other elements, negotiations may go ahead rapidly as soon as Mr. Phillips, the new American Minister, takes up his duties at Ottawa next month. It is also rumoured that Mr. Mackenzie King, whose health has not been first-rate, intends to take a long holiday immediately and to spend part of it in Washington as the guest of his Minister, Mr. Massey. In that event his comings and goings in the American capital will be carefully scrutinised by his countrymen, for reciprocity arrangements with the United States have never failed to provoke major controversies in Canadian politics.

Canada. April 28, 1927.

AUSTRALIA

I. THE IMPERIAL CONFERENCE

THE Prime Minister and Mr. Latham, the Attorney-General, have now returned to Australia and from them we shall learn by word of mouth of what we have fitfully read in the cables that have reached us as to the Imperial Conference and the Assembly of the League of Nations. Mr. Latham was our principal delegate at Geneva, and, through the serious illness of Sir Neville Howse, Mr. Bruce's colleague at the Conference, had to take part in the Conference.

Interest should naturally centre on the determinations of the Conference on inter-Imperial relations. But while a summary of the more general and resonant parts of the report of the Committee held the leading place on the cable page of our newspapers on the day it was issued in England, not more than one paper in Australia—the *Hobart Mercury*—seems to have thought it had enough "news value," to warrant the publication of the text in full when it was supplied by the Commonwealth Government a few days later, though some of them proceeded to give a revised and brief summary, usually not in any very prominent part of the paper. The reason for this attitude to a report which evoked so much interest in other British Dominions and in foreign countries is apparent when we turn to the comments in the press.

There is no sign of enthusiasm on the one hand or of dismay on the other, and the secondary importance attached

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to the Report is best evidenced by a disposition on the part of various sections of the press to use it as a source from which to draw some lesson favourable to their own economic faith. Thus the Melbourne *Argus*, referring to equality of status, and having reasonably enough called attention to the inequality of responsibility in defence, proceeds to the familiar theme of lowering trade barriers, as a means of redressing such inequality, proclaims the advent of a new system of economics, which the British Empire has a unique opportunity to put to the test within its own confines, and thereby show an example to other nations, "an opportunity which points a sure path to Imperial unity and Imperial safety." The Melbourne *Age* sees that Great Britain, standing up splendidly to her task, both during and since the war, has found that her fiscal system leaves her unequal to the burden in view of the protective systems of other countries, who are crippling her internal and external trade. The result is that in England farmers and industrialists alike are beginning to see the light, and to realise that their future lies in a development of Empire trade. But the home lesson is not overlooked; the Australian farmer, whose adhesion to the "settled policy of the country" is not beyond suspicion, may sit up and take notice that the citadels of free trade are being forced even in England itself. The Labour press has no use for Imperial Conferences of capitalistic Ministers; deprecates interest in schemes for bursting up the Empire to build up a number of separate bourgeois States which divert attention from the supreme task of overthrowing the system which creates and maintains Empires. "The most noticeable thing about the Imperial Conference," says the *Labour Daily* (Sydney), "from a working class standpoint is that it apparently did not concern itself about the welfare of the great bodies of industrious workpeople without whom Britain as well as the so-called Dominions would be but empty wastes." But the same paper is willing to admit that there is something to be said for a

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"League of English-speaking nations," provided no attempt is made to make helots of Colonials or to use the Dominions as cannon fodder." A more serious note is struck by the influential *Australian Worker* (Sydney) when it takes Mr. Bruce to task for his assumption that no Dominion could think of standing out if Great Britain were at war; the Dominions would think and act for themselves, and the fact that a statesman's folly might leave Britain isolated and practically condemned by the free British States, should be emphasised as one of the forces useful in maintaining peace.

"I'm afraid I can't understand it," said Alice. "It's easier if you sing it," replied the Mad Hatter. "It can be made to go like this:

*We are one and many—
We are tied and free—
Each is as good as any
And we'll never disagree."*

Thus the *Sydney Bulletin*, which likens the Report to the Oracle of Delphi and the Revelation of St. John, offering something to every one. The summing up of the position is:

Peace time decisions which amount to the members of a group of nations saying they will co-operate as long as they feel like it, and even so will never imperil the common cause, won't worry anyone very much. The essential thing about an Empire that differentiates it from coteries of separate nations bound together by treaties is that it has a nominal head at all times, and submits to actual central control if attacked. Once that tradition is laid aside, there is not any Empire left. If that fact were realised there would be fewer Imperial Conferences, and less pompous windy talk about Imperial relations. An Empire in the last resort is a collection of populations that feel they are likely to hang singly unless they hang together. To discuss the terms in which such populations will hang together is almost a waste of time.

It must not be inferred from the above extracts that the Australian attitude towards Imperial relations is either

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frivolous or indifferent. It is not interested in the dogmatic assertions of equality of status, for it has not been conscious of any inequality, and considered that Australia was perfectly secure in whatever status it wanted. Still, if an assertion which has seemed quite unnecessary to us has seemed necessary to others, we see no reason to dissent. We know that where a sense of grievance exists, it has a strong expulsive power; men talk as if it were the only thing that mattered. If Canada and South Africa were really concerned about equality, we can understand why they were clamant on the subject. It is right that they should be satisfied, and it is the business of the Conference not merely to concert particular measures of co-operation, but to create the spirit out of which the will to co-operate springs, as Sir Tej Sapru pointed out in 1923. We are thinking more about unity than equality. But we are not more disposed than other Dominions are to engage in any constructive scheme for a common authority, and so we are content with an enunciation of principles, and to affirm that our acceptance of equality does not now mean, and never has meant, the sacrifice of unity. The insistence in the Conference Report on equality, and the knowledge of some of the constructions that may be put upon it, lead to a strong emphasis of Australian opinion on unity. No doubt the two things—*unity* and *equality*—are incompatible, if either is pushed to an extreme. But a system of politics is not a system of logic, and constitutionalists can point to a number of things in our system which are equally inconsistent with each other, if men are unreasonable or determined that they shall not work. Though ourselves living under a rigid constitution, we are not anxious to have our politics too rigidly defined by rule; let us, then, have flexibility and trust to goodwill and good-sense, without which no system, however carefully conceived, will avail us. The principles themselves are not new; construed reasonably they express precisely what we have understood our Imperial relations to be. Their re-statement with the

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solemnity and authority of an Imperial Conference can do no harm, and in so far as it promotes goodwill and good understanding it does good.

It was significant that when correspondents in the Dominions at the end of November and the beginning of December were raking the newspapers to furnish readers of the London press with views and interpretations, and were gleaning a rich harvest from Canada, South Africa and the Irish Free State, Australian correspondents, surely not less alert, were silent.

Whether all this complacency is justified is another matter. The sharpness and precision of the declarations of equality and the right of separate action or inaction stand out in sharp contrast with the vague and rather rhetorical statements on the "positive" side. Others than foreigners may interpret the declarations of constitutional right in a sense which, making mutual interference impossible, also negatives any duty of co-operation. We have all been aware that co-operation was voluntary; but we have been aware also of the instinctive force of the notion of unity. The psychological explanation of such declarations of right as are made by the Conference may well be some inhibition of the instinctive response to the call of Empire and the recognition of its responsibilities; and this may be so in Great Britain as well as in the Dominions. We miss in the Report anything corresponding with the conviction expressed by the Conference in 1921 that "the whole weight of the Empire should be concentrated behind a united understanding and common action in foreign affairs." The machinery regarding consultation is more effective to prevent misunderstanding than to provide the means of co-operation. In fact, some European opinion considers that the chief result of the Conference is to free British diplomacy from the cumbersome and dilatory methods involved in consulting distant Dominions. For Australia and New Zealand, where the sense of unity of the Empire is still strong, it would be a shock to learn that

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British responsibility was attenuated. One expression of the sense of unity was our unquestioning reliance on the British navy as a right which we shared equally with the people of Great Britain. If declarations of constitutional right mean anything for Great Britain and not for the Dominions only, we must be prepared in the future to receive that aid in terms of an alliance. At the present time defence is a subject off the political picture in Australia, but the Prime Minister in his speeches has endeavoured to draw attention to the increased responsibilities which now must be on a Dominion Government.

The Australian interest in the business side of things—the “practical”—and their impatience of “theories” (and quite a good deal of impatience has been expressed at the time given by the Conference to Imperial relations) is partly an intensified British trait. But it has a further significance in respect of Empire relations. The notion is growing—and it appears to be the working faith of the several Governments—that the future of the Empire lies not in high politics, or foreign relations, or defence, or what will be their position in war, but in a vigorous economic co-operation. The better distribution of population within the Empire as a means of improving the standard of living in the congested parts without impairing the standards of the Dominions is a task which presents countless problems for both Britain and the Dominions.

The plea of the need for the development of your resources as an excuse for not undertaking your own defence is a mean one and has sometimes been meanly used. But it is none the less true that defence must be based on population, and that population can be attracted to Australia only by conditions which give people the prospect of a good living. There may be many different views as to the attainment of this end, but the co-operation of all classes in all the countries concerned, a close investigation of the problems, physical and economic, by fit persons in a scientific spirit, and highly trained executives are among the

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undisputed means. Out of such co-operation come not merely material results, but a better mutual knowledge, and the habit and the will to co-operate.

Sometimes a contrast is made between the British Empire, as a league for defence with its eye on power and the conflicting interests and relations of nations, and the League of Nations, as an organisation promoting peace and goodwill by co-operation of the nations in the service of mankind. The summary of the proceedings of the Imperial Conference demonstrates the extent to which the Empire is becoming a co-operative Commonwealth. Some years ago the publication of one or two works dealing with the network of international co-operative organisations made a profound impression, and threw a new light on the nature of international society itself. It would be a real service, not to the British Empire alone, if a systematic account of the co-operative organisation within the Empire were made available.

II. TASMANIA AND THE COMMONWEALTH

TASMANIA is slightly smaller than Scotland, and about half of its area is rugged and bleak. The western portion is for the most part over 2,000 feet high, and there is another smaller plateau in the north-east. Between the two lies the region best suited for settlement in the Tamar basin and the adjacent north coast. Another narrow plain lies along the Derwent river in the south-east. Most of Tasmania has a more uniform rainfall than Victoria, but the lack of large areas suitable either for grazing or agriculture makes it proportionately less valuable than that State.

Nevertheless, the island had quite early, and not without reason, a good name for natural resources in comparison with the Australian mainland. It was developed early—partly because no land was very far distant from the sea

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or some sufficiently navigable river—partly because climatic similarity made the farming problems familiar to English settlers—partly because its agricultural and pastoral possibilities were more suited to the small scale activities of pioneers than to the large scale operations now necessary to compete in a world market. So by 1860 these resources had been fairly well explored. Tasmanian production was high ; but there were no new discoveries of importance to be made—such as that which is even now transforming Western Australia from a declining gold-producer to a thriving wheat-grower.

Three movements since 1860 have checked the tendency to agricultural stagnation due to increased mainland competition—the opening up of the potato lands of the north-west, the expansion of the apple export trade in the south, and more recently the swing of the north-west towards dairying. These movements, however, were not enough in themselves to provide for a rapid natural increase of population. Mineral developments took up the running from 1877, and successive discoveries on the whole gave fair scope to the growing population up to 1907, when mining production reached its maximum.

Meanwhile, however, following the mainland's example, large sums of loan money had been expended on railways and roads to overcome the difficulties of communication. The physical conditions of the country made these works very expensive in relation to the amount of produce to be moved. The railways did not pay interest, the roads by their nature could not, and there was little response in the way of new settlement or production. But a steady expenditure of loan money kept up the illusion of moderate prosperity.

By 1910 the net burden of interest had grown to alarming proportions, mineral output was declining, and hydro-electricity was the only new productive activity to loom in a somewhat dim horizon. To stop borrowing under these circumstances was the first condition of regaining health, a

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medicine as necessary and as painful as the cessation of monetary inflation can be. The European war, however, gave an excuse for postponing the evil day ; and in the post-war boom the necessity was almost forgotten. Large private capital expenditure on construction for manufactures, together with continual public loan expenditure, masked the gravity of the situation for another year or two. By 1924 the position was very much worse than when the war had intervened ten years before. The increase in the deadweight debt and the new burdens and responsibilities due to the war fell in Tasmania with special severity.

There has, moreover, been a loss of population. Before 1900, ebb and flow were roughly equal, and in general the island absorbed her own natural increase. From 1900 until 1920 about half the natural increase overflowed to other States attracted by their growing manufactures. For the last three years the whole of the still great natural increase has been lost to other States, and in addition there has been an actual loss of population, largely male and young, of 5,000 in the three years, or one-fortieth of the total population.

In another way the position can be appreciated with equal certainty. For the last ten years the capacity to pay Federal income tax per head has been in Tasmania 40 per cent. below the general Australian average, and no other State has for that period deviated from the mean by as much as 10 per cent.

What has this condition to do with the Commonwealth, and how far can it be said to be due to the effects of federation ? The question is a vexed one. Mainlanders, applying the characteristic assumption of rich natural resources, are apt to see in the relatively slow progress of Tasmania nothing but evidence of neglect and lack of enterprise. The facts are indeed complex. There was never any doubt about the entry into federation, nor is there much doubt that a popular vote would endorse that entry now. The chief economic reason favouring federation

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was the advantage of free markets for farm produce. This produce, however, tends to exhaust the soil, and to meet with increasing competition. The adaptation to inter-State free trade has had adverse effects upon the older manufacturing industries, and the attempted transition to manufactures for the protected Australian market has not yet been rewarded with sufficient success.

The national policy of protection, in so far as it has imposed costs upon unprotected industries, has been the chief cause for complaint. It hits the island both through the tariff and the Navigation Act. Tasmania has the smallest proportion of manufacturing industry and of protected production of any State. The burden of cost imposed by the ever increasing tariff restricts the profitable exploitation of lower grade mineral ores and of marginal agricultural land intensifying the depression arising from internal causes. In a still more marked degree is Tasmania handicapped by the Navigation Act and the increase in freights which has accompanied its operation. Inter-State freights have increased five times as much as overseas freights since pre-war days, and the relative effect may be gathered from the fact that Tasmania has, in tons and per head of population, two and a half times as much inter-State trade as the average for Australia, while its trade has a still higher proportion of value and therefore of freightage. Although permission has recently been granted to them, the overseas "apple ships" no longer cater for the important tourist traffic, and the services are severely rationed by a shipping organisation whose elimination of competition is at least assisted by the Act.

Unlike Western Australia, Tasmania has put forward no proposals for special treatment other than financial assistance, and while it has urged its claims for substantial compensation, the basis of its case has been desperate financial need. The State has been receiving special grants from the Commonwealth since 1913. Originally £90,000 a year was provided for ten years, partly to recom-

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pense the State for certain "customs leakages" during the "book-keeping period," 1901-10. Before the ten years expired the post-war depression had set in, and the grant was continued. Eventually it was provided for on a diminishing scale to cease altogether in 1928-29. The State increased its taxation in 1923-24, and in the following year the Commonwealth abandoned a field of taxation derived from a lottery conducted in Tasmania, which allowed the State to collect £110,000 per year additional revenue. Nevertheless, the position did not improve enough to do more than arrest a rapidly accumulating revenue deficit; and the economic position grew worse.

At this stage, in 1925, the State Premier appealed to the Commonwealth Government to allow the Royal Commission which was enquiring into the position of Western Australia to extend its operations to Tasmania, and he appointed a special committee to examine the question of Tasmania's disabilities. This committee presented a careful and reasoned report, and came to the conclusion that Federal policy was sufficiently responsible to justify a substantial claim for assistance. It recommended the use of per capita payments, discriminating in favour of the less prosperous States, and derived from the Federal income tax, which naturally collected proportionately larger sums from the more prosperous. By this method it was suggested that the unequal effects of Federal policy might receive some degree of automatic adjustment. The report of this committee was widely distributed, and although the Federal Government refused to make use of the Royal Commissioners, in January 1926 it appointed Sir Nicholas Lockyer to undertake an investigation on its behalf. An official "Case for Tasmania" was presented to him, and his report was published in April.

The "case" disclosed an alarming financial position. By bringing together all liabilities, including losses on soldier settlement, deferred charges, and sinking fund

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provision, and by claiming sufficient to allow of a reduction in taxation (which had become much the most severe in Australia) to its former level, a total of £545,000 a year was arrived at as the amount necessary to enable the State to recover. It was shown that the normal costs of government had been consistently the lowest of any of the States, and that the deficiencies were due entirely to the high cost per head of population of roads, railways and other "developmental utilities." These utilities, which on the mainland are paid for by services and land revenue, cost Tasmania £3 3s. per head of population; the loan expenditure on roads, per acre under crop, having reached £20 as compared with £3 on the mainland.

Sir N. Lockyer in his report expressed the view that Tasmanians were not sufficiently optimistic. He offered certain criticisms, agreed that there was something in "the unequal operation of Federal policy," but submitted that there was more in defective management, and recommended certain loans and subsidies under Commonwealth control, and a special grant of £300,000 a year for ten years, conditionally on a reduction of taxation approximating to about one-third of that amount. The Federal Government announced its proposals in May. It repudiated Commonwealth responsibility, and also the imposition of conditions, adding, however, "it will depend upon events whether such control may become necessary in the interest of the general credit of Australia." It expressed the view that Tasmania's difficulties were due to causes that could be remedied by more scientific methods of production and by further expenditure on development. It proposed that the resources of the Development and Migration Commission and of the Bureau of Science and Industry should be made available for Tasmania, to build more roads, and to add to the present grant of £68,000 a sum sufficient to pay interest and sinking fund on the State railway debt. The expenditure on development is part of the general policy of the Commonwealth to assist the

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State with road construction, and the special grant, which will total about £378,000 a year, will be for two years only. This assistance is to be associated with the permanent withdrawal of the per capita payments from all the States, and at the end of the two-year period the position is to be reconsidered.

In consequence, the State has been enabled to reduce its taxation to about the level before 1923, and although its rates are still much higher than those of its neighbour Victoria, they are no longer a "keep off" signal to new enterprise. It is also tackling the varied and difficult problems of agriculture, and using every effort to attract manufacturing industry, for which its hydro-electric power and more manageable labour offer attractions. Tasmania needs exports in sufficient bulk to avoid the necessity for transshipment. The apple returns from Europe can scarcely fail to improve, and mineral production may revive at any time with better processes. While, therefore, the two-year period is rather short it gives a "breathing space" and an opportunity.

III. POLITICAL CHRONICLE

THE Federal Parliament met early in March after a recess of some five months. During the greater part of that time Mr. Bruce and two other Ministers had been absent from Australia, and the duties of Prime Minister had been discharged by Dr. Earle Page, Federal Treasurer and leader of the Country party. Mr. Bruce's reception on his return showed that although there may have been different opinions as to the work of the Imperial Conference, he was generally acknowledged to have proved a dignified and accurate representative of the views of the Australian people. Probably the most important political event that happened in Australia during the recess was the return to the Federal Parliament of Mr. Theodore. Mr. Theodore

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was for some years Premier of Queensland and was in many quarters regarded as the ablest of the Labour leaders. At the last election, having retired from State politics, he contested a Federal seat, and his defeat by a then unknown Nationalist candidate was one of the most convincing proofs of the movement in favour of the Bruce-Page Government. Mr. Theodore's election was made possible by the retirement on account of ill-health of Mr. Mahony, the member for Dalley, a constituency comprising some of the industrial suburbs of Sydney. The election was vigorously contested and Mr. Theodore was returned by a majority of 8,000 votes, some 2,000 less than the majority gained by his predecessor in 1925. It had been suggested that Mr. Theodore's election would be followed by the retirement of Mr. Charlton, the Opposition leader, who was said to be in the same precarious state of health as Mr. Mahony. Mr. Charlton, however, has declared that he was never better, and since Parliament met he has been re-elected leader, with Mr. Scullin, a Victorian member, as his deputy. It cannot be said that Mr. Theodore made any noticeable contribution to Labour policy in his election speeches. He argued that the Australian tariff is not sufficiently high, that Australia should keep herself free from Imperial entanglements, that the Bruce-Page Government had erred during the last Parliament by having the new cruisers built elsewhere than in Australia, and that in this Parliament it had done nothing. Possibly the outstanding feature of the election was the number of informal votes. Of these there were 2,500, a number which, since the method of voting was free from any complexity, must be taken to indicate that even under a compulsory system the electors may retain the privilege of refusing to support either candidate.

During the recess there was further discussion of the proposal of the Government to readjust the financial relations between the Commonwealth and the States by abandoning direct taxation in whole or in part, and dis-

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continuing the present arrangement under which each State receives from the Commonwealth 25s. per annum per head of its population.* No agreement, however, was reached. The State Premiers continued to insist on the moral right of the States to a share in customs revenue, and Dr. Page to declare that the present system must be abandoned without delay. Mr. Bruce on his return offered to appoint a Royal Commission to consider how the new system could be introduced with least inconvenience, but as he supported Dr. Page in principle the offer was not accepted. In Parliament the attitude of the States was supported by the Opposition, and by no less than twelve of the Government's supporters, including Mr. Hughes and Mr. Watt. The arguments used were for the most part the same as had been previously unsuccessfully advanced by the State Premiers, that, morally though not in law, the present arrangement is founded on a treaty between States and Commonwealth which should not be altered without the consent of both parties, that the Governments which were responsible for development should have a share in customs revenue, and that the new arrangement will not be permanent since customs revenue may decline and any Government may reimpose direct taxation. The dissenting Nationalists also claimed that Government supporters were not prepared to trust the readjustment of taxes to the States of which five out of six were controlled by Labour Ministries. The Bill has passed both Houses in spite of protests from Ministerialists. Possibly it may not come into force at once for the Government has promised consideration to an alternative plan which has been favoured by some of its own supporters and by some of the Chambers of Commerce. Briefly, under this scheme, while making smaller reductions in its own direct taxation, the Commonwealth would take over a portion of the debts of each State so that it would pay in interest what it had formerly paid in subsidy, that the

* See THE ROUND TABLE, No. 65, December 1926, pp. 177-179.

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States would establish sinking funds for the redemption of all new debts, and the Commonwealth a sinking fund for the debts taken over. The alternative would obviously take some time to work out, and would therefore provide the breathing space required. The Government has proposed the appointment of a Commission representative of all three parties which after a year's enquiry is to bring up a report on constitutional revision for consideration by Parliament and possibly by the electors. One of the elements in the constitution in the conditions of which there have been many marked changes since the Commonwealth was inaugurated is the financial relations of the States and Commonwealth, and it is certain that the Commission will have to consider a scheme for defining the areas of taxation and for giving greater powers to the Loan Council with which at present New South Wales refuses to act.

Of the State Parliaments, three, those of Victoria, South Australia and Western Australia, are on the eve of a general election. The most active and the most contentious has as usual been the Parliament of New South Wales. Shortly before Christmas three members of the Government party, provoked by domestic quarrels and by an unsatisfactory budget, revolted and declared their intention of forming a Country Labour party. As their number was sufficient to destroy his majority, the Premier promised to withdraw his budget and to prepare for a general election within approximately three months. On this condition he was granted supply, but before his preparations had begun, two of the three seceders returned, the budget was restored and a general election declared to be unnecessary. In the session which followed the two most important measures have been a Bill intended to break up large estates and a child endowment Bill. By the large estates Bill it is proposed to place a tax on all estates the unimproved value of which is in excess of £10,000, unless the owner can obtain a certificate from an advisory board that his land is

unsuitable for agriculture, or unless satisfactory efforts have been made to bring about a subdivision. The advisory board has a wide discretion and is directed to exempt those estates which are being used for the production of stud sheep. The tax is not heavy and the authors of the Bill have evidently borne in mind the necessity for maintaining the high standard of Australian wool, but the most serious question raised by well-informed critics has been whether by endeavouring to encourage the growth of wheat at the expense of wool the Government does not run a serious risk of diminishing the national income. Sheep farming, though it involves less labour than agriculture, is at present carried on to a great extent on small areas, and it is thought that the Government are mistaken in attempting to increase the area under wheat in the case of which the production fluctuates and the demand is uncertain, at the expense of wool which is apparently certain of a constant market at a satisfactory price. The child endowment Bill after a stormy passage ended in a compromise. The Bill was introduced after a declaration by the Industrial Commissioner of a basic wage of £4 4s. per week. The basic wage in New South Wales is the least wage which can be paid to any employee over 21, with a few exceptions, but has been fixed as adequate to the needs of a man, his wife, and two children. In fixing the wage for 1927 the Commissioner stated that he did not consider £4 4s. per week adequate for a family of more than one child, but instead of increasing it, urged the Government to introduce a scheme of family endowment and so benefit larger families. The scheme introduced by the Government after much discussion with its supporters, provided for a payment of 5s. per child per week to the mother of every child in the State whose husband's income was less than £364 per annum; the cost, estimated to be eight millions, to be raised as to six millions by a tax of 6½ per cent. on the wages bills of all employers and by a payment of two millions from consolidated revenue. The scheme was open to several objections, of

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which the chief were that it imposed burdens on industries, particularly on those whose wages bill amounted to a high proportion of the total earnings, which would make it impossible for them to meet the competition of other States, that it would seriously increase the cost of living, that any scheme of child endowment should apply to Australia as a whole, and that this scheme was unnecessarily costly, since the bachelor and the childless husband would still have more than sufficient for their needs, and the family with one child more than it was entitled to. The Bill passed the House of Assembly in its original form, but in the Legislative Council it was drastically amended and after many protests has become law in its amended form. The child endowment scheme will now come into force in conjunction with the declaration of a new basic wage. The Commissioner must, before September 30, declare a basic wage for a man and wife without children. The endowment of 5s. per week per child will be additional to the weekly sum then declared, but will not be paid to anyone whose income would exceed the aggregate of the new basic wage and 5s. per week per child. The cost of the scheme to employers and the State, which is a very large employer, is thus greatly reduced and the scheme becomes an endowment in aid of necessitous cases, necessity being judged by the standard of the Industrial Commissioner. The New South Wales scheme, however, may be of only temporary application. Mr. Bruce, being of opinion that the Federal Parliament has no power to legislate for child endowment, and that any scheme should apply to the whole of Australia, has summoned a conference of State Premiers for June next for the purpose of considering a uniform scheme to be submitted to their respective Parliaments in the unlikely event of the Premiers agreeing.

Australia. March 30, 1927.

[We understand that the reduced cost of the child endowment scheme is now to be met by a tax of 3 per cent., instead of 6½ per cent., on the wages bill of employers, both private and State.—EDITOR.]

SOUTH AFRICA

I. THE INDIAN AGREEMENT

WHATEVER difficulties the future may have in store for us in the adjustment of relations between the European and the Indian inhabitants of the Union, there can be no doubt as to the successful result of the Conference which sat in Cape Town at the close of last year, in which the Union Government met the deputation sent over by the Indian Government to discuss the questions arising out of the introduction by the Government of the Areas Reservation Bill.* The Conference was successful not only because an agreement was arrived at. It had effects extending beyond its immediate practical results, effects which will have a permanent influence on the outlook of the South African Government and people as regards India and as regards the Indian people who are settled here. The members of the Indian deputation, both European and Indian, made a most favourable impression on those who came in contact with them, and that in itself meant much in a country such as this, where colour prejudice is strong, and where the ordinary man's opinion about Indians is based on what he sees or hears of the lowest type of that people which has found its way into South Africa.

The Conference was an experiment in inter-Dominion relations, and it has set a precedent for the future. The agreement which was reached, though it actually leaves untouched most of the points of friction between the two

* THE ROUND TABLE, Nos. 46, March 1922, and 63, June 1926.

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communities, has established a new plane of vision for the various problems which have arisen and will arise. It contains a recognition by the South African Government of the rights of those Indians who may be permanently settled in this country to take their place as members of a civilised community, and a promise that the necessary educational facilities will be provided to enable them to do so. Herein lies the real importance of the agreement. It may be hard to reconcile this pronouncement with the past attitude of members and supporters of the present Government, but it will be equally hard for this or future Governments to go back upon it. It is a step forward from the attitude of mere race and colour prejudice to a frank recognition of human needs and aspirations.

The Conference sat from December 17 to January 11, and on February 21, when both Governments had had time to consider, and had ratified, the conclusions arrived at, an official statement was made by the Minister of the Interior in the House of Assembly. Although it is natural to speak of the result of the Conference as an agreement, there was, in fact, no formal contract or treaty. The only published record is the identical statement made in the House of Assembly here and in the Legislative Assembly in India and a mutually approved summary of conclusions laid on the table in both legislatures. A formal agreement or treaty would have required ratification by Parliament, and that the Government evidently thought it well, in the present state of feeling, to avoid. When the Minister of the Interior made his statement the Prime Minister promised, on the request of the leader of the Opposition, that an opportunity would be given for discussing it. As, however, the Government did not think it necessary to ask Parliament for its approval, and as the Opposition evidently was not prepared to move Parliament to disapprove, no further reference to it was made until, on the second reading of a Part Appropriation Bill certain members—mostly from Natal—expressed their disappointment with

The Indian Agreement

the Government's action. The Opposition, however, declined to make it a party question, and the discussion ended without a division.

The "conclusions" reached by the two parties to the Conference fall into two classes, according as they contemplate immediate action by one side or the other, or are general statements of the attitude to be adopted by the Governments in regard to certain aspects of the situation as it now exists.

The first class amounts in substance to this, that the South African Government withdraws its Areas Reservation Bill, while the Government of India undertakes to do its part in a scheme of assisted emigration of Indians from South Africa back to India. The hope of the Union Government evidently is that, with additional encouragement in the form of money grants at this end, and with the active co-operation at the other end of the Indian Government in the reception and employment of emigrants, considerable numbers of Indians may be induced to go back to India, and thereby the fears may be allayed of those South Africans who regard the presence of the Indian as a menace to European civilisation. The South African Government holds itself quite free, if its hopes in this respect are not realised, to revert to its previous policy, or to introduce such legislation as it may think necessary. The money grant payable to Indians leaving the Union is to be £20 for every person over 16 and £10 for children under that age, and decrepit adults unable to earn a living through physical disability may also receive a pension. Certain minor alterations of the Immigrants Regulation Act of 1913 are also to be made.

The second class of "conclusions" are those which are declaratory of the general policy and intentions of the Governments. The Indian Government affirms its recognition of the right of the Union Government to use all just and legitimate means for the maintenance of Western standards of life. The Union Government recognises that

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Indians domiciled in the Union who are prepared to conform to Western standards of life should be enabled to do so. The Union Government declares its firm belief in, and adherence to, the principle

that it is the duty of every civilised Government to devise ways and means and to take all possible steps for the uplifting of every section of their permanent population to the full extent of their capacity and opportunities, and accept the view that in the provision of educational and other facilities the considerable number of Indians who will remain part of the permanent population should not be allowed to lag behind other sections of the people.

In pursuance of this principle the Union Government declares its willingness, so far as public opinion may allow, and in so far as it can influence matters which by the constitution are entrusted to provincial councils, to advise the appointment of a commission by the provincial administration in Natal to inquire into "the admittedly grave situation in respect of Indian education in Natal," and to obtain the assistance of an educational expert from the Government of India. It is also willing to consider sympathetically the question of improving facilities for higher education for Indians, and to investigate the sanitary and housing conditions in and around Durban, including the question of the appointment of advisory committees of representative Indians, and the limitation of the powers of municipalities to sell municipal lands subject to a restriction against purchase by Indians.

Further, the Union Government states that

the principle underlying the Industrial Conciliation Act of 1924 and the Wage Act of 1925, which enables all employees, including Indians, to take their places on the basis of equal pay for equal work will be adhered to.

This statement is generally taken to mean (and presumably does mean) that the recent so-called Colour Bar Act, which empowers the Government to debar by regulation Indians and natives from certain classes of occupation, will in practice not be applied to Indians.

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Finally, in regard to trading licences, the Union Government states that, when the time arrives for the revision of existing licensing laws, it will give all due consideration to the question of reasonably limiting the discretionary powers of local authorities in the following ways :—

1. That the grounds on which a licence may be refused should be laid down by statute.
2. That the reasons for which a licence is refused should be recorded.
3. That there should be a right of appeal in cases of first applications and transfers, as well as in cases of renewals, to the Courts or to some other impartial tribunal.

It must be frankly admitted that the policy indicated by these statements of the Union Government, and particularly that in relation to the granting of trading licences, is considerably more liberal than any which would be likely to be adopted by a majority of the members of the present Parliament, if they were free to vote without regard to party ties, or by a majority of the voters of the Union, if they had an opportunity of registering their opinions. For that reason the statements are purposely non-committal as regards immediate action. But what is important is that they set up a standard for dealing with Indian problems more liberal and sane than has ever been openly adopted in South Africa outside the Cape Colony, and that they have been proclaimed by a Government representing the political party which, in the past, has been the strongest advocate of drastic and repressive measures against the Indian inhabitants of the Union. That fact will of itself give them an influence in moulding public opinion which they would not otherwise have had. Moreover, the Union Government requested the Government of India to appoint an agent in the Union "in order to secure continuous and effective co-operation between the two Governments." If, as is now reported, Mr. Srinivasa Sastri has accepted the appointment, that will in itself be a security that the new policy for which the Union Government has declared will

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not be allowed to fade into oblivion, and that the broad and statesmanlike spirit which inspired the Conference will be kept alive.

II. THE SOUTHERN RHODESIA LAND COMMISSION

"GOD," we are told, "made the land for the people," and the question which inevitably arises wherever civilised men come in contact with tribal natives is "Which people?" It is a question which has long been clamouring for an answer in the Union of South Africa; it is one which is becoming insistent throughout all south-eastern and east-central Africa. The conditions which face men in all that vast area "from Lion's Head to the Line" are essentially the same. Right through, from Cape Town to Kenya, the lands, temperate either by reason of their latitude or their height above sea level, have been or are still being occupied by Europeans in greater or smaller numbers.* These men come, not as adventurers anxious to make a fortune and be gone, but as heads of families determined to live and die in the land of their adoption. They find themselves among Bantu tribesmen and they look to them for labour; but where the tribes have land of their own, the tribesmen are under no overriding necessity to work for them.

Faced with this secular conflict of interests, men of the two races, white and black, are now seeking a *modus vivendi* whereunder the European, with his superior skill and resources, may develop the territory in the interests of himself and the world, and the Bantu may be saved from abrupt detribalisation and the fate of the *déraciné*. Both races must live in the same country and there is room for both; but the traditions and manner of life of the two are so different that the one finds the other an uneasy neighbour.

* See "The New Problem of Africa" on p. 447 of this issue.

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On no point are the ideas of the two races more antagonistic than on this vital matter of land-holding. In European eyes, land is to be owned outright subject only to such claims to the minerals as a watchful government may have reserved to itself in advance. Such absolute ownership of a given area of the earth's superficies is foreign to the uninstructed Bantu mind. His own chief does not own the tribal lands, whose very boundaries are usually delightfully vague; it is questionable whether the tribe itself owns the land in our sense. The land is there and it is valued by reason of what grows or moves upon its surface. The member of the tribe is entitled to his share of the grass, water, and game upon that land simply because he is a member of that tribe. For the rest, he may be given a piece of ploughland, or rather hoeland, by the chief, and, unless the chief takes it away again, he and his descendants can hold that land against all comers. Communal grazing and the user of garden land are the twin bases of the Bantu system of land-holding.

The impact of Western civilisation upon such a system has naturally led to strife and confusion. Europeans have entered the northern reaches of the highlands directly from the East coast, but the older and broader stream of immigration has flowed from the South northward. The story of that migration runs through nearly three centuries, and its main features have been the same in each generation. So long as the trekking Boers, the pioneers of Western civilisation, had only Bushman hunters or Hottentot pastoralists to deal with, the problem of land-holding hardly arose. But towards the close of the eighteenth century they found themselves face to face with the Bantu who were trekking in the opposite direction. These Bantu were agriculturalists like themselves, after a fashion; like them, they reckoned their wealth in cattle and, like them again, they were eager for land. Hence followed a century of strife along the eastern frontier of the old Cape Colony. It was then that the South African frontiersman's

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point of view was developed to its full force. That point of view was natural, all too natural. The colonists, Afrikander and presently British also, felt in their bones that they were men of a superior race; they had firearms; they believed that they could make better use of the land than did the natives; to crown all, the tribes held much of the best land in those parts. At the end of the hundred years the frontier of Kaffirland had been pushed back to the Kei river.

Meanwhile the frontiersmen *par excellence*, the Eastern Province Boers, had trekked away north-eastward beyond the Orange, beyond the Vaal, beyond the Drakensberg mountains into Natal. At first they occupied great spaces more or less denuded of inhabitants who had either fled from or fallen under the broad stabbing assegais of the Zulus and Matabele. But as the need for more land arose they took what they required; for according to their simple philosophy, the philosophy of all frontiersmen, the land was for the people, and they were the People. As for the natives, land too, so long as that was convenient, but in any case, labour when called upon by their patriarchal rulers. *Vide* the Book of Joshua *passim*.

The root of the trouble in the lands between the Orange and Limpopo rivers was that there was for too long no power which was willing or able to make a just division of the land between the two races, still less to make provision for future needs. The British Government in the early 'fifties, had indeed made a half-hearted attempt to essay that task, but it had soon left the Republicans and the tribes to adjust their own differences. It did, however, act with more firmness in the coast colonies. Being less directly interested in land than the colonists, less "up against" the problem of cattle-stealing native neighbours than they, it was able to see certain aspects of the problem which were hidden from the "man on the spot." The Imperial authority set aside considerable native reserves in Natal, saved the bulk of the Transkeian territories and,

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extending its long arm once more across the Orange, preserved most of Basutoland to the Basuto. Later again, in the 'eighties, it discharged the same prudent function in Zululand and the Bechuanaland Protectorate. If the Union still has solid blocks of native territory on which to base even a modified system of segregation, it has, in great measure, to thank Downing Street.

Meanwhile, land-owning companies had begun to buy up great tracts of country and, like the individual settlers, to transform the native inhabitants into rent-paying squatters. And as the diamond and gold mines developed, natives became inured to urban conditions. It was out of this socially and economically confused South Africa, that the stream of white migration flowed north of the Limpopo into Southern Rhodesia. Rhodes's Pioneers occupied Mashonaland in 1890. They and the men who followed them took with them the usual frontiersman's philosophy and the promise that they were to be paid partly in land. But at first the British South Africa Company was in no position to pay them. Still less could the Company effect any division of land between white and black, for it owned no land and, strictly speaking, had no jurisdiction even over white men so long as King Lobengula ruled in Matabele-Mashonaland. After the Matabele War of 1893, however, the Chartered Company, as agent for the Crown, was in a position to attempt a settlement. It made it according to the frontier principles of the day. Deserted Mashonaland to the east, where there was little gold, many natives and, in those days, much fever, was left for further consideration; but in Matabeleland to the west, two unacceptable reserves were hastily marked out for the tribes and the most desirable land parcelled out among individual Europeans or development companies. Hence, as the Land Commission repeatedly notes, it is Matabeleland which presents the greatest difficulties to-day, for there white and black are mixed, Union fashion, much more inconveniently than elsewhere.

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After the Matabele and Mashona rebellions of 1896, the natural results of such a policy, the Southern Rhodesia Order-in-Council of 1898 laid down the general lines on which the Chartered Company was to rule. That Order specially safeguarded native interests. The Company was directed "from time to time to assign to the natives inhabiting Southern Rhodesia land sufficient for their occupation, whether as tribes or portions of tribes, and suitable for their agricultural and pastoral requirements," and the natives were given the right to "acquire, hold, encumber and dispose of land on the same conditions as a person who is not a native." Reserves were therefore marked out from time to time and, presently, a few natives acquired land on individual tenure outside them.

The next stage came in 1914. The Company having abandoned all hope of finding the great gold-mines on which its original plans had been based, proposed to farm on its own account and to press on with European land settlement in the unalienated lands which, at that time, it claimed as its commercial asset. The existing reserves had been roughly indicated without survey; some were full, others almost empty; there was no finality about the borders; in other words, the land was not really guaranteed to its occupants. Hence, at the request of the Company, the Crown appointed a Commission to define the borders of the reserves. The recommendations of that Commission were adopted and, by the Order-in-Council of 1920, the reserves were vested in the High Commissioner and set aside definitely for "the sole and exclusive use" of the natives of Southern Rhodesia. Meanwhile, the Judicial Committee of the Privy Council had decided that the unalienated lands were Crown Lands and, a little later, these lands and the control of all Southern Rhodesia passed to the self-governing Ministry which relieved the Chartered Company of its political functions.*

The new constitution again safeguarded native interests

* THE ROUND TABLE, Nos. 44, September 1921, and 45, December 1921.

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and, in especial, reaffirmed the relevant clauses of the Order-in-Council of 1920. But that was not enough. Rhodesians began to look ahead. They hoped for a steady influx of European settlers, and that influx was slowly taking place. The natives on the other hand were increasing in numbers, though whether they were increasing faster than the whites was a matter of doubt. Nevertheless, they were increasing and would continue to increase, and the time must come when the 40 acres per head allowed for each occupant of the reserves would be insufficient. Moreover, as in the Union, the natives were differentiating into classes; their interests were ceasing to be the same throughout. This fact is suggested by the distribution of the Bantu population:—

516,335 Natives dwelt in the Reserves and Locations.				
150,650	"	"	"	European farms.
122,088	"	"	"	Crown lands.
24,874	"	"	"	Urban areas.

In addition, a few thousands lived on mission lands, while a few individuals occupied their own farms outside the reserves.* Those reserves in 1925 comprised 21,600,000 acres, and Crown lands another 43,000,000. The question arose as to whether the disposal of those Crown Lands could be left to open competition. From the European side the answer was, with increasing emphasis, in the negative. Native farming is notoriously bad and though it is probably not quite so bad as some critics would maintain, a native neighbour tends to bring down the value of a European farm; his weedy fields spread their baneful influence far and wide; his scrub cattle, in an imperfectly fenced country, make scientific stock farming a matter of extreme difficulty. From the native point of view, there was also much to be said for controlled settlement. The higgling of the market did not give the black man a fair chance; Europeans, either as individuals or organised in

* There are 39,186 Europeans and 944,822 Bantu in Southern Rhodesia.

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companies, had acquired 31,000,000 acres, whereas natives had only been able to purchase some 45,000 acres outside the reserves. What was true of the countryside was true also of the towns, as far as natives had entered them. The bulk of the farmers, urban dwellers, natives and, less certainly, the missionaries swung round in favour of some scheme of territorial and therefore cultural segregation.

This movement of opinion was stimulated by the segregation policy adopted by the Union Government in the Native Lands Act of 1913. Southern Rhodesia is at all times attentive to what happens south of the Limpopo, and it was certainly attentive to the growing unrest and confusion which arose, year by year, as the Union authorities more or less carried out that part of the Act which prevented natives from acquiring land and completely failed to carry out that portion which foreshadowed additional areas in which natives alone should have a free hand. Rhodesians, with pardonable satisfaction, thanked God that they were not as other men were, but they also realised that, unless they took action, their cause for satisfaction would be taken from them. They began to envisage a comprehensive scheme of segregation while yet there was time. A Land Commission was therefore appointed in 1925 to consider the setting aside of definite areas, outside the existing reserves, in which natives only might acquire interests in land and, hence, other areas in which Europeans only would have that privilege. Pending the report of the Commission, the disposal of Crown Lands was conducted in such a way that the recommendations of the Commission should not be jeopardised.

The Imperial Government appointed the chairman, Sir William Carter, the Rhodesian Government appointed the other two members, Sir Herbert Taylor, Chief Native Commissioner for many years past, and Mr. William Atherstone, Director of the Department of Lands. The commissioners travelled widely during the middle months of 1925, heard the evidence of 233 Europeans and of 1,753 natives, and con-

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cluded that segregation was feasible, that, though it could not be regarded as a settlement of the inter-racial question for all time, it might be "at a particular stage of the development of the human race . . . the arrangement which, on the whole, makes for harmony and peaceful progress," and finally that, if it were done, 'twere well it were done quickly.

On most points the commissioners are unanimous.* They start with the twin propositions that if the natives are to give up their old right of buying land anywhere in Southern Rhodesia they must in common decency be given a real *quid pro quo*; and, secondly, that the fear that natives adequately supplied with land will necessarily cease to furnish hired labour is disproved by recent experience in East Africa and New Guinea and in Rhodesia itself, where the local labour supply has increased steadily during the past fourteen years.

The commissioners leave out of account some 18,000,000 acres of sandy or tsetse infested land which for the most part lies in the Zambesi valley or along the western frontier. They propose to divide the remaining 78,500,000 acres into three main zones. In the centre will be a more or less solid block for European occupation wherein natives will not be allowed to acquire land; on the outer edge of the territory will lie the reserves as at present, 21,600,000 acres in all; in between will lie a broken belt of nearly 7,000,000 acres set aside for native occupation. There is no question of providing land to meet the demands of all the tribal natives who may come into existence during the next generation. The vast mass of the natives are wedded to their communal land system; they know no other and are for the most part probably unaware that they can buy land outside on individual tenure. But there is a growing minority which feels itself cramped by tribal conservatism, and it is for perhaps 50,000 of these advanced and advancing natives that the commissioners desire to make provision.

* Report of the Land Commission (C.S.R. 3—1926).

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Communal tenure is to be definitely barred out from the intermediate belt. That is to be reserved for natives who will, it is hoped, serve as a buffer between European civilisation and raw tribalism and, at the same time, furnish an example to their more backward brethren.

The conduct of this great experiment in segregation is to be entrusted to a Native Land Board presided over either by the Minister of Lands or the Chief Native Commissioner, and manned by representatives of various interests including, in the near future, one or two natives. The bulk of the land, 7,000,000 acres, with which this Board will be primarily concerned is to be called Native Purchase Areas. In nearly every case, these areas adjoin existing reserves and, indeed, the same is true of the other less important classes of land under consideration. The land therein is to be sold or, on occasion, leased to natives only at the rates customary among Europeans in the neighbourhood; but full title will not be granted till certain improvements have been effected and a reasonably substantial house built, and thereafter the powers of the native owner to transfer or encumber his property will be strictly limited on the lines of the famous Glen Grey Act.

The Purchase Areas will cover at least 6,852,000 acres. A further 80,000 acres are to be classed as Semi-Neutral Areas. These once more adjoin either reserves or Purchase Areas and, in them, European owners may sell either to Europeans or to natives; but once land has passed into native hands it is to become and remain Native Purchase land.

Two of the commissioners propose yet a third class of land, the Neutral Areas. These areas cover 1,100,000 acres. They are intended to meet the needs of central Matabeleland and the eastern border districts round Umtali and Melsetter. There, conditions approximate most closely to those in many parts of the Union. Europeans are scattered fairly thickly over them, but there are also numbers of natives living on the farms or Crown Land

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from which they are averse to moving. Moreover there are no adequate areas near at hand to which they can readily be moved. The proposal therefore is that Europeans and Bantu shall both be free to acquire land there, provided the land in question abuts on European or Bantu land respectively. There is to be no formation of black or white "islands," and in order to give the natives, the weaker party economically, a chance, certain Crown Lands are to be held up for native purchase for ten years to come. The third member, the Director of the Lands Department, dissents from a proposal which he believes will lead to friction and the depreciation of European property, and advocates rather a clean cut, even at the expense of enlarging the Purchase Areas. There is reason to believe that his opinions are shared by many Rhodesians.

European farms in Native Purchase Areas and native lands in European Areas are to be expropriated on liberal terms by the Land Board; but the extent of land involved is at most 520,000 acres, and half of it belongs to companies which may well be content to take other land in exchange. The displacement of either Europeans or Bantu will not be great. There is, however, a serious displacement which must be faced. In many parts, as in the Union, there are natives squatting upon farms, company holdings or Crown Lands, and paying rent for the right to do so. The tenure is precarious; in so far as the lands are owned by development companies, it stands in the way of proper settlement, for the company is often content to "Kaffir-farm," that is, to draw rents while waiting for a rise in the selling price of land; in so far as the land is owned by farmers, the practice of maintaining these private locations is widely condemned. The solution of the problem is easy in Mashonaland, and there the commissioners recommend that it shall come to an end within three years; but in Matabeleland, where the system is most deeply rooted, six years are to be allowed in some districts, while in others the squatters are to remain where they are provided no

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new squatters are admitted. Squatters are to remain on Crown Lands till the land is alienated, and strict regulations are to be enforced in the Native Purchase Areas against the growth of the practice among land-owning natives.

The scheme thus broadly outlined is not an attempt at rigid segregation, for that is neither possible nor desirable. But it is an honest and adequate attempt to profit by Rhodesian and South African experience; to avoid the hasty break-up of the tribal system with its salutary checks and moral sanctions and the consequent flooding of the European areas with a black proletariat. At the same time, an outlet on the land is offered to progressive natives in the Purchase Areas. Those areas are the key to the position. Natives are still to be confined to locations in the European towns, or to the village settlements which are to be made in addition near by, or to the suburban areas, with more of the amenities of life than are to be found in locations, which are to be set aside for progressive natives in the white man's townships. But there are to be purely Bantu towns in the Purchase Areas and, in due time, Native Councils are to be formed there on the lines worked out in the Transkeian districts of the Cape, and carried further afield in the Union by Smuts's Native Councils Act of 1920.

By the time this article reaches London, the Rhodesian legislature will have met to consider the Report. A great opportunity is presented to it. It will be the hope of all well-wishers of Southern Rhodesia and, indeed, of all Southern Africa, that it will rise to the height of that opportunity.

South Africa. April 22, 1927.

NEW ZEALAND

I. DOMESTIC MATTERS

The Balance of Trade

THE turn of the year, the return of the Prime Minister from the Imperial Conference, and the cloudy state of affairs in the Far East have together given New Zealand ground for much useful thinking. Some time before the end of 1926 there was evidence of a marked financial stringency throughout the Dominion. Usually the spring and early summer are the quiet time of the year in New Zealand. In the producing industries there is little money coming in by way of revenue. The milk cheques for the early part of the new season are generally applied in liquidation of advances made by the banks in the "off season" when the factories are closed down. Early wool clips find their way into the saleroom in November, but the revenue from this source is not very widely distributed, and, generally speaking, it makes itself felt first in the wholesale channels.

When it was suggested a year ago that the Dominion would probably have to face some years of lower prices for primary produce the idea was not taken seriously, for a whole generation of our farmers has never known anything but rising prices and increasing land values. To-day, however, the truth of the prognostication is obvious. The declared value of the exports from New Zealand for the twelve months ended December 31, 1926, was £45,275,575, as compared with £55,262,272 for the previous twelve months,

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a shrinkage of almost ten millions in the income of the Dominion from its main source. The woolgrowers alone, in the calendar year, received £11,830,000 for their clip, as compared with £17,738,000 in 1925. The producers of butter and cheese received £14,634,000, as compared with £16,040,000. Unfortunately, that is not the whole story, for New Zealand has continued to buy abroad at the old rate. Whereas in 1925 exports more than paid for imports—there was actually a credit balance on the exchange of £4,235,761—they were last year not sufficient by £3,885,000 to balance our bill for purchases abroad.* Commenting upon this position at the annual meeting of the Dominion Drapers, Clothiers and Boot Retailers Federation, the president, Mr. P. L. Halsted, remarked :

We are now spending in excess of our income, a very unhealthy state of affairs. Are some of us not carrying heavier stocks than our turnover warrants? If we are, we are not only doing the country harm, but we are injuring ourselves. Big stocks out of proportion to turnover are uneconomic, and must inevitably result in loss to those carrying them.†

There is, of course, nothing new in this. It is quite a normal feature of the balance of trade. Still, it is not pleasant reading. Only twice in the present century (1908 and 1920) had the balance gone decisively against us, and on each occasion the disadvantage was only for a single year. Whether such rapid recoveries are altogether a good thing is open to question. The constant rise in prices and land values up to 1920 and the repeated increases in wages granted by the Arbitration Court have together produced a standard of living that is far removed indeed from the Spartan régime of the pioneers. It is not surprising to find Mr. A. D. McLeod, the Minister of Lands, who is a farmer himself and has known the lean days of the 'eighties and early 'nineties, uttering a warning to young people on the subject. "In every section of the com-

* *Evening Post*, January 4, 1927. † *The Dominion*, February 10, 1927.

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munity," he said at Christchurch, "there is an astounding amount of thriftlessness, with which no Government can keep pace. People do not seem to provide for even one rainy day. Unless people make provision for the future no Government can do anything."*

Protection for Industries

Manufacturers are strenuously demanding greater protection for their output, and their demand is strengthened by the argument put forward by the Auckland Chamber of Commerce that the failure of these industries to expand further is one of the main causes of unemployment. To this the *Sun* (Christchurch) adds (February 8, 1927) that "the entry of specialist tradesmen, needed by our secondary industries, can neither cause nor aggravate unemployment, but is, on the contrary, greatly to our advantage." Several of the large centres of population report that many young people leaving school are unable to get themselves apprenticed to trades. The *Sun* says (January 14, 1927) :

In view of the slow development of manufacturing industries, it is not surprising that boys experience great difficulty in securing apprenticeship to skilled trades. The plain truth, of course, is that the secondary industries cannot absorb all the sturdy and intelligent lads who want to learn a trade. The problem of apprenticeship would solve itself on proper lines if the development of manufacturing industries were speeded up.

All these demands for "speeding up" manufactures point clearly to one solution, greater tariff protection, which is in many quarters regarded as a panacea for our ills. The demand for greater protection has been made in pronounced terms by manufacturers all over the country, and to-day they find strange voices raised in support of them; here the sawmillers threatened by importation from the Pacific slope of North America, and there the farmers suffering from the importation of Australian wheat. The New

* *The Press* (Christchurch), February 10, 1927.

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Zealand Preference League complains that articles made in New Zealand are passed over in favour of imported lines.* Another complaint at the Auckland Chamber of Commerce is that the woollen mills of New Zealand, which produce goods of the very highest quality, are four times too many for the requirements of the local market. And we know that the freezing works are so numerous that they could execute in two or three months the whole of the year's freezing. There is thus to be considered not merely the competition of cheaper commodities imported from abroad, but the over-capitalisation of some of our own industries.

Farmers as a rule are free traders, and there is no sign of the New Zealand Farmers' Union, the most powerful organisation of the agrarian interest, departing from this traditional plank of its platform; yet in December a meeting of farmers and business men in the North Island town of Wanganui called upon the Government to find new markets for our produce, "even if tariff bargains are required to secure them." At the same time the wheat growers of Canterbury province in the South Island were insistently demanding an actual embargo against flour from Australia. All these incidents together point to a marked recrudescence of the age-old tariff question. Recognising the insistence of the demand, the Government has appointed a departmental committee, under the chairmanship of the Controller of Customs, to suggest amendments of the tariff.

In October, when the Wellington Provincial Industrial Association pressed the Minister of Lands (who is also Minister of Industries and Commerce) for higher protection, Mr. McLeod warned them emphatically that any movement towards a general increase of customs which did not take full cognisance of the position of the primary producers was a very precarious measure to propose:

We are going to get nowhere (said Mr. McLeod) unless we get the co-operation of the primary producer and the manufacturer. If

* *Auckland Star*, February 8, 1927.

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further protection of your industries means added costs to the primary industries, then there is going to be a big dose of trouble. I am in a position to know that to-day the farmer is struggling under a heavy load, and any further burden at this present juncture will, unless the overseas markets improve, bring about such a crash as will mean hard times for every man, woman and child in the country for years to come.

Following on this, the president of the Industrial Association of New Zealand offered a pill in sugared form to the farmer by suggesting that he would find the local market was his best outlet. Already, he said, New Zealand used twice as much butter as was exported. Mr. W. Downie Stewart, the Minister of Customs, is too good an economist to allow that plea to go unchallenged. The population of New Zealand would have to increase fourfold, he said, before the margin of butter for export would disappear, and in the meantime New Zealand was dependent for her wealth upon the surplus she was able to export:

The farmer will not be readily convinced (he said) that he is not menaced by the protection of secondary industries or persuaded that the raising of the tariff is going to assist him to dispose of his products in a free market. If they went forward with banners flying they might not achieve the results they hoped for, and they would find those opposed to them mobilised and marshalled.*

A week or two later Mr. Stewart spoke quite sympathetically to a deputation from the Farmers' Union, which asked for protection for the Canterbury wheat growers. When the fixed price, which was adopted after the war for their benefit, was finally abolished a year or two ago the Government washed its hands of the device with unfeigned relief.

The Fixing of Wages

The high wages in our protected manufactures are reflected in high costs in the unprotected primary industries, and just now the producer cannot see the compen-

* *The Press* (Christchurch), October 14, 1926.

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sating advantage. One thing that appears to stand out, says the *Evening Star* (Dunedin, December 9, 1926), is that in the attempt to solve the economic puzzle the interaction as between the customs tariff and the Arbitration Court will have to be considered. Our compulsory arbitration was introduced primarily to settle hours and wages, but the Court has developed into a regulative assembly for the adjustment of all industrial economic conditions in New Zealand.

An Australian writer, Mr. Henry Barkley, in the *Economic Record* for November 1926, suggests that the only practical solution is for the whole community to fluctuate with the primary producer, whose standard of comfort is directly governed by the season's bounty. But how would the workers receive such a proposal?

A judgment delivered by Mr. Justice Frazer in the Arbitration Court on March 4, 1927, bears on this aspect of the problem. He says:

The primary producers of this Dominion are in the unfortunate position of having to pay approximately 60 per cent. above 1914 prices for their purchases, while they receive a considerably smaller percentage increase over their 1914 export prices. The position of the farmer is less satisfactory than it was in 1924 and 1925, but considerably better than it was in 1922. I am prepared to concede that the difficulties of the farmers are not now due altogether to inflated land values, but there does not seem to be cause for pessimism in regard to the movement of export prices. All over the world farm prices dropped in 1921 and 1922, while prices of manufactures remained high. Since then, farm prices have been alternately high and low, with fairly rapid fluctuations, while the prices of manufactures have shown a steady downward trend. All economic history justifies the prediction that, sooner or later, prices of farm products and prices of manufactures will meet on a common level. While I have every sympathy with the farmers in their present position, I cannot allow that consideration to influence my judgment in the direction of reducing the standard of living of the freezing trades workers below the general level of similar workers. . . . Wages must, in the common interest, be kept stable over fairly long periods. They cannot fluctuate upwards or downwards as rapidly or as violently as the export prices of primary

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products, and they are fixed in this country at a level which is not above that which can be paid at the present time. Labour cannot be regarded as a mere commodity, but must, if at all possible, be paid a wage consonant with the reasonable requirements of civilised life. The present increases that I have thought proper to award will probably not affect the farmer at all. It is undeniably true that a number of freezing companies are not making any profits, but it is impossible to avoid the conclusion that this is due in the majority of cases to over-capitalisation during the war period. Where an industry is in difficulties owing to over-capitalisation, an industrial court should not reduce the wages standard of the workers for that reason, unless that standard is unduly high in relation to the general standard of wages, but it should leave the adjustment of the difficulties to the operation of economic forces.

As to the proposal for a return to the old conditions of free contract and competitive labour output, His Honour administers a rebuke to those who have demanded it at this juncture:

I feel impelled to make reference to the numerous resolutions that have been passed by different bodies of farmers during the pendency of the present proceedings calling on the Government to introduce legislation for the repeal of the Arbitration Act. It is, of course, quite proper and legitimate for interested bodies to agitate for the repeal of an Act or the abolition of a Court, but it is unfortunate that they should have chosen a time when an important case was pending to pass the resolutions in question. It may have been only a coincidence, but it is to be regretted that at such a time any concerted action should have taken place that might have had the appearance of being intended to influence or intimidate the Court.

Other authorities have given the farmer the same advice as Mr. Justice Frazer offers: "more scientific methods." And so well has it sunk in that the two most jealous provinces in the Dominion, Auckland and Wellington, have so far composed their differences as to establish a joint council for the control of the new agricultural college, and the new Department of Industrial and Scientific Research has started with a board in which the agrarian interest is strongly represented. During and since the war

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much land in the Dominion has admittedly gone back in condition, largely owing to the high prices paid for it and the high cost of labour. To-day it seems as if the average holding is too large in size for the energies of the average farmer. In a speech in the spring, the Minister of Lands remarked that there were hundreds of holdings where men were trying to develop areas far too large for them. His colleague, Mr. O. Hawken, the Minister of Agriculture, also a North Island farmer, endorsed this. "I am one of those," he said, "who believe that the country is undermanned." *

Dairy Export Control

An important episode in the economic position has been enacted in the last week or two in connection with the marketing of New Zealand butter and cheese in London. The statutory board, which was set up a little more than a year ago to control the export of dairy produce, took a rather more aggressive attitude than did the similar board set up earlier to control the export of meat. When, after a bitter controversy in New Zealand and London, the Dairy Control Board in August assumed absolute control of exported produce, there was widespread uneasiness as to the result. When the Board took control the price of New Zealand butter stood at 136s. to 138s. per cwt., and thenceforward the market rose steadily, until on February 14 it stood at 172s. to 176s. It then gradually receded; but on March 10, when matters here reached their crisis, the fall was only 14s. to 16s. As regards the stocks on hand in London also, they amounted to 400,000 boxes, whereas last July, when the market was entirely free, there were 650,000 boxes in the hands of factories and merchants. The fall in price since the peak in February this year was in reality much smaller than in the last three years.

* *Evening Star*, November 9, 1926.

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It is, of course, patent that the operation of supply and demand, the loss of purchasing power of the British public due to the strike, and the general fall in price levels which has been in progress for some time past, were all contributory factors in producing this position. Nevertheless, the combination of piling stocks and a stagnant and hostile market seemed, in the atmosphere of anxiety and dispute, to justify the critics of the Board's attempt to fix prices. While in England Mr. Coates, our Prime Minister, sent a cablegram to New Zealand on October 27, in which he stated that he had been much impressed with "the importance of the principle that to ensure good business in commercial life you must have goodwill." That was regarded in "control" quarters as an attempt on the part of the Prime Minister to interfere in the interests of the firms which had been in the habit of handling our produce, and as such, it was very strongly resented. The sequel, however, seemed to justify the intervention, inasmuch as the prices of our produce fell steadily, until the control prices quoted on March 10 were 158s. to 160s. for butter, and 84s. to 85s. for cheese; and yet "despite this reduction, the demand is very slow." *

The Prime Minister, in a statement published in the *Evening Post* on March 12, said:

I fully recognise that in connection with our dairy produce there is ample scope for the Board to see that a high standard of quality is maintained, to arrange transport, insurance and storage charges, and to supervise marketing in the Old World. There is no necessity to make any change in these respects, but I would point out that how far these operations should go is for the producers themselves to decide.

The Dairy Control Board on March 14 discussed the position and decided, by a majority of six to three, "that all resolutions and restrictions dealing with the fixing of prices are hereby rescinded." The chairman of the Board contended that the Board's policy was for the good

* Press Association cablegram, March 11, 1927.

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of the industry, and ascribed its defeat to three main causes :

(a) The divisions amongst producers themselves in New Zealand, and the consistent antipathetic propaganda indulged in here. (b) The proprietary and trade propaganda from those resentful of monetary loss. (c) The divided counsels of the London agency, and the dissension created by the Government representative thereon with his definite opposition to the instructions of the Board to apply its policy. This was gravely accentuated at the time of the Prime Minister's visit to London in the encouragement given to the belief of the trade that something would be done by the Government. The hope of influencing the Government definitely invited an intensification of the trade opposition.

It is impossible so to isolate causes as to be able to declare definitely what part the policy of the Board played in producing the present stagnation in our produce, and what happens subsequently will not throw any light on the question.

The reversal of policy has not apparently calmed the controversy in the ranks of the dairy farmers themselves, but it has certainly given satisfaction to the public. The press comments almost unanimously in a spirit of relief from the anxiety which reigned. The remarks of the *Evening Post* (Wellington, March 15, 1927) may be taken as typical of many of the comments on the incident :

The difficult pass into which it (the Board) has brought the producers, and from which it is now endeavouring to extricate them, should be well considered by the Government and by future Governments before acceding to the demands of any section of the community for special statutory powers. Such legislation, it is shown, may be used, and that vainly, to ride roughshod over well-established economic principles with disastrous results. New Zealand has had its lesson in this matter, and should profit by it. It has learned, or should learn, the futility of preaching "Buy British goods," while the seller is seeking to take a stranglehold over his customers, affronting traders and consumers alike.

The Unemployment Problem

The amount of unemployment in the Dominion this year has brought the Government under rather keen,

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if not altogether deserved, censure for its activity in bringing migrants out from Great Britain. Unemployment is a very difficult phenomenon to measure with any statistical exactitude. So much depends upon the method of measurement and so much again on the disposition of the men who are on the verge of unemployment. It is, however, generally admitted that there is considerably more than usual this year. On October 7, Mr. Downie Stewart, the acting Prime Minister, said that the unemployment this year was abnormal, and it had continued acute much longer than usual. But he added, "the more the Government promises work, the longer will the problem remain."

Feeling the problem to be more pressing than usual, the acting Prime Minister cabled to the Prime Minister shortly after his arrival in London asking him to retard the rate of migration from Britain for a few months in order to give relief.* But, while admitting this, Mr. Downie Stewart insisted that, by comparison with other countries, New Zealand is experiencing a very small percentage of unemployment. By relief works the Government has absorbed about 2,000 men more than usual, and the Prime Minister announced on March 9 the arrangements which the Government proposes for the employment of 2,000 to 2,500 extra men on works which are being undertaken in advance of their usual time in order to provide employment. The wages offered are calculated to return 12s. a day to married men of average ability and 9s. to single men. This is below the usual scale of the Public Works Department, because the Government feels that "with the object of limiting the employment available to cases of actual necessity it would not be right to offer wages for these workers equal to those paid to regular employees." Moreover, the wage should not be high enough to induce those who are normally seasonal workers to remain with the Government when their customary

* Press Association, February 8, 1927.

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employment is again available. The work will be offered on the co-operative contract system, which was an important feature of Government engineering in the early years of the century. Workers will thus be able to make more than the rates upon which the work is based.* Experience in New Zealand both in Government and private works has demonstrated that often very good money is made on co-operative contracts. The real drawback is evident later when the more efficient men refuse to admit medium or inefficient men to their gangs, or when the price paid for the work tends to be modified by the profits made by the more efficient gangs. With a temporary experiment, however, this is not likely to be felt.

In view of the depression it is not surprising that the Government should be taken to task for the activity of its immigration policy. Never since the days of the Vogel policy in the 'seventies have so many people been coming into the country. The Government claims that a large percentage of those coming into New Zealand have been found jobs, but even if this is correct it can hardly be questioned that at a time of falling prices and financial stringency the arrival of thousands of newcomers must intensify the depression. Last year 12,200 assisted immigrants reached our shores. It is not an easy matter to cry halt and expect a halt at once, for the plans of immigrants take months and years to mature and, once embarked upon, they cannot easily be abandoned. It is pleasing to note that, although the Government is being criticised for bringing so many people out at such a time, there is no disposition to complain that it is co-operating so heartily in the great Empire Settlement Scheme. On the other hand, it is accepted that we should welcome here a fair proportion of Britain's surplus. Even the Labour organisations have not been nearly so strong in their opposition as was formerly the case. It is, however, very doubtful whether while the depression lasts the "absorptive capacity" of New Zealand

* *The Dominion*, March 10, 1927.

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will be maintained as high as the present standard of 12,000 immigrants a year.

II. IMPERIAL AFFAIRS

The Dominion Status

IT was expected that Mr. Coates on his return from London would throw some additional light on the results of the Conference, and though this hope was not fulfilled by any startling new disclosures, the Prime Minister did make some interesting utterances. Speaking to the *Dominion* (February 15, 1927), Mr. Coates said :—

I do affirm that the Conference has resulted in an entire elimination of misunderstandings, and in the creation of a feeling of the utmost goodwill in all parts of the Empire—a goodwill that has given rise to a determination in all quarters to maintain intact at the present, and to increase in strength as the years go by, the ties of loyalty to a common throne and common institutions that bind together our various peoples as one. This goodwill was, in my opinion, the outstanding feature of the Conference. It would not be possible to gather together a group of men more firmly determined to find a common solution of all questions.

By virtue of mutual understanding, clear thinking, and careful expression, it has been possible to give to the British peoples and to the world a definite and explicit statement of the true relationship of the component parts of the British Empire, a statement that allows little room for misunderstanding and contains no possible germ of discontent. As always, anything in the nature of a written or fixed constitution has been carefully avoided—no rigid structure can make sufficient allowance for the inevitable play of part on part, for the continual and almost imperceptible adjustment that our organisation requires. The general nature of our association, the entire absence of any domination by one part over any other, the dependence upon goodwill, upon pride, and upon the widest freedom, rather than upon law or force, have, however, been stated in the clearest and most explicit terms. Combined with this freedom, however, and as a necessary corollary to it, is a full understanding of the fact that the best interest of each portion of the Empire lies in its preservation intact, and a firm determination to do all that men can do to this end for the peace and prosperity of us all.

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Naval Defence

On the question of Empire Defence there appears to be general satisfaction with Mr. Coates's declaration that he will propose something further to Parliament. It is not so much a larger navy that is aimed at as a fairer distribution of the burden, which now bears so heavily upon the taxpayer of Britain.*

I did express my conviction (said Mr. Coates) that it was desirable that the co-operation of the self-governing Dominions in naval defence should be as great as possible in order that the financial burdens might be more equitably spread over the Empire, and with the object of providing adequate protection for our sea-borne trade and commerce.

Mr. Bruce on his return home extended an invitation to New Zealand to a conference for the discussion of naval co-operation between the Dominion and the Commonwealth. It is too early for this to be dealt with yet, but it has been noted with satisfaction in this Dominion and will probably bear some fruit, if not immediately. The course of events in the Far East will certainly tend to strengthen Mr. Coates's hand. New Zealand after the Conference of 1923 approved the Singapore base project, and a portion of the increased naval vote made in that year was earmarked for this purpose. Recent developments in China have closely touched public opinion here, and the press has shown quite a remarkable interest in them. There is no question now of the importance to which Far Eastern politics have attained in public estimation in New Zealand. The Dominion has been unofficially represented at five or six Pacific conferences at which our delegates have come into close touch with those of the Far

* Mr. Coates announced on April 24 that the Government proposed to ask Parliament to sanction a contribution of £1,000,000 towards the cost of the Singapore base and to make other provision for increasing New Zealand's share in naval defence.

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East, and problems of racial and economic conflict are now being considered in a new spirit of personal interest.

The Chinese trouble has brought into relief once more the importance of the late Anglo-Japanese alliance and some regrets that it has ceased to exist. The *Evening Post* (January 26, 1927) is prompted to ask some pertinent questions:

No New Zealander who saw our Expeditionary Force leave Wellington Harbour with a Japanese cruiser leading the escort is likely to forget what the Empire owed to the alliance with Japan in its time of greatest need. Why was an alliance which had worked harmoniously with such happy results for the contracting parties and for the world abandoned when victory had been won? And what has the Empire got in its place? At a time when the peril in the Far East is being indefinitely aggravated by the aloofness of Japan, and might have been averted by her co-operation, these questions demand an answer. And what of the Power to whose kinship and friendship we sacrificed our alliance with Japan? There is as yet no sign that we may expect even the moral support of America in our grave peril.

The new spirit in British policy towards China rhymes well with the sentiments of New Zealand, not only from the intrinsic facts of the case, but also because it seems to arise from a closer attention on the part of the Foreign Office to Far Eastern questions generally. It is an official acknowledgment of the new centre of gravity in the Pacific.

Yet another cause for satisfaction is the appointment of a Royal Commission to investigate the condition of the British settlers in the New Hebrides. New Zealand's interest in that group is rather religious than economic, for the New Zealand churches have for decades maintained active missions in the New Hebrides. Australia's interest is—from the White Australia standpoint—economic and national, whereas Britain always seems to have approached this knotty and critical problem with the academic detachment of the official. If the commission leads to a new conference with France and an amended convention the

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Imperial Conference of 1926 will have borne some valuable fruit for the future peace of both the Pacific and Europe. For years past the New Hebrides has been a source of potential difference with France.

The Royal Tour

The Duke and Duchess of York arrived in Auckland on February 22, and sailed from Stewart Island on March 22. Their visit to the Dominion has been an unqualified success. The Duke, throughout a strenuous tour, has shown a keen and kindly interest in every aspect of the Dominion's life, and the people of the North Island took the Duchess at once to their hearts. Her charm captivated everybody, and the indisposition which prevented her from completing the tour of the South Island was a cause of the keenest disappointment. The Duke was most happy in his speeches, and entered into everything no less heartily, if rather more seriously, than his brother seven years ago. In the happiest possible manner the Duke and Duchess have drawn closer the great constitutional bond which ties the component parts of the Empire together, the personal factor of the Royal Family.

The Press, Christchurch (March 12, 1927), thus expresses it :

In these days the Crown has an aura of Empire that it did not have of old. . . We have only to think of a president living in Buckingham Palace to realise what a vital difference the establishment of a republic would make. To the man of Calgary, Wellington, Melbourne and Durban, to say nothing of the Indian rajah, a president would be a shadowy, bloodless and uninspiring head to an Empire. He would have no substance, no traditions, no immortal appeal. All this operates powerfully, inarticulately, in our minds when we welcome the King's son and his wife for their own sake and for the sake of their august position in the Imperial system.

New Zealand. March 29, 1927.

THE NAVAL CONFERENCE

THE failure of the Conference at Geneva to reach an agreement is the most serious setback there has been to the mutual relations of the English-speaking peoples since the rejection of the League of Nations by the United States. To some extent it undoes the work of the Washington Conference in 1921-22. The English-speaking peoples then congratulated themselves on having taken the lead in the limitation of naval armaments, and on having set a standard to which it was hoped that the nations of Europe would also conform. This vision has now faded away. The United States and Great Britain, having agreed to parity in battle fleets, have proved unable to agree about the minor category of auxiliary cruisers, thereby ranging themselves with all the other Powers who are too fearful, or too suspicious, or too ambitious to agree to limit their preparations for war. Japan alone came well out of the Conference, both in her willingness to meet the views of her fellows and in her efforts to compose their differences.

There is, however, no ground for tragic forebodings. Public opinion on both sides of the Atlantic has shown marked good sense and restraint, despite the efforts of certain sections of the Press and the propaganda of sinister interests to stampede it into that antagonism and rancour in which the seeds of competition and war so readily grow. And the Conference itself was able to announce that its work was only "adjourned," so that the normal political

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machinery might be brought into play to complete it before the era of competitive replacement of battleships opened in 1931.

None the less, failure at Geneva will make it less and not more easy to reach agreement in future, unless the reasons for the present failure are understood and the discussion renewed on a better and higher plane. If that happens, if the public discussions at Geneva have so educated the public opinion of the three countries in one another's difficulties that agreement on a foundation of mutual understanding becomes possible, then good will have come out of what looks to-day like evil. In this article it is proposed to summarise briefly exactly what happened at Geneva, and to make some suggestions as to the angle from which a renewal of the discussions should be approached in the future.

I. THE WASHINGTON CONFERENCE

THE original Conference for the limitation of naval armaments which met at Washington in 1921 was summoned by President Harding in order to stop the competition in naval armaments between the leading naval Powers, which was clearly incipient after the great war, in the interests of peace, economy and international good relations. It was opened by the dramatic suggestion of Mr. Hughes, the American Secretary of State, that the leading naval Powers should sink a considerable amount of naval tonnage including new ships then under construction and confine their navies to certain defined limits, on a proposed ratio of 5 : 5 : 3, for the United States, the British Empire and Japan respectively. After some discussion, this proposal was adopted so far as battleships and battle cruisers were concerned. The total tonnage of battleships retained by the United States and the British Empire was a little over 500,000 each, and by Japan a little over 300,000, and

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a schedule of replacement was drawn up to commence in 1931, limiting the new vessels to a displacement of 35,000 tons and to guns of a maximum size of 16-inch, so that at the end of the period of replacement the tonnage of the three navies would be in the exact ratio of 5 : 5 : 3, and the guns of the same size. An equivalent limitation for France and Italy, giving them a ratio of about 2 as compared with the 5 : 5 : 3, was also agreed to.

Unfortunately, the Washington Conference, despite its other successes, was unable to apply this limitation to the lighter form of cruisers, destroyers or submarines, partly because the needs of the three countries in these classes of ships were so different, partly because of the refusal of France to limit the number of her submarines. All that could be agreed to was that light cruisers should not exceed 10,000 tons displacement, nor carry larger guns than 8-inch. No limitation was placed on the number of such cruisers to be built by the several Powers, nor on the number or size of destroyers or submarines.

There were two other essential ingredients in the agreement. The first was the dropping of the Anglo-Japanese Alliance, which dated from 1904. The Anglo-Japanese Treaty had provided for co-operation between the two Powers in the event of war with any third Power, but it contained a clause excluding the United States from its scope by making it inapplicable to nations with which Great Britain had a treaty of arbitration. American public opinion, however, had always viewed the alliance with great suspicion as seeming to commit Great Britain to intervention on the side of Japan in the event of a conflict between the United States and Japan. On strong pressure from Canada, and, so it was alleged, as a condition of American acceptance of the naval pact, the Anglo-Japanese Alliance was replaced, by mutual consent of the two parties, by a rather vague and meaningless four-Power treaty of friendship and non-aggression between the United States, the British Empire, France and Japan. The second

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ingredient was an undertaking by Japan, the United States, and the British Empire that the *status quo* as regards naval bases and fortifications in the Pacific would be maintained, and that no new forts or bases would be constructed in the competitive area of the western Pacific. The effect of this clause was to give each Power control over its own zone, Japan over the far-eastern waters, the United States over the central and north Pacific, the British Empire over the waters around Australia and Singapore, and it made the fighting of a naval war between them practically impossible.

The Washington treaties were the first great accomplishment in the limitation and reduction of armaments by treaty in modern times. They were agreed to because all the parties were willing to make considerable sacrifices for the cause of peace and friendship. The United States surrendered the right to build the largest fleet in the world, at a time when, as the richest Power in the world and the one least burdened by war debts, she certainly could have seized naval supremacy, so far as numbers and size of ships were concerned. Great Britain voluntarily surrendered that supremacy on the seas which had been her proudest possession for two centuries, and sacrificed also the Anglo-Japanese Alliance which had given security to her Far-Eastern territories for nearly twenty years. Japan abandoned all thought of expansion outside the Far-East or of ever building a fleet equal to that of the United States or of the British Empire, and also the Anglo-Japanese Alliance. It was a happy augury that perhaps the lessons of the great war and of the terrible danger latent in competitive armaments had been learnt, at any rate in some quarters.

II. THE REVIVAL OF COMPETITION

BY 1926, however, it had become plain that, while the Washington Treaty had been faithfully observed by all parties, a competition in shipbuilding was inevitably setting in in those categories of ships, to the building of

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which no limitations had been set. It is extraordinarily difficult to find any agreed figures as to what the exact position is. Every Admiralty—and still more every national navy league—presents a different estimate of the relative position of the three Powers. The British official Admiralty return (Cmd. 2809) states that on February 1, 1927, the position was as follows:

	Flotilla Leaders			
	Cruisers.	and Destroyers.	Submarines.	
British Empire ..	48	174	55	BUILT.
United States ..	32	309	121	
Japan ..	33	109	58	
France ..	16	54	44	
Italy ..	14	71	42	BUILDING.
British Empire ..	14	2	9	
United States ..	5	—	3	
Japan ..	6	18	19	
France ..	5	30	43	
Italy ..	2	8	15	PROJECTED.
British Empire ..	9	27	18	
United States ..	13	12	4	
Japan ..	4	15	6	
France ..	2	19	20	
Italy ..	3	8	3	

These figures, of course, include ships of all classes and sizes, and a comparison of their value is only possible to an expert.

The really contentious point, however, in connection with these unlimited classes, concerned the 10,000-ton 8-inch gun cruisers. So far as we can ascertain, the British Empire has five ships of this type practically complete and seven more building, including two for Australia. The United States laid down two in 1926 of rather higher speed and horse-power, and last June let contracts for six more,* and both Powers have other vessels of the kind projected. Japan laid down four of them in 1924-25, and projects four more. France has four building, and Italy two. Two more

* Further, Japan has two 7,100-ton ships built and two building, and Britain one of 8,400 tons building, all with 8-inch guns.

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are projected by the former and three by the latter, presumably of a similar type.

Both the British and the United States Governments felt that the incipient competition thus beginning in the unlimited classes should be stopped. The British Government was concerned not only to stop competition in the cruiser, destroyer and submarine classes, but also, in the interests of economy, to secure an extension in the life of existing battleships and battle cruisers, and also to ensure that when scrapped they should be replaced by smaller and less expensive types of vessels. The United States Government was concerned to stop competition in cruiser building and to confine the number to the lowest figure possible.

The initiative was actually taken by President Coolidge, though the British Government was also considering calling a conference at the time. On February 10, 1927, the President formally proposed to the Governments signatories of the Washington Treaty that they should authorise their delegates to the Preparatory Commission on Disarmament which was about to meet at Geneva to try to arrange among themselves for "an agreement for further naval limitation." President Coolidge explained that agreement to limit armaments either by air, land or sea, between any group of Powers would help towards general disarmament, and that, as no general treaty of disarmament was likely to be arrived at for some time, the naval question might well be dealt with without delay, but as part of the larger whole. He added that he felt that "the general principles of the Washington Treaty offer a suitable basis" for the discussion and that the United States Government was "disposed to accept in regard to those classes of vessels not covered by the Washington Treaty an extension of the 5:5:3 ratio as regards the United States, Great Britain and Japan."

The point of view of the President was made clear in his message to Congress on the same subject. He said that "the signatories of the Washington Treaty have

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fulfilled their obligations faithfully," but that the importance of the extension of that agreement to cover cruisers, destroyers and submarines was "apparent, since it was only to be expected that the spirit of competition, stifled as regards capital ships and aircraft carriers by the Washington Treaty, would sooner or later show itself with regard to the other vessels not limited under the Treaty." He added significantly:

Actually I do not believe that competitive building of these classes of ships has begun. Nevertheless, far-reaching building programmes have been laid down by certain Powers, and there has appeared in our own country, as well as abroad, a sentiment urging naval construction on the ground that such construction is taking place elsewhere. In such sentiments lies the germ of renewed naval competition.

This invitation was refused by France and Italy, both of which had bitterly resented the position of naval inferiority which they had accepted under the Washington Treaty and were determined not to be drawn into a legal limitation in the class of vessel on which they principally relied for their own defence. It was accepted by the British Empire and Japan. In its reply, the British Government stated that its views upon the special geographical position of the British Empire, the length of inter-imperial communications, and the necessity for the protection of its food supplies are well-known, and, together with the special conditions and requirements of the other countries invited to participate in the conversations, must be taken into account. The Conference, composed of the delegates of these three Powers, with "observers" from France and Italy, opened at Geneva on June 20, 1927.

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III. PUBLIC OPINION IN THE COUNTRIES CONCERNED

BEFORE dealing with the events of the Conference it may be as well to try to describe as briefly as possible the point of view of public opinion in the three Powers concerned at the time of the opening of the Conference.

In the United States a considerable body of opinion seems to have felt, or at least to have been educated by navy propagandists to believe, that, somehow or other, the United States had been "fooled" in 1921. At the date of the Washington Conference she had under construction nine of the largest battleships and six of the largest battle cruisers, some of 43,000 tons displacement and carrying 16-inch guns. The battleships aggregating 357,000 tons and the battle cruisers 261,000 tons were 43 per cent. and 10 per cent. completed respectively. The British Empire had no battleships or battle cruisers under construction, having completed an adequate navy during the war. Japan had a largely paper programme of 161,000 tons. The United States, so she thought, had sea-supremacy in her grasp. In the interest of peace, international amity and economy, she had thrown away this supremacy and accepted parity with the British Empire and the 5:3 ratio with Japan. In doing so, she scrapped a total of 755,540 tons, as against 180,800 scrapped by the British Empire, of which 552,800 tons were new ships under construction, as against no new ships under construction scrapped by the British Empire. These figures in neither case include obsolete ships. It was pointed out by Mr. Bridgeman at Geneva that the British Empire had altogether scrapped 1,797,000 tons of battleships, cruisers and destroyers since the war.

During the following years, however, parity had steadily been passing from the United States. Battleships and battle cruisers had remained as laid down in the Treaty,

Public Opinion in the Countries Concerned

but the British Empire, as has been pointed out above, already had under construction or ordered twelve 10,000-ton cruisers and Japan four, as against two building for the United States, and three authorised but not begun.* There was nothing contrary to the agreement in this, but, none the less, public opinion, or such part of it as studied the question, seems to have been increasingly resentful of the United States' position of inferiority in modern cruisers and increasingly inclined to think that Great Britain had stolen a march on her and, in contravention not of the letter but of the spirit of the treaty, once more recovered the supremacy she had exchanged for parity in 1921. Some wilder spirits even asked, "Whom are these cruisers being built against? Not against Germany. Not against Japan. It must be against the United States."

Hence, when the Conference opened public opinion in the United States was mainly concerned with the idea of extending "parity," the underlying concept of the Washington Treaty, to cover all classes of ships possessed by the British Empire and the United States, preferably by reducing the total tonnage to the lowest possible level, but if that were not possible by building up to the British level. There must, in any case, be no more "superiority."

The British point of view was different. Public opinion was not much concerned with the United States at all. It had accepted the idea of "parity" at Washington and had no idea of departing from it. It certainly was not idiotic enough to think that it could recover "superiority" by means which were open to the whole world to observe. It was wholly concerned with providing for the minimum "needs" of the far-flung British Empire at the lowest possible cost. It was thinking about the sea communications between Great Britain, Canada, Australasia and South Africa, the fact that there was never more than seven weeks' food supply in Great Britain, the security of raw

* Further cruisers, according to Cmd. 2809, are projected by all three Powers, but, except in the case of four for Japan, the type is not stated.

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material supplies, the need for ships to patrol the Mediterranean, the Red Sea, the Persian Gulf, the territorial waters of Africa, India, Singapore, and so on. When the Admiralty said that a certain number of cruisers of the 10,000-ton type defined at Washington were necessary, mainly because of what certain other Powers on the Empire's lines of communication were building, it had reluctantly but ungrudgingly agreed to find the money. When the Government said that the minimum number of cruisers necessary to the security of the Empire was 70 as opposed to 114 before the war, and proposed to reduce the size and cost of all classes of ships, battleships, battle cruisers, cruisers, destroyers and submarines alike, in the future, so as to keep the cost of armaments as low as possible, British public opinion acquiesced without demur and without question.

The position of Japan seems to have been different again. Her main preoccupation was to keep intact the *status quo* in the Pacific, as created under the Washington Treaty, and otherwise to cut down expenditure on armaments to the absolute minimum. Experience of the immense power and wealth of the United States during the last few years appears to have destroyed whatever jingoistic ideas Japan may have had of "expansion" beyond the Far-East, and to have convinced all classes that what mattered was to keep the position they had won, at the lowest possible cost.

IV. THE PROCEEDINGS AT GENEVA

THE speeches at the opening plenary session of the Geneva Conference followed very closely the public attitude of their respective countries. Mr. Gibson, the American delegate, after pointing out that the present American inferiority in cruisers was due in large measure to a reluctance to embark on an extensive building pro-

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gramme so long as there was any hope of an early limitation agreement, said :

Our policy with respect to naval armaments is guided solely by the desire for adequate defence. We have no intention of maintaining a naval force which could be regarded as a threat to any Power. Neither have we any desire to initiate a competitive building programme in any class of vessel, which might influence others to lay down more vessels than they would otherwise consider necessary.

Pursuant to this policy, the United States is prepared to accept a general programme providing for as low a total tonnage in each class of auxiliary vessels (*i.e.*, cruisers, destroyers and submarines), on the basis of the Washington Treaty ratio, as will be acceptable to the other Powers.

He then proposed that the total tonnage limitation should be as follows : In cruisers 250,000 to 300,000 for the United States and the British Empire, and 150,000 to 180,000 for Japan ; in destroyers 200,000 to 250,000 and 120,000 to 150,000 respectively ; in submarines 60,000 to 90,000 and 36,000 to 54,000 respectively.

Mr. Bridgeman, head of the British delegation, spoke second, and after emphasising the special needs of the British Empire, owing to its geographical distribution, said that the main purpose of the British Government was :

To secure economy in the replacement of ships as they become obsolete, and to eliminate the danger of rivalry in new vessels by stabilising their size and armament.

With this object the proposals which he made were as follows :

(1) The extension of the accepted life of the existing capital ships from 20 to 26 years, and a consequential waiver by the three Powers of their full rights under the replacement tables agreed upon at Washington. Such an arrangement would naturally have to provide for some little elasticity on each side of that figure.

(2) The fixing of the life of other vessels, first that of 8-inch gun cruisers at 24 years, secondly destroyers at 20 years, and thirdly submarines at 15 years.

(3) The reduction in the size of any battleships to be built in the

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future from the present limit of 35,000 tons displacement to something under 30,000 tons.

(4) Reduction in the size of guns in battleships from the present limit of 16-inch to 13.5-inch.

(5) Limitation of the displacement of aircraft carriers to 25,000 tons instead of the present limit of 27,000 tons.

(6) Reduction of guns on aircraft carriers from 8-inch to 6-inch.

(7) Acceptance of the existing ratio, 5 : 5 : 3, for cruisers of 10,000 tons displacement carrying 8-inch guns. The number of these large cruisers which each of the three countries requires can be the subject of further discussion.

(8) A limitation of 7,500 tons and 6-inch guns to be placed on all future cruisers after the number of 10,000-ton cruisers has been decided upon.

(9) The limitation of displacement of destroyer leaders to 1,750 tons and destroyers to 1,400 tons.

(10) Guns in destroyers to be limited to 5-inch.

(11) As regards submarines, he said that the British Empire was still prepared to abolish them, but recognised that other Powers possessing fewer large vessels would not agree. He therefore proposed their limitation to two categories, one of 1,600 tons and the other of 600 tons.

Admiral Saito, for the Japanese delegation, considered that "the most important object of an agreement" lay "in preventing the expansion of armaments without at the same time endangering the national security of any Power." He thought that the best test of each country's needs was what it possessed to-day, and he therefore proposed that the auxiliary fleets should be stabilised on the basis of existing fleets and that no new building operations should be entered upon by any Power.

The Conference then went into committee. But it was not long before signs of disagreement made themselves felt. We do not propose to attempt a detailed narrative of the charges and counter-charges which were made. There appears to be little doubt that a sensation-loving press and propagandists representing various interests and policies contributed to create an atmosphere of suspicion and discord. But this does not seem to have interfered with the work of the delegates themselves, whose differences were the

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outcome of the real difficulty in reconciling the needs and points of view of the Powers concerned. A provisional arrangement was reached by the technical committees about the size and armament of destroyers and submarines. The consideration of the British proposals for extending the life and reducing the size of battleships and battle cruisers was adjourned on the ground that France and Italy, the other parties to the Washington Treaty, were not present and that, as no replacement was due to take place before 1931, there was plenty of time to deal with them later on, before fresh expenditure on replacement fell due. But on cruisers the Conference gradually reached a position of deadlock.

Though the public discussion of the problem has been confused by all sorts of technical considerations and by proposals and counter-proposals for compromise, the fundamental difficulty is simple to understand. The British Government is convinced that the Empire needs 70 cruisers, large and small, for patrolling its coasts and sea routes. It is willing to reduce the number of 10,000-ton 8-inch gun cruisers to the minimum necessary for use with the battle fleet, *i.e.*, 10 or 12, and as regards the balance of its quota to build ships of much smaller size armed with 6-inch guns. But it cannot do with less than 70 as compared with the 114 it had before the war. The United States, on the other hand, has little or no use for small cruisers, for she has few overseas possessions or sea routes to patrol, while such ships as she does possess must be able to sail the 2,100 miles between the mainland and Hawaii and the 4,000 miles between Hawaii and the Philippines, across the Pacific Ocean, without refuelling or repair. Such tonnage as she wants in cruisers she wants in the long radius 10,000-ton type and not in the small cruiser which suits the British Empire, with its frequent bases and coaling stations.

The main dilemma which confronted the Conference, therefore, was simply this. If the number and size and

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armament of auxiliary cruisers were to be specified by classes in such a manner as to ensure exact parity between the two navies, inevitably either the quota of small vessels suitable for patrolling trade routes would be too small for the needs of the British Empire, or the United States would have to build a great many small ships, for which she has no use whatever, if she was to maintain parity. Alternatively, if auxiliary cruisers were to be treated as a single class with a maximum tonnage limit, there would be only theoretical and not actual parity, for, although the British Empire could obtain the 70 ships it requires by building most of its quota small, the United States, which has no similar need of small vessels, would naturally use her quota to construct a smaller number of large ships, which would give her battle supremacy. For, as the battles of Coronel and the Falkland Island amply proved, the more powerful cruisers can destroy the smaller cruisers before the guns of the latter have come into range at all. The deadlock was due to the impossibility of reconciling the needs of parity and security, in the cruiser class alone, between two Powers so utterly different in their needs and geographical situation as the British Empire and the United States.

Various proposals were made for breaking the deadlock, the most important of which was one for a naval holiday. We do not propose, however, to try to follow the inner proceedings of the Conference, partly because there is no accurate information yet available about them and partly because they did not, in fact, succeed.

As soon as this deadlock had been reached the British delegates were summoned to London to discuss the problems with the Cabinet. As a result they returned to Geneva with a proposal which did not differ very much from one previously put forward jointly by the British and the Japanese delegations in response to an invitation from Mr. Gibson. Its main features were as follows :—

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(1) The combined total tonnage of cruisers, destroyers and submarines not to exceed 590,000 for the United States and the British Empire (as against the maximum of 640,000 originally proposed by the United States), and in addition each Power was to retain 25 per cent. of these tonnages in over-age ships, bringing the gross total up to 737,500 tons.

(2) Certain specified ships of an intermediate size, between the 6,000 and 10,000-ton level, and of about equal size and strength, to be kept by each Power.

(3) The 10,000-ton cruisers to be limited to 12 for the United States and the British Empire, and 8 for Japan.

(4) The limitation in size of destroyers and submarines broadly to be on the lines already provisionally agreed.

(5) Except for a limitation of the number of 10,000-ton cruisers and of the maximum tonnage of 590,000 prescribed in (1), the total tonnage to be allotted as each Power thinks best.

It is possible that had proposals of this kind been submitted to the Conference in its early stages they might have formed the basis of agreement. It was, however, now too late. Public opinion in each country had begun to consolidate behind its own national point of view. As a result, at the end, neither Government, despite the conciliatory efforts of the Japanese, felt able to make the further move necessary for agreement. The Conference, however, did not break up in any spirit of bitterness. It agreed to "adjourn" the discussion so that it might be continued under more favourable conditions later on.

The exact point of difference on which the Conference split was defined in the agreed statement in the following terms :—

The American delegation presented the view that within total tonnage limitations, which they initially suggested should be between 250,000 and 300,000 tons in the cruiser class for the United States and the British Empire and between 150,000 and 180,000 tons for Japan, each of the Powers should have liberty to build the number and the type of vessel which they might consider best suited to their respective national needs, with freedom, subject to the limitation of the Washington Treaty, to arm these vessels as they saw fit.

The British delegates, whilst putting forward proposals tending to a limitation of the size of vessels of all classes, have opposed the

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principle of limitation by total tonnage alone on the ground that the largest ship and the heaviest gun permissible must inevitably become the standard. They desired first a strict limitation of the number of 10,000-ton 8-inch cruisers, and secondly the establishment of a secondary type of cruiser of a maximum displacement of 6,000 tons, carrying guns of a maximum calibre of six inches. The British delegates contended that the establishment of this type would alone enable the British Empire, within a moderate figure of total tonnage, to attain the numbers which it regards as indispensable to meet its special circumstances and its special needs. . . .

Various methods were considered of reconciling the divergent views indicated above, but, while material progress has been made, and the points of divergence reduced, no mutually acceptable plan has been found to reconcile the claim of the British delegates for numbers of vessels, for the most part armed with 6-inch guns, with the desire of the American delegates for the lowest possible total tonnage limitation with freedom of armament within such limitation, subject to the restriction as to armament already set by the Washington Treaty.

In the final plenary session the chief delegates officially restated their respective points of view. Mr. Bridgeman had already made it clear that Great Britain did not contest the principle of parity. Now, speaking in the name of the whole British Empire delegation, he pointed to the British disregard of American superiority in destroyers and submarines as a proof that we are not nervous about any danger from American action. He laid stress on the far-reaching proposals for limiting the size and gun power and cost of all classes of naval ships which he had put before the Conference; he emphasised the fact that experience showed that any attempt to limit by total tonnage alone inevitably aggravated competition and expense because every nation felt itself forced to build the maximum size ships allowed, and that the only practical method was to limit by type and class. He asked why the United States at a conference called to limit naval armaments insisted on the right to build large numbers of auxiliary cruisers of maximum size and maximum gun power; he pointed out once more how vital an adequate number of small ships was to

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the existence of the British Empire, and asserted that in reducing the number of cruisers from 114 to 70 it had brought its navy to the very minimum.

Baron Saito recalled the efforts made by the Japanese to effect agreement, and regretted that they had been unable to reconcile the divergent views of the British and the Americans.

Mr. Gibson said that the United States was mainly concerned with the reduction of armaments, that he could not understand why the British Empire had insisted on an increase both in the number of the cruisers at present in commission and in the total of 450,000 tons for cruisers which it had accepted at Washington. He said that the British proposals would have meant that the Empire would get the ships it required, but that the United States would be denied the types she needed while having actually to add to her total armament if parity were to be maintained, and that the only practical course was to fix total tonnage in each class so that each Power could build the type of ships it chose, subject to an agreement that if any signatory considered the action of its neighbours a menace it could terminate the treaty. He thought that such an arrangement should not be difficult of acceptance if the possibility of war was really outlawed, as was so repeatedly declared.

A few days after the adjournment Lord Balfour stated that Mr. Gibson had been misinformed when he said that Great Britain had accepted a total tonnage of 450,000 for cruisers at Washington. He quoted his own speech to show that this figure had applied only to cruisers required as auxiliaries to the battle fleets.

V. THE CAUSES OF FAILURE

WE do not propose to attempt to try to assess the rights or wrongs of the two cases. Nothing is easier in matters of this kind than to say "the other fellow was to blame." Each nation has a natural sympathy with its

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own delegates' point of view and a natural difficulty in understanding the other nation's standpoint. It is that kind of recrimination which breeds the anger and bitterness on which suspicion and competition thrive and the seeds of war grow. None the less, it is essential to estimate as dispassionately as possible why the breakdown occurred, in order that its lessons may be learnt for the future.

The first, and we think the primary, cause of failure was a woeful mistake in method. The subject-matter brought before the Geneva Conference was precisely the question which the Washington Conference—despite its success and the favourable atmosphere in which it worked—had been unable to settle—the auxiliary cruiser question. Yet it would appear that no informal consultation had taken place between the Governments, either to ascertain one another's point of view or to try to reach a formula upon which a detailed agreement might be successfully based. It is the A.B.C. of diplomacy as it is of business that some kind of preparatory feelers should be put out so as to make sure that there is reasonable ground for agreement before a formal conference takes place. Yet in this case the delegations met and hurled at one another's heads in public proposals which were substantially the same as those which had failed at Washington and which were so far apart as to prejudice the chances of agreement from the start. Open diplomacy is certainly an improvement on secret diplomacy. In any case it is unavoidable in these days of universal democracy. But the essence of open diplomacy is not that the principals should have no prior consultation and that the whole delicate process of negotiation should be conducted in the limelight of a sensational press and amid all kinds of malicious and selfish propaganda, but that the formal discussion leading to agreement should be in public, so that public opinion may know what is being done and be able to express its approval or dissent. The method pursued at Geneva seems to have combined the disadvantages of both secret and open diplomacy. There was

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complete secrecy before the Conference on the part of all the Governments, while every stage of the difficult and technical negotiations was conducted, if not in public, in an atmosphere of rumour and tendentious information which rapidly produced a condition of public opinion in each country which made agreement almost impossible.

Then the personnel of the delegations was inadequate. It was substantially a conference of admirals or admiralty chiefs. The British Empire was most nearly represented by political figures, for its delegation included representatives of the Dominions and Lord Cecil—a Cabinet Minister well versed in international negotiation. But the head of the delegation was Mr. Bridgeman, the First Lord of the Admiralty, who by the nature of his office was bound to be profoundly influenced by professional considerations. The American delegation was even more professional. It had in it no first class political figure at all, for its head, Mr. Gibson, had never filled any political office, and of five members three were admirals. When it referred home for instructions, moreover, it appealed, so it seems, to a conference of the Navy Department and the State Department, for the effective political head, President Coolidge, was far away in the West.

Hence the Conference degenerated almost at once into a technical debate between the admiralties. It is the duty of the admiralty of every nation to provide against all possible contingencies. Its business is not to think about policy, but how to win a war if it comes. It is the universal rule among English-speaking democracies that the head of the fighting departments should be a civilian and that no professional soldier or sailor should sit in the Cabinet. Yet in this all-important conference the professional sailors were, to all intents and purposes, placed in control. It is no blame to them that the discussion at the Conference proceeded on the basis of what might happen in war, if one nation had a few more ships or a few heavier guns than the other. It is their job to do the best they can for their own

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navy. Contrast this with the proceedings at Washington, where the American delegation consisted of Mr. Hughes, Senator Lodge, Senator Underwood and Mr. Elihu Root, while the British Empire delegation consisted of Lord Balfour, Lord Lee of Fareham, Sir Auckland Geddes, Sir Robert Borden, Senator Pearce, and others. At Washington political considerations were dominant. At Geneva they hardly ever made their influence felt, and there was no one of sufficient standing at the head of the Conference to lift it out of the technical and contentious rut.

None the less, despite all these difficulties, we think that the two Governments ought to have arrived at an agreement and that they showed a lamentable lack of vision and statesmanship in not doing so. Stripped of all technical details, the issue on which the Conference split was simply that Great Britain would not sign an agreement which gave the right to the United States to have a few more 10,000-ton 8-inch gun cruisers as against her own larger number of smaller cruisers, because it might be interpreted as a formal surrender of naval equality, while the United States would not sign an agreement which gave the British Empire a small excess in tonnage for use as small cruisers, with which to patrol its far-flung confederacy of peoples, because it might be interpreted as a surrender of the sacred doctrine of parity. If either side had given way a little, there would have been agreement.

The practical difficulty lies in the fact that the conditions and needs of the two countries for auxiliary cruisers are so different that they cannot possibly be expressed in identical terms. The British Empire needs seventy, mostly small, cruisers because it has the shores and communications of a Commonwealth which contains a quarter of the population of the world scattered all over the globe to protect and patrol. It is in the interest of peace and of the United States herself that it should do this work efficiently whether in peace or war. Great Britain has constantly to think, not about the United States, but about the European and other

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Powers along whose coasts her vital communications lie. Yet the United States Government was not large-minded or statesmanlike enough to say "Very well; we are not going to quarrel because you have a slightly larger tonnage in those 6,000-ton 6-inch gun cruisers which we do not need." The United States, on the other hand, in so far as she needs auxiliary cruisers, wants wide radius ships for use in the Pacific. Yet the British Government was not large-minded and statesmanlike enough to give practical effect to Sir Austen Chamberlain's statement to the House of Commons and say "Very well; we are not going to quarrel because you want to put into 10,000-ton ships some of the tonnage which we must put into 6,000-ton ships, even though that does mean that you will have a slight superiority in battle power, for war between us is unthinkable." If both sides had approached the problem in this spirit is there any doubt that an agreement would have been reached, not only about cruisers, but also about destroyers and submarines, that the relations of the two halves of the English-speaking world would have been immensely improved, and a fresh impetus would have been given instead of a fresh obstacle presented to the cause of a general limitation of armaments and international peace? We repeat, it showed a lamentable lack of statesmanship on both sides that neither was able to pronounce these simple and healing words.

VI. THE BASIS FOR A FRESH START

THE important thing now, however, is not the past, but the future. The matter of immediate concern is to prevent any kind of competitive building between the two peoples. That is more difficult if there is no precise limitation to which all must conform. No admiralty thinks that it has equality until in fact it has superiority, and it is difficult for public opinion to follow the technical arguments involved. Competition, therefore, is much easier to start than may sometimes appear. For the

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moment, however, we must rely upon the good sense of the Governments and peoples concerned.

In any case, however, the British Empire should make no additions to its programme, whatever the United States may do. The weakest part of the British case is the number of 10,000-ton cruisers it has laid down or projected since 1922. That has been a main root of the trouble and no adequate reason for this step has yet been made public. The British Empire must certainly have the ships necessary for security—whatever that number may be. But its security is not menaced by the United States. For this reason and because the United States can financially afford to build five ships to our one, we ought not to be drawn into any kind of competition, whatever she may do in response to the Geneva breakdown. The only serious danger to Anglo-American relations lies in competition.

But in the long run the solution cannot be put in naval terms alone. It will come most easily if there is an understanding about policy—about the purpose for which naval power is to be used.

The failure at Geneva is fundamentally due to the decline in international idealism since 1919. During the war all right-minded citizens believed that somehow or other the fruit of the universal sacrifice would be a world of closer international co-operation in which war would be abolished, at least between the great civilised Powers. The Covenant of the League of Nations was the outward and visible sign of that inward and spiritual hope. These war-time hopes, however, have not been realised. The League has been established and has done good work, but it has been paralysed partly by inner discords inside Europe, partly by the refusal of the United States to co-operate. On both sides of the Atlantic selfishness rather than "world-mindedness" has been the rule. The Washington Conference caught the last rays of war-time idealism. The Geneva Conference is the inevitable result of post-war self-centredness.

The Basis for a Fresh Start

If the two halves of the English-speaking world continue as they are at present it will be very difficult for them to avoid drifting into antagonism and competition. If they think only of themselves, the United States will claim that position of predominance which wealth and numbers place within her grasp; the British Empire will follow suit in defence of its own security and existence. Other nations will then fall into line behind one or other, and the scene will have been set for a world war which will end civilisation. If, on the other hand, the two halves of the English-speaking people put first the realisation of that ordered world which they both so ardently hoped for during the war, a world in which justice and liberty and peace are secure, they will cease to cavil at one another's armaments and work together without difficulty to find the solution for the supreme problem of our time—the ending of war.

Before this can happen two things are necessary. The first is that the United States should reconsider her attitude towards the rest of the world. She does not yet realise what she did in rejecting the League of Nations (and incidentally in upsetting the delicate machinery created by the Peace Treaty for European reconstruction in 1920) and her refusal to put any alternative in its place. Political isolation and naval parity, which are the two cardinal principles of American external policy to-day, are not constructive policies. They are in their essence purely self-centred, and as such are leading the United States and the world towards the abyss as certainly as the feuds of Europe are. This does not necessarily mean that the United States should join the League of Nations. The situation to-day is very different from what it was in 1920, and a different approach to the problem may be necessary. But it means that she should be willing to enter into active and continuous and unreserved co-operation with her fellow nations in the search for world justice and world peace. Without her co-operation no real progress can be made; with it anything is possible.

The Naval Conference

The second essential is that the nations of the British Commonwealth should make a much more serious effort to understand the problems and difficulties of the United States. They have, no doubt, much ground for resentment against her since 1919. But resentment is a poor guide in the matter of policy. If the United States is to be brought into the family of nations for the sake of world peace it will be because the limits of what she can do are clearly understood. The United States is quite unlike any ordinary "nation." She has a population of 120,000,000 scattered through a country as large as Europe. She has a form of government totally unlike the Parliamentary and responsible systems usual elsewhere. Partly because of the size of the country, partly because of the form of its constitution, the Government of the United States is weak and public opinion dominant, to an extent almost unintelligible to the stay-at-home European. If we are to have confident relations with the most powerful nation in the post-war world our diplomacy must understand and accommodate itself intelligently to the constitution and political necessities of the United States. The failure at Geneva was to some extent due to the failure of the British Foreign Office and the British delegation to understand the right way of dealing with the Government and the public opinion of America. Every student of American affairs knew that parity was the essence of the problem so far as the United States was concerned. Yet, with the best intentions in the world, the British delegation ignored the question until President Coolidge sent a blunt statement that the Conference must fail unless Great Britain said at once that she accepted it. The British Government and the Foreign Office to-day seem as far from knowing how to deal with the United States as the British Government and Colonial Office twenty years ago were from knowing how to deal with the Dominions. One of the first necessities is that those who take part in the public life of Great Britain should try to understand the public life of America better, and in this

The Basis for a Fresh Start

work the Dominions, and especially Canada, can play an invaluable part.

There is no use expecting the United States to take a British or a European view of world problems, or making it a *sine qua non* that she should join the League or the International Court. The problem must be thought out *de novo*, for her method of approach will be quite different. There is in the United States a widespread and genuine desire for international peace. There is a deep distrust of political entanglement either with Europe or with Asia. American co-operation will not easily come through entry into leagues or alliances of any sort or kind. It will come rather through the discussion of ways and means for making the rule of law effective in international relations and for making war difficult if not impossible as a method of settling international disputes. One question which must be fearlessly faced is the difficult problem of the freedom of the seas. Another is arbitration. But the most important is the movement for the outlawry of war—which has for its object the ruling out of war altogether as an inhuman, wicked, and preposterously cruel and wasteful method of settling international disputes. This movement has recently received a fresh impetus from the remarkable proposal for making war impossible between the four great democracies of the world made at Harvard by Mr. Houghton—the American Ambassador in London—last June. It is along such lines as these rather than by trying to get her into any league or treaty that the interest and the co-operation of the United States in world affairs will be secured.

If the failure of the Geneva Conference leads not to evil but to good it will be because the energies of the English-speaking peoples have been directed not to comparisons of naval armaments or to the discovery of possible weakness in case of war, but to the question of how the world is to be made safe from war, safe for national liberty, safe for justice and democracy, which they have somewhat forgotten in the distractions and preoccupations of the post-war years.

GREAT AND SMALL STATES AT GENEVA

I. THE POSITION OF THE SMALL STATES

THE Eighth Assembly of the League of Nations may have far-reaching effects on the future of the League, not because of any critical question on the agenda, but because something like a veiled crisis, unrecognised in the main by the public and only imperfectly appreciated by some of the personalities it most concerns, has gradually arisen within the bosom of the League itself. A few weeks ago a well-known delegate to past Assemblies was asked whether he would, as in previous years, be found representing his country at Geneva in September. He replied that he thought not; that it no longer seemed worth while coming; that the smaller States were completely powerless; and that, as representative of one of them, he might as well stay at home. That view of the general situation at Geneva may be justified or not. But that it has for the last three or four years been steadily growing, till it has become a real danger to the League, is undeniable. Unless the tendency of great and small States at Geneva to drift apart can be quickly arrested, and some new demonstration of real solidarity provided, the effect, not only on the League itself, but on the whole evolution of international relations, will be serious.

This, at any rate, is the considered opinion of many of the most sober and experienced observers of the working of the League in the seven and a half years of its existence.

The Position of the Small States

The smaller States came to Geneva in 1920 in a spirit of enthusiasm which some of them perhaps carried to excess. But their attitude was intelligible. President Wilson's speeches, endorsed without reserve by the Prime Minister of Great Britain and other Allied spokesmen, had proclaimed that the day of the small State was at hand. The phrase "rights of small nations" had become a by-word, and it was not surprising that the small nations themselves should have taken it as a charter. At the Peace Conference there had been some disillusionment. The principal Allied and Associated Powers filled the foreground of the picture to a rather disturbing degree. But new small Powers were brought into existence by the Conference, and small Powers existing already had their rights recognised and their territories extended. Above all, the League of Nations was created for their protection. Here at least they were certain of their due. In theory, indeed, they gained almost more than their due, for the principle of "one State one vote" was established in a body in which unanimity was made the condition of action.

Even in the League the small States had originally to fight for their footing. The British plan for a League of Nations made provision for a Council consisting of great States alone, and it was only after an interlude of agitation and tension that the lesser States were conceded four temporary and elective seats on the Council, as against five permanent places (four after the defection of the United States) accorded to the Great Powers. But if a fight for recognition was necessary, at least the battle was won and the principle vindicated. The League of Nations, by contrast with the Holy Alliance or the Concert of Europe, was to be an international instrument, deliberative in the main, but progressively executive, in which great and small States should share on an equal footing in the discussions, and great and small States should co-operate to the extent of their capacity in carrying out decisions.

The reservation "to the extent of their capacity"

Great and Small States at Geneva

goes far. It determines the proper limits of the principle of equality. No one would suggest that the equality between Great Britain and Estonia, for example, means more than that both of them are international "persons," enjoying the full prerogatives of sovereignty, and that both are entitled to such rights of expression and rights of protection as the League of Nations provides. To obliterate, or attempt to obliterate, differences in culture, in political experience, in population, in wealth, in stability, in armaments, would be fantastic, and no tendency to ignore such obvious distinctions has, in fact, ever been observed at Geneva. Heads there are invariably weighed, not merely counted. The danger at the moment is just the opposite. The Great Powers, justly emphasising the fact that on them primarily would fall the responsibility for executing any decisions the League might take, particularly decisions involving restraint of a violator of the peace, tend undisguisedly, and in the opinion of some of the smaller States increasingly, to make a point of concerting their own common policy informally among themselves before the League reaches conclusions on the matter at all. The habit may have grown up when the major Allied Powers, which till a year ago constituted the great States at Geneva, had always to compose their own differences and present a common front before they went into conference with the Germans. The necessity for private discussion is, of course, denied by no one. As a general rule it is all to the good when difficulties can be settled by the parties immediately concerned without the need of recourse to the League. One of the advantages of the periodic gatherings at Geneva is the opportunity they offer for an exchange of views between individual statesmen. But it would be fatal if there should grow up, either side by side with the League or as a kind of inner cabinet, a self-appointed unofficial conclave, whose proceedings would in effect convert the regular meetings of the Council into a meaningless formality.

The Position of the Small States

To strike the right adjustment in the relations of the great and small States is far from easy. To begin with, the distinction between the two classes is by no means clear cut. The whole of last year's controversy over Germany's seat on the Council was provoked by the claim of three States—Spain, Brazil and Poland—to be accorded permanent seats on the Council on the ground (in the case of two of them, for Poland disavowed the pretension) that they were entitled to this recognition as Great Powers. That claim was rightly rejected. It is impossible to lay down precisely what are the attributes of a Great Power, but as Sir John Simon remarked in the House of Commons at the time: "I may not be able to define an elephant, but I know one when I see it." Though Brazil (larger in area than the United States), Spain, Poland, the Argentine are certainly not small States, they are equally certainly not Great Powers as the world counts Great Powers.

But the very existence of this intermediate class only emphasises the importance of so conducting the business of the League as to reduce to a minimum any invidious distinction between different types of States and of carrying to the furthest point practicable that democratic collaboration between States of all types and classes which the framers of the Covenant sought to inaugurate. Such collaboration in no way excludes leadership by the States with the greatest political experience and the heaviest political responsibilities to bear in the world; but it does definitely exclude any claim on the part of such States deliberately to dominate, still more to domineer. And at the present time the small States believe themselves justified in ascribing that attitude to the great States, and their delegates and their Press frequently refer to the fact with some bitterness.

To a small State the League of Nations usually means more than to a great one. The great State relies in the last resort on its own strength. Its right arm must bring it

Great and Small States at Geneva

salvation if a crisis should ever come. Its foreign policy is only slowly adapted to the methods of the League of Nations, and the permanent officials who execute that policy adjust themselves with little elasticity and some reluctance to League machinery. The smaller States, at the beginning at any rate, saw the prospect with other eyes. To them the League was the one defence in a world beset with perils. A discussion which took place in the Assembly in 1923 on Article 10 of the Covenant, with its pledge of protection of "the territorial integrity and existing political independence" of every State member of the League, was an almost startling revelation of the importance attached by the small States to a provision which the greater States (who would have to play the chief part in giving the pledge effect) are inclined to brush aside as an academic concession to the idealistic exigencies of President Wilson.

In the Parliaments and Press of the smaller countries of Europe—and this is in the main a European problem—the League assumes an importance altogether out of proportion to that accorded it in Great Britain or France or Italy or Germany. (Incidentally, the annual League subscription makes a greater proportionate demand on the budget of a small country than of a great.) Several of these States are bound by Minority Treaties which bring them into constant contact with the League. Many, like Poland and Lithuania and Yugoslavia and Rumania, have been more than once before its Council for the settlement of disputes with their neighbours. Others, like Austria and Hungary and Greece and Bulgaria and Estonia, are indebted to the League for invaluable assistance in the restoration of their finances. But much more potent than any of these tangible associations is the consciousness that the League gives the small State a place of its own in an international society based on an international treaty whose provisions make a peculiar appeal to small States, and ends an era in which the small State saw the fate of

The Case against the Great Powers

Europe determined by half a dozen great Powers and found its safety—precarious enough at that—in staking its lot on a perilous and uncertain affiliation with one combination of the great or another. If the League of Nations ceases to mean that to the small States it ceases to mean anything, and there is little enough reason why they should continue to support it. That is why the growing disillusionment of the small States has so serious a bearing on the League's future. Let them once be convinced of the existence of a "trade union of Great Powers" and the League as a political instrument is finished.

II. THE CASE AGAINST THE GREAT POWERS

THE case against the Great Powers at Geneva can easily be exaggerated. Many of the arguments used against them are overstrained or altogether invalid. But if the confidence of the smaller Powers in the League is to be retained or restored, the indictment they can frame against the Great Powers must be frankly examined. The small States started originally from the assumption that the League of Nations was to be the one effective instrument of international action—not merely one of several—opening the door to international co-operation in many spheres, providing a comprehensive mechanism for the settlement of international disputes by arbitration or mediation and thus laying the essential basis for the abolition of war, substituting universality for sectional alliances, emphasising the note of conscience in colonial administration, creating a security, partly through pledges of mutual protection, which would make a lightening of the economically intolerable burden of armaments possible.

That was the belief of the small States which actually took part in the Peace Conference. That was the belief of the small States which, as neutrals, adhered to the still unratified Covenant. No one would deny that their confidence was justified then, and no one would suggest that it

Great and Small States at Geneva

has been wholly betrayed since. The small States themselves have defects in abundance. They are often crude, immature, diffident, unreliable. But they are an indispensable part of the League. Merely as providing a jury, as representing an impartial public opinion, the existence of a body of disinterested States within the League, weighing issues as they arise in the light of League principles, is essential to the proper functioning of the mechanism of Geneva, particularly when disputes between States are being handled. The small States have in fact played an honourable part in building up and operating the League's machinery. Many of the personalities most respected and most effective at Geneva—men like Nansen of Norway (in the humanitarian sphere), Motta of Switzerland, Bénès of Czechoslovakia, Branting of Sweden, Hymans and Vandervelde of Belgium—have come from the smaller countries and have substantially enhanced their own reputation through the opportunity the League has given them of rendering it service in counsel and action.

But for citizens of small States who saw international politics centring for the future in the League of Nations there has been cumulative disillusionment. Through the whole period of the League's existence two other international instruments have successively coexisted with it, if not as rivals to it at least as alternatives. One is the Conference of Ambassadors, the other a much less formal body, the conference or conclave of Locarno Powers. The two appear on occasion to merge into one another, for Sir Austen Chamberlain informed the House of Commons on July 11 that a gathering of the representatives of Great Powers at Geneva in June during the sittings of the League of Nations' Council consisted of the States members of the Conference of Ambassadors, with the addition of Germany. This gathering, though it took place in the sitting-rooms of hotels, was sufficiently systematised to suggest that further meetings of the same kind were contemplated in the future as opportunity might offer.

The Case against the Great Powers

It has to be observed, and the smaller States do not fail to observe it, that during the period of the operation of these bodies no question of the first international importance has been brought before the League, while several questions properly so described have been handled by the Conference of Ambassadors or the Locarno Powers, pre-eminently, of course, the Locarno negotiations themselves. In some cases this was clearly inevitable. Reparations was a question between the Allies (including America) and Germany, and though there were aspects of it which might have been dealt with by the League no one can cavil at the procedure which led ultimately to the formulation and adoption of the Dawes Scheme. But the obdurate determination of the French, with the tacit support of France's colleagues on the Conference of Ambassadors, to prevent any reference to the League or the Permanent Court of the question of the legality of the Ruhr occupation went far to confirm the conviction of the smaller States that the Great Powers at Geneva—at that date all Allied Powers—were resolved that only secondary questions should be treated by the League, the major problems being retained in the hands of the greater Powers unembarrassed by the presence of any disinterested element.

If that were true as a general judgment it would be the end of the idea of the League as an impartial arbiter in world affairs, pronouncing—in matters of equity through its Council, in more strictly juridical questions through the Permanent Court—unbiased rulings regardless of whether the parties to the issue were small States or great. That idea is in fact quite indisputably in peril to-day. The small States do not believe that there is equal justice at Geneva as between small and great. They compare the case of Italy's armed action against Greece in 1923, followed by the verdict that Greece should pay a heavy indemnity, with the treatment of Greece's armed action against Bulgaria in 1925, followed again by the payment of an indemnity by Greece. The two cases are not, of course,

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on all fours, for the danger to the general peace was greater in one than in the other, but in the view of the small States, and, indeed, of many other people as well, the Corfu verdict was bad (for the concession of Italy's full demand, without reference to the Court for assessment, was avowedly based not on justice but on reluctance to risk trouble with Italy), and was given by the Conference of Ambassadors. The Greco-Bulgarian verdict was good, and was given by the Council of the League. But the parties concerned in both instances were League members, and the fact that the Corfu case was, in effect, kept out of the jurisdiction of the League, coupled with the nature of the verdict given by the body that did assume jurisdiction, planted deep in the mind of the average small State the conviction that, whether at Geneva or elsewhere, a great State can do with impunity what a small State is called to sharp account for doing, and that great States prefer a packed tribunal of their peers to the more objective methods of the League. If that, once more, were true it would be death to the principles on which the League rests.

Whether it is true or not the smaller States to a large extent believe that it is. Their suspicions are naturally fostered whenever they find themselves excluded from the conclaves of the greater Powers. Geneva, of course, is not the only place where that happens, though it is the one place where it ought never to happen. Perhaps the most conspicuous example was the Genoa Conference, when the Foreign Ministers of the smaller States complained that they never knew what the conference was doing till the Paris papers arrived. But such experiences as those of Genoa only throw the smaller States all the more on the defensive at Geneva. And it cannot be denied that they have reason for complaint. Take as the most recent example the so-called "hotel-talks" at Geneva in June. The participants were the Conference of Ambassadors States, with the addition of Germany, or, to put it another way, the principal Locarno States with the addition of

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Japan, usually, it is said, a silent member. There were, no doubt, questions arising out of the Treaty of Versailles which particularly concerned the States composing this body, but Russia was certainly a different matter. If there are three States of Europe to which the Russian question is of vital concern they are Poland, Czechoslovakia and Rumania. All of them are smaller States. All of them were members of the League Council, which was sitting at the time and was indeed the reason for the presence of the Allied Ministers in Geneva. None of the three was present at the hotel-talks. Yet it was in the hotels, not at the League Council, that the Russian question was discussed.

In this case it does not seem even to be claimed that the subject was too delicate for the semi-publicity of a private sitting of the Council. The British Foreign Minister has since told the House of Commons what was said about Russia in the secret conversation. The outstanding feature was the unequivocal assurance given by him that Great Britain neither contemplated nor desired further action of any kind antagonistic to Russia. It is hard to imagine any declaration that could with greater advantage have been made before the League Council than that, and the bewilderment as well as the irritation of the smaller States on discovering that a question of this kind is reserved for a private meeting of Great Powers (for the presence of Belgium does not alter the essential character of the gathering) is intelligible. It may be said that the Russian question did not concern the League of Nations as such. But there is an article in the Covenant which lays it down that "the Council may deal at its meetings with any matter within the sphere of action of the League or affecting the peace of the world." Wisely used, that provision may be of the highest value. To ignore it consistently and substitute private discussions on such matters between the representatives of Great Powers alone is to dethrone the League effectively from its place at the centre of world affairs.

Great and Small States at Geneva

Objection may be taken to this picture. An apologist for the Great Powers could no doubt adduce rebutting arguments. But that it is a broadly accurate picture of contemporary Geneva as the smaller States see it may be contended without fear of contradiction. And the effects on the small States of the picture as they see it are, it must be repeated, serious. For the League cannot do without the small States. It cannot even subordinate them. They have their rights at Geneva, and the exercise of those rights is often more important to the League than it is to themselves. The small State has not often an axe to grind, or, if it has, it knows it is little use trying to grind it at Geneva. It is therefore disposed always to stand by the provisions of the Covenant both for itself and for others. Its attitude, indeed, contributes much of what is best and most practical in the "Geneva atmosphere." There must always, by the nature of things, be some distinction, some contrast indeed, between the Council, where the Great Powers are strongly entrenched by virtue of their permanent seats, and the Assembly, where the smaller States have an overwhelming predominance numerically. A distinction and a contrast is one thing. A rivalry and an antagonism is another. In the crisis in March 1926 over the entry of Germany the Assembly was deliberately kept out of action through the influence of the Great Powers, a procedure which produced among the smaller States a discontent and indignation gravely demoralising to the League itself.

The situation, of course, is not simple. Great Powers are Great Powers. They have characteristics which differentiate them from small Powers, as well as others which both classes share in common. In virtue of those characteristics they will in any case predominate at Geneva without any conscious effort of their own. Even that legitimate predominance may sometimes, quite unjustly, leave smaller States restive. But that in itself is good ground for the exercise by the representatives of the Great Powers of a wholesome self-discipline in concealing the

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impatience they often feel (with some reason) at the crudities of less experienced politicians from smaller countries, and the conviction they cherish that the League and the world would run far better if left in their own competent hands.

To sift the unreasonable from the reasonable in the complaints of the small States is unnecessary, for if the reasonable claims are disposed of by a change in method and attitude at Geneva, the others can be ignored. And in that respect the coming Assembly may be largely decisive. A distinguished member of the Council once spoke of the Assembly privately as "an ill-regulated public meeting." It may be intelligible enough that the representative of a Great Power should hold such a view, but it can only be disastrous to let the Assembly realise that he, or any other delegate from a Great Power, holds it. It is no doubt easier to work through a small body like the Council than through a large body like the Assembly, and easiest of all to work through a self-chosen committee of a handful of Foreign Ministers, between whom, three or four years of successful co-operation have established happy personal relations. But the constitution of the League has, on the whole, been wisely framed, and the just balance between Council and Assembly cannot be disturbed without loss to the whole institution. Still less can the discussion of the most important issues be monopolised by a minority of Great Powers, without the influence and prestige of the League—which means ultimately its power to exercise effective restraint on a recalcitrant State in a moment of crisis—suffering grave detriment.

While there are still many League States which do not pay more than lip-service to League methods, the smaller States are not often open to that charge. Publicity, for example, is usually in their interest, and some of them, notably the Scandinavian countries and Switzerland, stand for it out of a disinterested belief in its merits. It can hardly have escaped their notice that when the Great

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Powers are left to themselves, or betake themselves deliberately to segregation, as in the hotel-talks, they shun publicity instinctively. The contrast between the public meetings of the League's Preparatory Commission on Disarmament and the secrecy of the Coolidge Conference on the Limitation of Naval Armaments is conspicuous, and, modest though the progress achieved by the Preparatory Commission may be, it will hardly be claimed that the methods preferred by the three Great Powers concerned in the later conference yielded happier results.

III. THE REAL ISSUE

THE real issue that presents itself is between belief in the League as the central and dominant, and belief in the League as a valuable but subsidiary, instrument in international affairs. For the smaller States, it is essentially the former, but they are far from convinced that the Great Powers take the same view. It is hardly credible that Italy does. Italy's attitude towards the League under her present régime is, indeed, a problem in itself. Japan is largely inscrutable, though her demeanour as League member has always been scrupulously correct. France is preoccupied with one dominating question, her relations with Germany, and in that she has no intention of allowing the League to intervene except if and when it may serve her purpose. Apart from that, whether from interest or conviction, probably from both, she is disposed to work increasingly through the League. Great Britain's attitude causes some perplexity to League observers in other lands. The present Foreign Secretary is more a Council man than an Assembly man, and sometimes lets himself be thought more a *coterie* man than a Council man. He has, in two recent speeches, paid a warm tribute to the League, but a phrase in one of them illustrates rather typically its author's propensity for seem-

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ing to draw back in the act of going forward. "We base our whole foreign policy," he said in the House of Commons on July 11, "on support of the League and on appeal to the League in the last resort." It matters a good deal whether much or little is implied by the last four words.

Germany stands in a different category. Dr. Stresemann came new twelve months ago to a League with which Sir Austen Chamberlain and M. Briand had been familiar for years. He had leisure to examine its theory before he found himself an agent of its practice. He was shrewd enough to realise, what indeed is too obvious for anyone to miss, that Germany could gain prestige and authority at Geneva, as she could regain it nowhere else, and respect for League methods and for the League as an institution has so far been more actively and positively manifested by the German Foreign Minister than by the French or British. It would not be surprising to find Dr. Stresemann, handicapped though he is by his diffidence about making a public speech in French or English, alive to the position he could make at Geneva through a quiet but vigilant vindication of the authority of the Assembly.

It is natural enough that men of the standing of Sir Austen Chamberlain and M. Briand should feel some impatience with the Assembly. It takes Lord Balfour's philosophic temperament to suffer fools as gladly as some fools at Geneva must be suffered. And the effervescence of Latin rhetoric can be no less a trial. But, above and beyond all that, the question presents itself to-day with a note of challenge, and almost of menace, whether the League as an institution—and not merely the League of 1927, but the League of the potentialities of the future—has sufficient value to the world to condone the minor defects and irritations incidental to its early years. If it has, if the Governments that signed the Covenant still believe in the Covenant, then it is imperative that in this first and critical phase all semblance of a rift between great and small States within the League should be avoided.

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At present it is frankly not being avoided. The rift is there, and the eighth Assembly opens in consequence in an atmosphere of misgiving. The small States have only themselves to thank for a good deal of the real or imagined neglect of which they are sensitively conscious. They stand in unnecessary awe of the Great Powers, and they concern themselves too little at the Assembly to present a common policy, even when they notoriously share common views. But it is the small States that make the League possible, just as in a sense it is the League that makes the small States possible. The Assembly, which is the only League organ in which three-quarters of the League members have a place, could be an unrivalled school of statesmanship, and the more reality is given to its discussions, the more valuable the education inexperienced politicians from small States will unconsciously receive. On that ground alone the prestige of the Assembly should be deliberately fortified by every means possible.

With a Council of fourteen, the Assembly, as distinct from the Council, tends to be stripped of many of its outstanding figures. On the other hand, the new system of rotation among the temporary members of the Council means the constant return of men of experience to the larger body. The fact that Belgium and Czechoslovakia now become ineligible to Council seats for three years, condemns M. Vandervelde and Dr. Bénès to find their main field of activity in the Assembly, much to the advantage of that Chamber. The distinction between Assembly and Council must not be laboured. States which are members of the Council are, of course, members of the Assembly too. But to a Council member, the Council is naturally the chief preoccupation, and it has been shown again and again that what the Assembly most needs is half a dozen delegates of ability and courage who are primarily Assembly men.

As a permanent member of the Council, Great Britain is so inevitably identified with that body in particular,

Postscript

that it requires something of an effort on the part of her delegates to show themselves equally concerned for the welfare of the Assembly. But the effort is on every ground worth making, for it is only in the Assembly that League States can be reached as a whole, and only there, or there pre-eminently, that loyalty to the League and respect for the Covenant can be induced in States not members of the Council. The British Dominions, with their separate representation in the Assembly, can undoubtedly play a part of considerable value there.

To liken the Assembly and the Council to a Parliament and a Cabinet is, in many respects, misleading, but there is enough in the comparison to make it reasonable to draw a lesson from the analogy. The supremacy of Parliament has served this country well. In the attempt to establish the rudiments of a Parliamentary system for the world, Great Britain has filled a foremost rôle. But making a constitution is far less important than working a constitution, and for the effective working of the constitution devised for the League of Nations the first essential and the last is the avoidance of all suspicion of oligarchic domination and the practice of a frank and statesmanlike co-operation between great States and small.

POSTSCRIPT

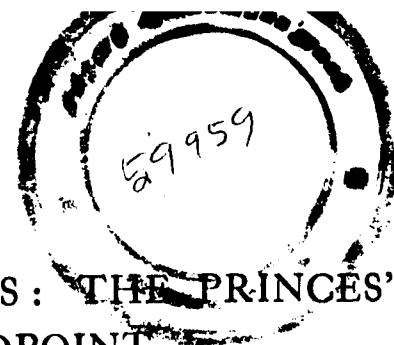
As we go to press an interesting confirmation of the view expressed in this article is announced. M. Henry de Jouvenel, formerly High Commissioner of Syria and for some time a delegate to the League Assembly, will not form part of the French delegation in September. In a letter conveying his decision to M. Briand, he says :

I have expressed this year in a number of dispatches my regret at seeing France refrain from submitting to the League of Nations

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problems which, in my judgment, can only be solved by that body, while at the same time persisting in a policy of adjournment which can only accumulate difficulties in the future. If at any time the delegates of other countries should express in the Assembly views similar to my own upon this matter, I should find myself in the position of having to run counter either to the wishes of my Government or to my own convictions. This is a situation from which it is one's duty to escape as soon as one sees it take shape.

Writing at greater length in the *Matin*, he explains that he is afraid of the substitution of a new Concert of Europe for the League, and asks why the great nations should since Locarno have seemed to abandon the League method and return to the policy of the "Big Four" practised during the Peace Conference. (See *The Times*, August 10.)



INDIAN REFORMS : THE PRINCES' STANDPOINT

IN speculation concerning the future of India, it is common to make insufficient allowance for one very important factor—the Indian States. The authors of the Montagu-Chelmsford Report appear to have discovered the existence of this factor at a somewhat advanced stage of their deliberations, with the result that what they have to say on the subject is perfunctory, if unexceptionable. Yet it is becoming increasingly apparent that no solution of the problem of British India is likely to be satisfactory which does not take into account the allied problem of the Indian States.

One initial difficulty encountered by the observer who desires to examine the present condition and future potentialities of the Indian States arises from the paucity of the material available. Concerning the past history of individual States, there is a good deal to be learnt from books; but, concerning the present political position of the States as a whole, little or nothing has been written which is helpful. The most useful knowledge is of the kind which must be gathered from the mouths of those who possess it. Unfortunately few of those whose acquaintance with the Princes is most intimate, and whose authority to speak is unquestioned, are in a position to make their opinion readily available to the student.

Indian Reforms : The Princes' Standpoint

I. THE PRINCES AND THEIR STATES

PERHAPS the first thing to realise in considering the present position of the Indian States is the scale upon which the problem is propounded. Throughout the Commonwealth there is a general assumption that Britain administers India. It is scarcely realised that more than one-third of the total area of India is not under British rule at all. In the 700,000 square miles which make up the territory of the Indian States are to be found some 72,000,000 people, including some of the finest fighting races of the Indian Empire, who are not subjects of His Majesty the King. These people owe allegiance to their own rulers, who are themselves bound by ties of obligation to His Majesty's Government, but who retain in varying degree internal autonomy, and enjoy in different measure the ordinary text-book attributes of legal sovereignty. In all, there are more than seven hundred States, great and small. Each is of some importance, for while the largest is as extensive as France, the smallest is a little smaller than Monaco. For practical purposes, however, the student would do well to confine his attention to the greater States, roughly one hundred in number, whose rulers enjoy the title of "His Highness" and the privilege of a salute of guns. Each one of these greater units enjoys complete internal autonomy. Each is bound to His Majesty's Government by a treaty or obligation which imposes rights and duties upon both the parties concerned. Each possesses a separate administrative system, with its own officials and its own institutions. The more important States maintain their own small armies, often commanded by British officers seconded for this duty from the active list. The flower of these State armies are the Imperial service troops, who fought with such distinction in many theatres of the great war. In addition, the larger States

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maintain a more numerous body of local-service troops, which can be made available for the preservation of order and for local defence. A scrutiny of the States' expenditure will show that most of the larger States support a heavy financial burden as their share in the defence of the Empire; while even those States which do not maintain well-equipped forces are often found, on enquiry, to have ceded large and valuable territories to the Indian Administration as a perpetual contribution to the cost of common defence. As a result, the subjects of the Indian States make a far higher *per capita* contribution to Imperial defence than the King's subjects in British India.

The Princes and their People

At first glance, the position occupied by a ruling Prince within his own State seems indeed remarkable. He appears the unquestioned master of all around him; the embodiment of proud tradition; the living personification of sovereignty. He has freely lavished upon him a popular devotion and reverence which is almost without parallel in the modern world. Even where he rules badly, his people seem to ascribe their complaints to the defects of his advisers. Everything good is attributed to the Prince: anything that is unpopular must, in the view of his people, be the fault of his Ministers. The Prince is the pivot upon which the whole State turns. Every office in his administration is held only by his favour. His word is law, and his slightest wish a command. Yet there is another side to the picture. Unfettered as the Prince may be by constitutional limitations as understood in the West, his rights and his duties are in reality clearly defined. As a ruler, he has certain obligations towards his subjects; just as they have certain rights as against himself. If he observes the customary limitations, his power is for the rest unbounded. Let him seriously and persistently transgress them, and not all the might of the British Government will secure him firmly in his position. Accordingly, in

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the better administered States, there is little oppression. At the same time it should be remembered that the traditional relations between ruler and ruled have been modified to some extent by the knowledge that the Prince has the power of the Indian Government behind him. The last ultimate sanction of successful revolt, therefore, no longer remains for the enforcement of the ancient rights of the people against their Prince. It is thus conceivable that a really bad ruler might "last longer" and inflict greater harm upon his subjects to-day than at the time before the British power had established itself in India. It should, however, be noticed that, under the system which prevails in the majority of Indian States, absenteeism and indolence may entail consequences almost as serious as positive oppression. Unless the Prince interests himself in the well-being of his people, the mainspring of the administration is gone, and the whole machinery tends to function torpidly.

This system of personal rule, restrained only by ethical obligations and customary limit, seems, for all its strangeness in Western eyes, to possess one conspicuous merit. Not only has it worked for a long time ; it continues to work to-day. Further, those who live under it seem generally contented. There is very little unrest of any kind. Nor does there seem to be any marked desire on the part of State subjects, in the majority of States, to participate actively in the work of government. Where this desire exists, it has as a rule been recognised by a Prince in the shape of a Council or Assembly of the Morley-Minto type. Such an institution, as was recently pointed out, by Professor Rushbrook Williams, in the new year number of the *Sanj Vartaman* (Bombay), harmonises well with the State polity : for by ancient tradition a ruler is bound to seek the advice of his people before he takes any action intimately affecting them : just as he is obliged to afford them the fullest opportunity of representing any grievance from which they may be suffering. But, for the

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most part, the subjects of a State seem content to leave the task of government to their Prince and his advisers. In the selection of the latter, the subjects have no positive voice ; but they exercise, none the less, a considerable influence of a negative kind. They can make the position of an unpopular Minister quite impossible, and no Prince can continue long to entrust such a man with active responsibilities. This circumstance of the general understanding and accord between the Prince and his people probably explains why there is so little real demand for constitutional reforms in an Indian State : for when, through some accident, this accord breaks down, the situation almost at once assumes a shape which compels the Indian Government to interfere with "advice" of a kind that brooks no denial. And, as recent events have sensationally demonstrated, even the greatest Prince must then submit to the wishes of his people.

One would hesitate to say that the inhabitants of an Indian State are happier than the inhabitants of British India ; but for some reason or another, they generally seem to the writer to present a more cheerful appearance. If the Government of an Indian Prince does less for its subjects than the Government of British India—which is by no means always the case—at least it interferes with them in lesser degree, and leaves them freer to lead their own lives. Moreover, minor officialdom—that scourge of British India—is to some extent fettered in its operation by the knowledge that a good Prince is easy of access, even to the humblest of his subjects. He is a man, not an elaborate machine. When he strikes in support of innocence against petty tyranny, he strikes promptly and he strikes hard. The ancient Indian custom of holding public durbars, in which any person is free to approach the Prince for the redress of grievances, still obtains in many States ; and, indeed, the majority of conscientious Princes devote a fixed period of their time to receiving petitions which enable the poorest of their subjects to call the conduct of the

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highest official into question. A good Prince is the real father of his people, independent of the considerations of race, caste or creed. In the best States, there is complete toleration, combined with a healthy absence of communal strife. Riot and disturbance are almost unknown: while there is a general security of life and limb that is at least equal to that which prevails in British India.

To sum up, the best proof of the present vitality of the Indian States is their continued existence. There is nothing to prevent the population of an Indian State migrating to British India. Yet census figures show that, if anything, rather more people come from British India to live in Indian States than go from State territory to British India.

Lines of Progress

It seems quite possible, on an impartial survey, that the administration of British India may have something to learn from the methods pursued in the Indian States. Where a ruler possesses administrative ability, industry, and statesmanship, he seems to be able to do more to make his subjects happy than the Indian Government can do for its own people. It may be that India likes and understands personal rule; and finds a highly organised and complicated bureaucratic machine rather unsatisfactorily inhuman. It may be that small compact units, bound into homogeneity by centuries of obedience to a long-established dynasty, are in a position of advantage as compared with the unwieldy heterogeneous units of British India. However this may be, the fact remains that the State Governments really govern; that no one questions their authority; and that there is a negligible amount of unrest among their subjects.

Whether it be true or not to hold that British India has something to learn from the Indian States, it is certainly true that the Princes feel they have much to learn from British India. Throughout the Indian States, administrative standards are steadily rising; and the benevolent

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activities of government are on the increase. Many States have a free educational system which will carry a boy from the village school to a first grade college. All the larger States have elaborate medical and sanitary services. In the best States, the judiciary, so far as impartiality between subject and subject is concerned, is not inferior to the standards of British India; while it enjoys the advantage of administering, through a simplified and less expensive procedure, the same codes of law as those which obtain in British India. For the ordinary litigant, it is probably true to say that justice in an Indian State is cheaper, speedier, and not less impartial, than is the case elsewhere. On the other hand, where the personality or desires of a Prince are in question, there is, in many States, risk of the judiciary failing to maintain entire independence. Even in this respect, however, it is maintained, by those whose observations have stretched over a period of years, that improvement is taking place. The standards of administrative efficiency are, with few exceptions, below those of British India; but since the whole machine of government is less elaborate, the consequences are not as a rule serious. Perhaps the direction in which improvement seems still most to seek in many States is the absence of a fixed civil list which brings the personal expenses of a ruler into definite relationship with the resources of his territory. But here also, the tendency to improvement is marked, and the majority of States are now arriving at a settlement, formal or informal, which will enable the ruler to "live of his own." It should also in fairness be remembered that the comparative simplicity of many State governments entails a corresponding reduction in the cost of administration, so that in many cases the margin of revenue at the disposal of a Prince may represent an income of well-nigh incredible magnitude, even after every legitimate branch of State expenditure has been amply provided for. The Princes, for the most part, fully realise that the strength of their position depends upon the efficiency and virtue of

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their administration. As has been already noticed, there is a marked tendency towards improvement in the directions where shortcomings are at present apparent, and, in the best governed and wealthiest States, progress has been achieved in the pursuit of benevolent activities, which is frequently quoted by Indian nationalists as a challenge to the vaunted efficiency of the Indian Government. Several of the southern Indian States possess a standard of education and of literacy, male and female, to which British India can afford no parallel. Many States, with their comparatively small territories and ample resources, are quick to seize upon any promising experiment for social amelioration which has been found successful in British India. Indeed, the States sometimes lead the way.

It is interesting to notice, in this connection, the steady growth of public opinion among the Princes themselves. Individual extravagance and vagaries tend to be deprecated as a source of weakness to other members of the princely order. The opinion of the more enlightened Princes is carrying ever increasing weight with the more conservative. For this, the influence of the Chamber of Princes is largely responsible. This body, while it has not entirely fulfilled the hopes of its designers, has enabled the Princes to meet for common deliberation, and to evolve some kind of joint policy to form the basis of discussion with the Government of India. The proceedings are confidential; and it is not easy for the general public to discover the precise nature and extent of the business transacted. But it is at least plain that the existence of the Chamber has brought home to the Princes the extent of their common interests, and has enabled the more prominent States to secure support from their fellows in urging certain measures upon the Government of India.

The Princes and the Government of India

II. THE PRINCES AND THE GOVERNMENT OF INDIA

WE may, for the moment, pass lightly over the stages which historians distinguish as characterising the relations between the Indian States and the Government of India at various epochs. In the early days of British rule, the Company's officials were justly apprehensive of any alliance against themselves on the part of those States with which they had concluded treaties. Accordingly, the policy most favoured in East India House was to isolate each individual State; to keep it apart from its fellows; and, at the same time, to strengthen in every possible manner the ties which bound it to the Company. As British supremacy became more and more unquestioned, the early feeling of suspicion gave place to that good-natured form of contempt which is often engendered by long familiarity. In face of the rapid advance of British India, which marked the second quarter of the last century, the conservatism of the States and their old-world ways seemed inevitably to doom them to impotence, if not to extinction. This phase came to an end once and for all with the Sepoy Mutiny in 1857. The great majority of the Indian States successfully vindicated their right to exist, not only by their wholehearted and invaluable loyalty, but also by their inherent stability at a time when the foundations of British administration seemed crumbling into dust. From that time onwards, the general policy pursued towards the Indian States has been one of trust and confidence. Attempts have been made to strengthen them; to enlist their co-operation; and to confirm their loyalty. The general success of this policy has been triumphantly vindicated on many occasions, but notably in 1914. Indeed, it is scarcely too much to say that it was the influence of the Indian States which did more than anything else, during the last war, to frustrate Germany's hopes of an insurgent India.

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As to their services, unostentatious but none the less effective, in the recent troubles through which India has passed, it is unnecessary to enlarge at any length. Once more they stood like rocks when the foundations of other régimes appeared in danger.

How Intercourse is Conducted

In order to understand the present relationship between the Government of India and the Indian States, it is necessary to know how daily intercourse is conducted. The diplomatic work of the Indian Government is carried on by the Political Department, a *cadre* to which entry is possible through the avenues only of the Indian Civil Service and of the Indian Army. States of the first rank have a resident Political Officer accredited to them by the Government of India. States of lesser importance are grouped into units under the diplomatic care of an Agent to the Governor-General. Still smaller States share a Political Agent, who is himself a deputy of the Agent to the Governor-General with whom the larger units of the group have direct relationship. Generally speaking, the tendency of recent years has been to simplify the channels of communication between the States and the Government of India, in order to reduce the number of intermediary Political Officers.

At headquarters, the supreme charge of the relations between the Indian Government and the Indian States is held by the Viceroy in person. The system has many conveniences, and some disadvantages. Since, in theory, the relations of the Indian States are with His Majesty's Government—as the heir of the East India Company—and not with the Government of India, it is obviously convenient that the portfolio of the Indian States should be held by an official who is not merely the Governor-General of India, but the personal representative of the King. Further, since the smooth conduct of relations between the Government of India and the powerful

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autonomous States depends very largely upon the success with which individual ruling Princes can be persuaded to co-operate in pursuit of a common policy, it is a great advantage that the spokesman of the Government of India should be the highest official in the land. On the other hand, a Viceroy has necessarily very little time at his disposal, and unless he should happen—as in the majority of instances is fortunately the case—to take a keen interest in the welfare of the Indian Princes and their people, the conduct of relations tends to fall more and more into the hands of the Political Secretary to the Government of India. For the occupant of this delicate office many qualities are required, and it is scarcely to be expected that an official whose career, however distinguished, has been confined to India will possess quite that breadth of vision and knowledge of the world which has, as a rule, characterised those distinguished men, drawn from the front rank of British public life, who have been called to the Viceroyalty. Indeed, it has become a truism that a Political Secretary who is not *persona grata* with the Princes can inflict serious, if transient, damage to the cordiality of their relations and the heartiness of their co-operation with the Government of India. For the most part, however, the system works very well, and it is only when a Viceroy who is not really interested in the Indian States happens to coincide with a Political Secretary who is not entirely successful in his handling of the susceptibilities of the Indian Princes, that there is any serious ground for complaint. The Princes themselves, so far as the knowledge of the present writer extends, would be very unwilling to see any change in the system by which their relations are, at least in theory, conducted direct with the Viceroy himself.

Present Relations of Government with the Indian States

We may now proceed to note certain characteristic features of the existing relations between the Government of India and the Indian States.

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In the first place, it is becoming abundantly clear that the Government of India and the Indian States are not only more closely connected with each other at present than has been the case at any time in the past, but also that this connection is destined to become even more intimate in the future. The requirements of modern administrative efficiency commonly transcend political frontiers. Accordingly, every year brings to light new points of contact—and sometimes of conflict—between the interests of the Government of India and those of the Indian States.* The States themselves have long realised that they are intimately affected by government policy in such matters as currency and the tariff; railways and excise; social and political legislation. Their perception has been quickened by the consequences of India's admission to the League of Nations; for the Government of India tends more and more to accept international obligations which it subsequently calls upon the States to honour.

In regard to many of these points of contact, the States are now displaying an increasing uneasiness. They do not understand why they should be expected to acquiesce in a tariff system which, according to the view of many of them, penalises their subjects for the benefit of British India. More particularly do they experience a sense of grievance when tariff changes are dictated by the political pressure of the British Indian educated classes. In fact, they feel in an increasing degree that their interests tend, in the dust and heat of the British Indian political arena, to be obscured or ignored. Recently, for example, British India has been convulsed by the struggle over the sterling value of the rupee. The Indian States find themselves as much concerned as British India, yet they do not notice that any steps have been taken to elicit their considered opinion. Further, they are now realising for the first time that they are paying indirect taxation to the British Indian

* See, for instance, the account of the difficulty with the Kathiawar States on page 766.

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Exchequer of a kind which is none the less irksome to them—as being contrary to their treaty rights—for its indirect character. They fully understand that the world is changing, and that they cannot live in isolation. Nor, indeed, do they desire to do so; but they feel that they are being dragged at the chariot wheels of British India without being given an opportunity of representing their special interests.

The Princes and the Reforms

The realisation of the intimacy of their contact with British Indian affairs, and of the difficulty of disentangling their special interests from the general interests of British India, lies at the root of the uneasiness with which many Indian Princes now regard the political situation in British India. They see that the Government of India has changed almost beyond recognition. They anticipate that it will change even more in the future. It is no longer the same kind of government as that with which their treaties were originally signed. Plainly, it is not the unquestioned arbiter of the destinies of India, but has become increasingly responsive to the opinion of a certain class of the ruled. Here many Indian Princes frankly confess themselves puzzled. In their view, the British Government in India is abdicating its power progressively in favour of the educated middle class. Now, from the standpoint of an Indian aristocrat, this particular class has no place in the scheme of government. Its members do not possess the tradition of rule. How can they, ask the Princes, be expected to rule successfully? Have they any real stake in the country? Can they command the unquestioning allegiance of fighting men, prepared to die in their service? Have they the traditions of knightly honour and the pride of breeding which can alone enable power to be exercised wisely and firmly? Many Princes consider that the Indian Government is being alternately bullied and cajoled by a class of men who have no right to speak for India,

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and whose authority, if unsupported by British arms, could not endure for the shadow of a second. They see these men using as their instrument an elaborate administrative system which they could not have created and will probably find difficulty in maintaining ; and using it, moreover, to embarrass not merely its creators, but also those persons who have hitherto afforded the creators unstinted respect and support. Yet they see that the process is apparently to continue ; that a larger and larger measure of " popular " control is likely to be introduced into the government of India ; that more and more functions are on the point of being delegated to provincial administrations which can scarcely be expected to pay much regard to the susceptibilities of the Princes. Behind the whole process, so unnatural, as they think, are the prestige and authority of the very Government whose prestige and authority stand most to suffer from it.

The Princes are in no sense hostile to political advance in British India ; that, they feel, is a question for the Indian Government and for the people of British India to settle amongst themselves. The Princes may, from time to time, out of their experience of centuries, mildly question among themselves the wisdom of the counsels which now seem to guide the British Government. But they realise that this is none of their business, and their anxiety is confined to one principal point, and to that alone. Are their relations with the Government of India to be subject, equally with other branches of that Government's activity, to the influence, and ultimately to the control, of a class of person whom they cannot regard as possessing any inherent claim to position or to authority ? In other words, while the Princes feel that they can scarcely object to our own abdication in favour of the educated British Indian, they have the very liveliest objection to being placed under the control of that class whom we appear to have designated as our successors. They see that the personnel of the Government of India is being increasingly Indianised. They

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apprehend that a day may come when a Prince may perhaps find himself under the political control of one of his own native-born subjects.

The Uneasiness of the Princes

While the Princes have, for the most part, a considerable appreciation of, and sympathy with, the difficulties now encountered by the Indian administration, they feel that their interests have been, to some extent at least, unwittingly betrayed. They fear lest they may be handed over, bound as it were, to unfriendly hands. And they are the more alarmed in that they believe that the process is already proceeding by insidious stages. In order to understand this point of view, it is necessary to recall what has been said on a previous page regarding the new intimacy of contact between the Government of India and the Indian States. Half a century ago the Indian Princes would have been little concerned at such developments as they now see taking place. They could have maintained their isolation. But such a policy is now quite impossible. They feel themselves exposed at every point to external influence, and, accordingly, the precise nature and character of that influence has become a matter of vital concern to them. They see, for example, that Government now claims a certain power in the direction of implementing international obligations, which threatens to affect in some degree their internal autonomy. They realise that Government policy in such matters as excise, currency, the tariff, and railway development, is influencing their domestic economy more directly every day. They also see that Government policy in these matters is increasingly controlled by the new legislatures. In view of this situation, the fact that Indian State affairs are technically excluded from the competence of the reformed constitution, affords the Princes little comfort. Their uneasiness is increased by certain considerations, of a kind which commonly escape notice. The position of the Viceroy, the King's

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representative, who is their main bulwark, is still towering ; but the influence over the Governor-General of his Executive Council, now semi-Indianised, is on the increase. How long will it be, they speculate, before matters concerning the Indian States are settled by a vote in Council ? There is further to be noticed the manner in which the increasing departmentalisation of the Government of India is affecting the interests of the Princes. The policy now laid down by the Government of India in such matters as railway development, currency, and the like, is more and more becoming the formulation of expert departments. Those who frame policy are actuated primarily by considerations of administrative efficiency, and secondarily by the forces of educated Indian opinion. It rarely occurs to them to consider either the rights or the susceptibilities of the Indian States. At the same time, these technical departments now command such a wealth of specialised talent, that no other department of the Government of India can successfully fight them. Whence arise two consequences, so far as the States are concerned : In the first place, the policy shaped by the expert department tends more and more to become the accepted policy of Government, without modification ; and in the second place, the Political Department, the official custodian of the interests of the States, is hopelessly overmatched by the weight of expert opinion when it endeavours to introduce such safeguards and modifications as its knowledge of the rights and susceptibilities of the Indian States seems to indicate as necessary.

The Legal Position of the Princes

But why, it may still be asked, are the Indian Princes thus concerned with the changing scene in British India ? Are not their relations with His Majesty's Government, with the King in Parliament, as the heir of the East India Company ? Why then should they be so sensitive to what happens in the rest of India ? To some extent these queries

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are already answered by the fact which has previously been emphasised, namely, that the relations between the Indian States and the Government of India are now so intimate, that in practice, if not in law, isolation is no longer practicable. But there are certain other considerations which enter in at this point. In the first place, it is by no means clear that the legal position of the Indian States has not been considerably affected by the last Government of India Act, the framers of which do not seem to have had sufficiently clearly before their eyes the peculiar position which the Indian States occupy in the Commonwealth. The matter is one which calls for authoritative legal investigation, if only because certain clauses in the Act seem to imply that His Majesty's Government have divested themselves of their responsibility towards the Indian States in favour of the Government of India. If this suspicion should prove to be well-founded, matters can doubtless be rectified ; but it is important to notice that the element of uncertainty is, at the moment, rendering the more thoughtful Princes uneasy. Again, even if it be true that the treaties of the Indian States are with His Majesty's Government, and not with the Government of India, it has also to be remembered that the treaties possess various imperfections from the standpoint of the Princes. They were concluded in a simpler age ; much has been left to goodwill and to mutual understanding. As definitions of the relations between the Government of India and the Indian States, even the most categorical species of these treaties have always needed much supplementing. Hence it is that round the majority of treaties and engagements there has crystallized a mass of political practice. Some of this practice is still fluid ; some of it has hardened into a condition of fixity almost on a par with that of the original treaties. In any case, this practice, where it is susceptible of modification, tends to be shaped by the stronger of the two parties—which is unlikely to be the State directly concerned. Moreover, where either a treaty or its accom-

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panying mass of political practice is susceptible of a disputed interpretation, the Princes occasionally consider that the Government of India, even at present, is both party and judge in the same matter. When the Government of India becomes more "popular," the Princes feel that the chances that their interests will suffer are likely to be much increased. For all these reasons, the Princes, despite the difference in their personalities and in their importance, are at one in asking that their position in the future polity of India should be clearly defined and adequately safeguarded, without further delay, by His Majesty's Government itself.

III. CONCLUSION

FROM this survey it will be gathered that the Princes are concerning themselves deeply with the present trend of affairs in British India—and not without reason. They are beginning to examine their own position ; to take stock of their strength and weakness. But they look to the British Government to establish and conserve their legitimate rights, guaranteed by the plighted faith of many kings, in any future change in the administrative system of British India. For their own part, they are endeavouring to remove, more or less rapidly, the defects which their Governments still exhibit. It seems plain to the student of Indian affairs, that an authoritative inquiry into the present position and future place of the States in the Indian polity is urgently required. The Princes themselves seem to desire an opportunity of presenting their views to His Majesty's Government ; and of receiving satisfactory assurances that the obligations, whose sanctity has been so often asserted, will be honoured in the spirit as well as in the letter. The treaty with the Irish Free State shows that it is not beyond the ingenuity of statesmen to arrange for two species of Imperial connection within

Conclusion

the confines of a single country. There is a further point : Either by enlargement of the functions and powers of the Chamber of Princes, or in some other measure, the Princes feel that they should be given a voice in any legislative or administrative action which markedly affects their interests, in common with those of British India. The procedure of the League of Nations provides some analogies that may be useful here. But the whole question requires careful investigation by experts. Until the results of such investigation are available, it seems impossible to conceive the position which the Indian States will occupy in the future polity of India. Yet, to exclude them from the picture is impossible. They are too strong and too virile. If some world-catastrophe were to compel the British to leave India to-morrow, and abandon the destinies of the country to the arbitrament of the sword, the States would remain the only stable political units. They are the living embodiments of the Indian tradition of government ; as such, they are entitled both to study and to respect.

India : a Native State.

CHINA THROUGH THE AGES

I. CHINA AND EUROPE CONTRASTED

WHAT is China? That is the first question to be considered, and one of the factors—an important one if insight is brought to its interpretation—is the geographical background. But the geography might remain much as it is and yet China be something wholly different, politically and economically. We have also to realise the sort of human organisation that has been evolved, and this can perhaps best be done by contrasting the facts with those found in some other area—let us say, Europe.

In size and population China and Europe are to-day entities of much the same order of magnitude. Each may be taken to have about four hundred million inhabitants, and this fact alone rules out any real parallelism between China and any one of the European nations. The comparison must plainly be with Europe as a whole. There are, of course, senses in which the "Western World," as we call it, forms a single community. There is a unity among its parts, similarities of tradition and outlook—of *Weltanschauung*, as the Germans say—sufficient to make intercommunication of ideas comparatively easy and intimate. But the origin, development and geographical conditions of the Western nations present such sharply marked diversity that, though there have been approaches in that direction, they have never yet attained any permanent political cohesion.

China and Europe Contrasted

In China, on the other hand, there has for some two, perhaps three, thousand years always been in accepted political theory, and for long periods in actual fact, a paramount sovereignty. Her accepted theory of the universe was based upon the implication that such a paramount power exists as of right, and that things have gone very wrong if it does not exist in fact. In actual experience that power has often been broken into fragments: for generations, or even centuries, at a time it has been a disputable question where it resides, or which of several claimants has the better title to recognition—it has had constantly to battle against rebellion. But the existence of a general belief in its *de jure* existence has always tended to strengthen the forces making for political cohesion and, sooner or later, to bring the fragments together again. The area over which this belief prevailed expanded enormously in the course of time, but there was no effective rival theory, so that it has been a constant factor all through the period of which we have any reliable record.

Western Civilisation

The geographical and historical causes of this important difference between Europe and China are so obvious that we generally take them for granted. The ancestral civilisations from which Western culture took its rise began, not in Europe at all, but in the river valleys of Egypt and Mesopotamia. Both go back to an age so remote that it is hard to say which is the more ancient; but for several thousand years these two valleys were the only centres of settled culture in the world known to their inhabitants. Then, about two thousand years before Christ, there came an era when the most active and highly developed communities of the Western world were located on islands and peninsulas in the Mediterranean Sea. It was so with the Cretan and Ægean, with the Phœnician and Carthaginian, and also with the Hellenic civilisations. Though the portion of that era with which we are most familiar—

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the brilliant period of the pre-eminence of Greece—was comparatively short, this island and peninsula stage goes back to a time far more remote than the classical age. It lasted long enough for its habits and ideas to become instincts which even to-day are far from extinct.

But, in point of fact, it was a peculiar stage in human development. The area of its activity lay entirely along the shores of the sea, and its units were very small. So far from the idea prevailing that there should be one paramount power ruling over all mankind, tiny communities, like those of ancient Greece and Italy, will, on the contrary, regard it as axiomatic that mankind consists of a multitude of self-sufficient city or tribal units, some cultivating the arts of civilisation, the rest living in barbarism, but all jealously independent of, and in competition with, one another.

Upon that world of desperately self-conscious little local patriotisms there descended "discord, Macedon and Rome." The details of that story need not be set out, but something over two thousand years ago, while the presupposition of a condition of exclusive city patriotism still occupied the minds of Western men, and all speculative thought still continued in that groove, the hard facts of the world had actually become different. One city State, Rome, had already developed into what we should now call a nation-State. By conquest, by military colonies or by alliance, she had extended her supremacy over all the shores of the Mediterranean, and her tentacles were cast across to the Atlantic coast of Europe, into the heart of Germany and the Danube countries, and over western Asia to the Caspian Sea and the Persian Gulf.

These conquests necessitated a new orientation. Men had now to absorb one another's laws and one another's gods, and all alike, conquerors and conquered, were ill at ease with a mental equipment that their actual needs had outgrown. Civic liberty in the old sense was impossible. If life was gentler and for a time more cultured, there was

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a thick pall of disappointment and a crushing sense of helplessness and futility. On all sides people began to grope for a way out—for salvation. The process of rearrangement begins with Zeno in the days of Alexander the Great, and continues to the time of Constantine, but its central figure is, of course, Jesus, who lived about half way through that period. By the time of Constantine the conception had become accepted of a universal religion, and, if not of a universal sovereignty, at least of a society in which men, in spite of war and discord, were in some sense members of one community. The Western world had, in a word, evolved the idea of Christendom.

But the geography of the West threw formidable barriers in the way of such ideals. Europe is a group of peninsulas, and though the sea is a channel of intercourse between the dwellers on its shores, it is also an effective barrier against their amalgamation. The different portions of Europe are sharply marked off. It has no natural, certainly no inevitable, centre. Its civilisation had spread, not from the heart to the extremities, but from the extremities towards the heart. Athens, Rome, Constantinople, successively its leading city, were not only remote from the large rivers and main land masses, but they had each in turn exhausted themselves in attempts to retain far-off dependencies, or to protect themselves and their subjects against the assaults of powerful adversaries.

And now political unity, such as it was, utterly broke down and a long age of chaos ensued. Out of that chaos there emerged, however, by degrees a new order. Into its composition there entered many conceptions. Some were taken from the old Egyptian and Babylonian cultures, chiefly through the medium of the Hebrew Scriptures, others from the old Greek city world; much was of Rome, and with it all there grew up an ecclesiastical system that derived its origin from, paid outward homage to, and, even when corruption was at its worst, could never shake itself completely free from a haunting consciousness

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of the spiritual import of Christianity. There were also other, fresher elements; traditions drawn from primitive Germany and the regions to the east of it, or from the magic circle of Celtic tribes, and the sea-roving Scandinavian adventurers; especially there was a vigorous sense of nationality based in each region on similarity of language or community of race.

So, for a thousand years or more, Europe beheld the growth of two discordant schemes, one of which assumed the absolute independence of the constituent nations, while the other rested upon the conception of a single world with two co-ordinate sovereigns, in the spiritual and temporal realms, the Pope and the Cæsar.

But this was not all. Mediæval western Europe was not the only system to arise out of the ruins of the older civilisation. The super-state, or super-church, that had begun with Alexander and emerged as Christendom, split into parts. The first, perhaps the deepest, severance had its roots far back in the times of Imperial Rome. The Byzantine monarchy was, however, less an offshoot of the Cæsars than a reversion to the successors of Alexander. As it shed its Latin veneer, its religious system as well as its politics parted company with the West to transport itself, in the upshot, from the Bosphorus to Moscow. Both systems claimed to be the only genuine Christianity, and from the eleventh century they ceased to present a single front against the Moslem enemy which threatened the existence of both. The Mahomedan system—a breath of vigorous originality hot from the deserts of Arabia—swept a debased Christianity and an effete Zoroastrianism from large areas in Asia and Africa that had once been parts of the Western world, and spread far east and south beyond the utmost limits of Roman influence, yet so many of its constituent elements were taken from Europe that we cannot really regard it as a world apart. It reacted, moreover, on Europe from first to last in most significant ways.

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Thus, during the Middle Ages, our world came to embrace a far wider and more varied area than the *orbis terrarum* of classical antiquity. Obviously this made political unity in it infinitely more difficult. Even in western Europe the dream of an ideal union under Pope and Cæsar slipped away. Pope and Cæsar found themselves at length allies indeed, but allies wedded to the defence of a traditionalism from which all the most progressive minds of Europe were turning away. They survived as shadows while the real work of the West was done by growing nations, proud of a national independence that either rejected Imperial and Papal authority altogether, or excluded it from the business of daily life. The modern city and the modern State, as they developed in the West, were in spirit from the first protestant and secular. Thought tended more and more to adopt rationalistic channels; to rely on observation, experiment and adventure; to take nothing for granted; to criticise every claim of authority; to widen the domain of law, both natural and municipal; to push aside the supernatural; to exalt the right of the individual to freedom of judgment—and, what is especially germane to the present argument, to assert the doctrine not only of the absolute independence, but of the essential equality, of political States. The ideal that emerged was that of a community of sovereign entities, each wholly independent of, yet carrying on diplomatic, commercial and other relations with the rest. The system depended on the maintenance of a balance in the power of its constituent members that was threatened over and over again by one or other of them. On a far larger scale, and with vastly larger units, the Western world had worked its way back to the old Greek notion of local patriotism.

Simultaneously with the internal struggle to maintain or overthrow the "balance of power" there has been a wide external expansion of Western authority. For over four hundred years the European peoples have enjoyed a lead over the rest of mankind. The result has been that they

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have swarmed over the earth. But the abiding consequence has been the creation not of transoceanic dominion by any particular nation, but of independent or self-governing States of Western type in all the thinly peopled parts of the globe. At the same time protectorates have been established in the tropical regions. Thus, in some five thousand years, the influence of the Western type of civilisation has come to embrace the whole, and its sovereignty the greater part of the earth. Yet it has never come under a single control.

So we get into the habit of looking on this combined effort of a number of different peoples as the whole of human history, until something happens to remind us that there are other worlds which lived their own lives for ages scarcely touched by our experiences. There is, for instance, the black world of Africa; there are the various worlds of India, and the lands beyond; but the greatest of them all is the Far Eastern world, whose main and central mass is China. China—not a nation in the Western sense—something far bulkier; yet, not a community of nations, as the Western world is, for there are no clearly defined internal frontiers; a region where the differences between distant places are great, yet in which, as you pass from point to point, it is usually impossible to fix a point and say that it marks the dividing line—a region whose parts fade insensibly into, or even overlap, one another.

Chinese Civilisation

In China civilisation began thousands of years ago, as it did in the West, in a great river valley—that of the Huang Ho. There, and there alone, settled conditions continued for ages, the whole remainder of the country being the wandering ground of scattered peoples of far lower culture. There has been much discussion as to the origin of the Chinese, whether they were from the west or from the south, and whether they came into contact with Babylonia or Egypt, for human occupa-

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tion of some sort goes back scores of thousands, perhaps hundreds of thousands, of years, as it does in Europe. Yet, the remains of neolithic times that have been unearthed in such sites as Shaoyangtsun, sixty-five miles from one of the oldest historic capitals, Loyang in Honan, show a type of man, physically indistinguishable from the modern Chinese, making stone and earthenware implements in form very like the bronze objects of the early historical period. There has been no general displacement of one race by another since those neolithic objects were made. Even if we date reliable history no further back than 1,000 B.C., archæology again steps in with the inscribed tortoise bone divination tallies from the waste of Yin, Chang-tê Fu in Honan, and throws a real, if feeble, glimmer of light on practices, language and names, under a succession of kings in that region, a long way back into the second millennium before Christ. We may admit that the antiquity of China, as an organised political entity, is not comparable with that of Egypt or Babylonia, yet agree that, at least in limited areas in the north, her civilisation is exceedingly ancient.

From that nucleus, far inland in the Huang Ho valley, the Chinese and their culture spread slowly, century by century, along the main rivers, keeping to the valley bottoms and cultivable plains and leaving the intervening mountain masses for a long period to peoples of inferior organisation. When at length they came to the sea they found in it not, as the West did, a highway, but a barrier. In this respect the only European country that resembles China is Russia. Conformably with this growth outwards, we find all the ancient capitals far away from the coast. There are, for instance, Chi-shan, Fêng, Hsien-yang, Ch'ang-an, Hsian—the oldest successive national centres known to detailed records—in the plain of the Shensi Wei river. There are Lo-yi, Loyang, the modern Honan Fu, scarcely less ancient. There is Pien, or Liang, or Taliang, or Pienliang, answering to K'aifêng Fu, as it is called

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to-day. There are many others too, but, till we come almost to our own times, not one site of real importance on or near the sea.

As it spread, Chinese culture occasionally met with opposition, but never found itself faced by any organised people whose equipment was comparable to its own. The Chinese thus naturally came to think of themselves as the only civilised people in existence, and for the most part their growth was a peaceful percolation of colonists; we have only to compare this gradual, generally tranquil, evolution with that of Rome to appreciate the difference. There is no Etruria, no Samnium, no Carthage, no Greek world of ancient arts and learning to take its conquerors captive, no Egypt, and no Palestine in the picture. If there are the equivalents of Gauls or Germans or Britons, they sink quietly into the mass. China stands out as the one Central Kingdom: the one ordered, continuous, everlasting civilised community. Round her are mere scattered tribes, wanderers of the hills and forests, nomads of the steppes, hunters, shepherds, horsemen, drivers of camels and yaks, whose ethnical names vary from age to age, but whose untameable nature and almost total lack of orderly government or steady industry remain constant from first to last. Beyond these border tribes there was, as far as the early geographers could see, nothing. To the north, desert and steppe to the end of the world, to the land where the sky drops feathers and the summer sun never sets: westward, the sunset heights of K'un-lun, where the Mother-Queen of the West sits in her cloudy palace under the peach trees of the immortals: south-west, range beyond range of snowy summits, furrowed by dark, pestilential canyons, and, beyond, trackless and impassable glaciers: southward, the crocodile-haunted swamps of Manzidom, only fit to be a dumping ground for exiled poets and inconvenient statesmen: eastward, a boundless ocean over whose waves silly mystics had occasionally ventured with junk-loads of children, to seek the fairy

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islands of P'ênglai, Fangchang and Yingchou, where the sun rises and the genii dwell. Sober, sensible people stay at home: they do not risk their lives or their dignity by exploring the waste places and rubbish heaps that lie along the edges of the universe.

All through the formative period of the Chinese people they were quite confident of being not merely the greatest, but the only people who possessed anything worth having or who had anything to impart to others. "I have heard," says Mencius, "of Chinese converting barbarians, I have not heard of any being converted by barbarians." The thought of being one people among many, and those their equals, never occurred, and could not occur. Obviously, the sovereign of China was the supreme head of mankind. Any other conclusion was as inconceivable as the existence of more than one sun in the sky. *T'ien wu erh Jih, Min wu erh Wang*—"Heaven has no second sun, the People no second King." The Chinese Kingdom was *T'ien-hsia*—all that lies under the canopy of the Sky; its King was *T'ien Wang*—the Heavenly King—or *T'ien Tzū*—the Son of Heaven—the representative of God on earth, to dispute whose unique attributes was rebellious treason.

II. THE PAST

IT would be impossible in an article of this kind to trace the course of Chinese history in detail from its legendary source. A mere sketch must suffice. But even that will be enough to show the way in which the idea of a single supreme sovereign and of a certain unity have persisted notwithstanding interminable internal dissensions. History has repeated itself here as elsewhere. It is the impact of the outside world, and especially of the West, that has coloured all and shaped most of their country's recent vicissitudes, but it remains true that the Chinese are the same people that they have always been, and if we wish to

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understand their present perplexities it is in their past that we can most usefully seek for guidance.

Till about the eighth century B.C. theory and fact seem to have remained fairly in harmony; but in the reign of the Dark King, Yu Wang, political dogma began to drift apart, and after his successor, Ping Wang, had moved from the ancient capital to Loyang, though the old line continued, and the chronicles still reckoned dates by the years of a long series of shadowy "Heavenly Kings," in point of fact China was a group of mutually independent and generally rival States. The history of the next five hundred years, indeed, supplies on a grand scale the first analogy, perhaps the most instructive of all, to the present situation. This period ended in the overthrow and temporary obliteration of old China by the despotic Cæsarism of Ch'in Shih Huang-ti. It has been the habit of Chinese writers, looking at their national history through Confucianist spectacles, to represent this era as one of demoralisation and decay, and many foreign historians have accepted their judgment. Yet, it is surely not the whole truth. The China of Yu Wang was a little country, a small collection of feeble local lordships, grouped round their King, and themselves hardly emerged from primitive conditions, precariously holding a narrow territory against floods of surrounding barbarians. Five hundred years later we find six or seven great States, each of the dimensions of the modern provinces and filling two-thirds of what is to-day China proper, interacting upon one another. These States are constantly at war. They combine into leagues which the treachery or violence of one or other of their members immediately dissolves. It was not Confucius or Mencius, still less altruistic idealists like Moti, with his strange anticipation of Christian ethics, that that age revered, but Chang-ii and Su-ch'in, masters of cynical *Real Politik*, or generals like that Pai Chi who boasted of accounting for over a million enemy heads. If the Chinese potentates of that time sought an

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intellectual basis for their theories of human affairs they took it from hard-headed egoists like Yang Chu or Hsün K'uang, the denier of human goodness. But this was, none the less, the formative age of China. Language developed into literature; speculative minds elaborated schools of thought; theories of conduct, ritual, politics, war and peace were tried over and debated; it was the most truly creative and original period of Chinese civilisation. And, all along, in spite of age-long discords, the ideal of unity in human affairs haunted men's minds.

In 545 B.C. there comes a proposal for a League of Nations among fourteen States to "arrest the occasions of death." The fourteen got reduced to four, and of that "Big Four" two refused to bind themselves by the covenant. A generation later we have Confucius, in B.C. 500, trying to revive the loyalist sentiments appropriate to the political conditions of B.C. 1,000, and expounding the morality that after ages have steadily regarded as orthodox. That morality differs in some respects from our own. Abhorring the idea of a community of independent human sovereignties it was naturally far less insistent on patriotism. Its loyalties centred on persons rather than on abstract ideals, and it taught relative rather than absolute duties. There was no vivid conception of an Olympus, still less of a single just God such as the Jews evolved, not to mention a Heavenly Father's kingdom, the central idea of Christian thought. Its deity was an abstract Providence and its religious worship a cold and vague reverence. The place of religious and patriotic zeal was filled partly by good manners—there was strict observance of the customs approved by the ancient patriarchs and sages—but chiefly by the exaltation of family loyalty, ancestor worship and filial devotion. These were indeed regarded as the root of all social stability and virtue. Through good and evil repute Confucianism has kept itself clean and noble by its brave insistence upon the dogma of the goodness of human nature—the salt that has kept

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Chinese society from cynicism and despair. It has had much to say about mercy and righteousness. Its ideal of a *chün-tzu* is a very high one. But it would need some boldness to assert of any teacher of Chinese orthodoxy, as Tertullian does of Christ, that "*Dominus noster veritatem se, non consuetudinem, cognominavit.*"

But to return to our chronicle: the older States broke up or became absorbed in military monarchies, each more powerful than the decrepit old-world legitimate kingdom, and their princes assumed, one after another, the title and many of the attributes of kings; but it was ages before any proposal to displace the old line came to be seriously entertained. Once, but apparently only for a moment, a plan was mooted to end the rivalries of the "Great Powers" by establishing an eastern "Empire" in what is now Shantung, and a western one in Shensi. To Mencius, living in the very time when division was most intense, it still seemed axiomatic that there ought to be somewhere one supreme sovereign. But he and his age had given up all hope of effectually restoring the legitimate line to real power. The burden of his preaching was that the time was ripe, and if only a true king would arise and rule righteously anywhere, all mankind would flock to his standard as fishes are driven to shelter in the deep water at the approach of an otter, as small birds take to the thickets when a sparrow-hawk is hovering around.

And within half a century from the death of Mencius China was, in fact, united by blood and iron. In the year in which Hannibal laid siege to Saguntum, King Chêng of Ch'in proclaimed himself Shih Huang-ti, "Emperor the First" of the known world.

Ch'in, whose memory is so abhorred by Chinese literates, effected vast changes, but his dominion was only a momentary phase. The death of the conqueror was followed by a few years of chaos, out of which there arose a new and far more lasting, though less centralised, monarchy, the Han, which Mr. H. G. Wells holds to have been a greater

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and more stable world-power than Rome herself. However that may be, this dynasty held the Chinese world together for four hundred years and vastly extended its authority. It accustomed many generations indeed to see in the Imperial power a realisation of that ideal of a paramount divinely commissioned sovereignty on earth that had always prevailed in theory. Twice, moreover, about 100 B.C. and 100 A.D., it carried Chinese arms or Chinese diplomatic intervention right across Asia to the Caspian and the borders of Parthia. If it failed to make the Chinese world conscious of the existence of other political systems, it at least opened up the channel through which foreign elements eventually fertilised it with new ideas. To the whole Far East the Han monarchy stood out as *The Empire*, and it became an article of faith, not only to his own subjects, but to their neighbours as well, that the Son of Heaven on his dragon throne at Ch'angan or Loyang was the supreme authority of the universe.

By the end of the second century of the Christian era, however, this, the first great Chinese Empire, was visibly crumbling, and just as in Europe, in the ages that followed the fall of the Roman hegemony, any barbarian chief who succeeded in founding a line, or ruled over a fairly wide domain, took upon himself the airs and titles of a Cæsar, so it was in China after the fall of the Han. In the north a multitude of ephemeral States battled with one another, and in nearly all of them the ruling house sprang from invading Tartar tribes. For a while, sovereigns of Toba-Turkish race built up the Pei-wei dynasty, which endured for a century and a half, and at times came near to consolidating the whole north. But for the most part the history of northern China in those ages is chaos. In the south—what we should now style the centre—a succession of dynasties affected to perpetuate the traditions of the genuine Empire, but produced only one personality really worthy of remembrance, the Buddhist-devotee monk-emperor Hsiao Yen, canonised as Liang Wu-ti, who

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reigned at Nanking from 502 to 549. Fifty years later China was, however, reunited by a great, austere, and on the whole beneficent Emperor, Yang Chien of Sui, and the old idea of a single sovereignty was once more realised in the T'ang dynasty. These four centuries that separate the Han and T'ang dynasties afford a second analogy to the present troubles. This time, however, instead of Chinese adventurers extending Chinese culture over non-Chinese peoples, we constantly find Tartar chiefs ruling over Chinese populations into which they are gradually absorbed. Instead, too, of the development of a purely Chinese philosophy and literature, we have an age in which little or nothing was added in the way of national thought, and learning languished. The whole Chinese world was permeated by a foreign imported religion. It is the age of the Buddhist missionaries and saints, when Indian ascetics spread along the trade routes which the adventurers of Han times had opened, when monks and hermits settled in forest retreats and rocky recesses, bringing to the people of China a message of spiritual peace that has never perhaps ranked as of equal authority with the teachings of their own classics, but has nevertheless profoundly modified their thought and inspired all that is highest in their art, and remained ever since the religion of the masses.

This, the second great Chinese Empire, lasted from the end of the sixth till the beginning of the tenth century under the Sui and T'ang dynasties. It was the artistic and emotional era of Chinese history. There was great interest, too, in religion, though perhaps more in its form than in deeper speculation. Music was cultivated and the drama had its beginnings. It was also an age of romance and adventure. It was then that Hsüan Tsang performed his memorable pilgrimage through India, when Kao Hsien-chih led an organised army across the beetling glaciers of the Hindu Kush and for a season planted Chinese suzerainty in Afghanistan. Meanwhile, the lands south of the Yangtze watershed as far as the sea, Ling Nan,

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the Cantonese and Fukienese country, was incorporated in China, which became for the first time a land of commercial cities and maritime trade. At the same time the Buddhist religion and Chinese culture, percolating by way of Korea, permeated and fascinated the imagination of Japan.

Yet, these centuries were not, on the whole, a period of sustained intellectual progress, nor, except at the outset, of political stability. The China of the T'ang age does not stand out so emphatically as the China of the Han dynasty, as the one great Power of the Far Eastern world. She was now hemmed in by rivals, conspicuous among them the Moslem conquerors of central Asia. India herself was ceasing to be Buddhist and dropping away from the old spiritual communion of the missionary days. If the Turks in the north were driven back, it was only to make room for fresh hordes. The ruling house in China was itself half Turkish, and many of her heroes were aliens.

With the ninth century appear the first premonitions of a reaction against supernaturalism, but it was only after the T'ang régime had been followed by a century of disunion and invasion that a mass movement of the educated classes became possible, and China was launched definitely upon a career of national reconstruction on the lines of her old traditions. This period of division might be taken as a third parallel to the modern situation, and it is also a very instructive one. Brutal as were these times and wearisome as is the tale of weakness, instability, and disaster, they were the birth throes of modern China. Many of these fleeting kingdoms are quite recognisably the modern provinces, and their capitals are the provincial capitals that still exist. There was the same tendency, too, to local military despotisms.

The end of this phase was a great rationalistic, humanistic, intellectual movement, the reinstatement in China of Confucianism. It was the time of the mature minded Sung dynasty (founded in 960) and its philosophers, when

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all orders of society were subordinated to the professional scholar class. To this age Europe owes a deeper debt than is commonly realised. From a Chinese point of view this renaissance expanded and modernised Confucianism. While imagining that it was merely restoring and interpreting antiquity, it in fact created the social organisation of modern China and developed those institutions which from the eleventh or twelfth century to our own times have held the Chinese together. It, in fact, did for China, only with far more permanence and success, what the Catholic Church attempted to do for Europe.

It is true that the Sung Empire had to battle with a host of difficulties and, from a military point of view, it was a humiliating failure. It lost its northern provinces to the Kin Tartars, and later, in the thirteenth century, the whole Chinese world was overwhelmed by the avalanche of Mongol conquest. But from a world standpoint that was the most important aspect of the situation. For it was the immense dominion of the Mongol Khans, sprawling across from Poland to the Pacific, that spread the culture of the Sung renaissance over the earth, and interrupted the stagnation of mediæval Europe by bringing into general use, cotton, paper, coal, optical lenses, printing, gunpowder, and, shall it be added, chess and playing cards, the material framework, in a word, of our modern industrial civilisation.

China survived the crash of Mongol conquest without disruption, and the fourteenth century brought a nationalist revival which swept the Mongols back into their native deserts. The renewed Chinese Empire of the Ming was haughtily exclusive and reactionary, and in time it sank under the burden of its own corruption; but its long duration enabled those institutions which the scholars and administrators of Sung times had planted to take root, and, when all is said, the permanent framework of modern China is what the Ming age made it. The last half century of Ming rule, however, presents an appalling picture of mis-

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rule, famine and massacre. Civilised society was only saved from relapsing into utter chaos by the Manchu conquest in the seventeenth century, and from about 1683 China enjoyed for more than a hundred years a degree of tranquillity under efficient rulers that she had never known before. The Imperial power was again extended over the wilds of Mongolia, the tablelands of Tibet, the Moslem principalities of Kashgaria to the barrier of the Pamir, and, to a lesser degree, over Annam, Siam, even for a time as far as Burma.

This was the time when China and the West began to take notice of each other, when the impression was left that the Chinese were an essentially pacific and stationary people, though to the Chinese themselves it still remained an axiom that their culture placed them at an immeasurable distance above the dwellers in other lands.

The prevalent impression was still that China was the one great central Power of the world. If the inhabitants of other lands came to her, it could only be as suppliants or as tributaries, and if they denied their subordination they were *ipso facto* rebels. This remained the constantly reiterated, stoutly asserted attitude of the Chinese Manchu Government till far into the nineteenth century.* Such was the mental equipment with which China was called upon to face the ordeals of the nineteenth century. Nor had she any longer the advantage of political stability, for the great Manchu dynasty had, like all the rest, itself fallen into decrepitude.

On the tragic history of China after the abdication of Ch'ien Lung it would be impossible here to dilate. It is, however, written large in its results. Frantic efforts to exclude were followed by no less frantic efforts to buy and assimilate at least the material achievements of the West. But the old garment was rent hopelessly as patches of new material were hastily sewn on to the moth-eaten

* See the message from the Emperor Ch'ien Lung to George III. and the extract from the official history set out in the appendix.

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fabric of ancient tradition. Convulsions of growing intensity, alternating with fits of coma, marked the stages of the decline which has ended in the moral, intellectual and political chaos of to-day.

Yet, it is not all chaos. The Chinese of to-day are vastly better informed than their ancestors were a hundred years ago. The output of literature on "new" subjects is great and daily increasing. For the last thirty years a succession of reform parties have laboured, sometimes with success, to bring one or another of their country's institutions into a higher state of efficiency. There are local patches of a very promising new order. The ferment is not all turbulence, but a reformation, or at least a clearance of the ground preparatory to a reformation.

III. THE FUTURE

IT is the habit of many publicists, Chinese as well as foreigners, to draw parallels between the experiences of present-day China and events such as the French Revolution or the American War of Independence, and it is true that a general movement in the direction of more or less democratic institutions has swept over the world in modern times, and extended to Asia as well as elsewhere. But Western democratic ideas have only a limited applicability to the Chinese. Where Western catchwords have been adopted by them they never ring true and rarely have any intelligible significance. They have no real root in the soil. The idea of the participation of the unofficial public in the election of representative assemblies whose legislative measures are to express the national will implies a breach with the traditions and habits of a very long history. "He who does not fill an office should not plan the administration of its duties," says Confucius. If analogies are to be sought in Europe it is necessary to

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go back to the Renaissance and the Reformation,* though China has this advantage over mediæval Europe. She comes to similar problems later. She can buy or imitate our mechanical contrivances. She can profit by our mistakes, and there is no need for her to undergo all the vicissitudes that Europe has passed through in the last five centuries. She is comparatively free from acute sectarian division. The cleavage between her social grades is less marked than it was among our ancestors. And these advantages are considerable, though she has a special handicap of her own in the apathy, ignorance, poverty and backwardness of her masses—perhaps the gravest danger that confronts the world to-day—and her linguistic difficulties are far more serious than any that we in the West have ever had to meet.

China has, however, her own forms of democracy in her families and clans, in her trade guilds and other similar organisations, and especially in those liberal social ideals which have animated Confucian thought from the beginning. They began to find a place as far back as the Han dynasty, and since Sung times they have constituted the central feature of the social and political system. China has certainly had her full share of the doctrine of the divine authority of kings. The title of her own was based not on votes but on a divine mandate. But their commission might be forfeited by misrule, and even misfortunes were often regarded as tokens of a divine withdrawal, justifying rebellion and adherence to some new appointee of Heaven not only as a right but as a duty. Rational support and rational opposition were alike frowned upon, but rebellion found a sanction in public opinion even when it was resorted to for trivial motives. Consequently, the line of Imperial succession has been constantly disputed and frequently changed. There has been nothing answering to the transmission in one family

* For a comparison with conditions in England during the fifteenth century see *THE ROUND TABLE*, No. 67, June 1927, p. 482.

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through immemorial ages from a Sun God such as is found in Japan.

Political power, too, has for many ages been regarded by Chinese theory as the rightful endowment not of military force, aristocratic birth, wealth or priestly office, but of capacity and talent openly proved in competitive examinations, to which, with few exceptions, every citizen is admitted. China's road to freedom is not our road, but a considerable measure of freedom has been attained, and, though practice has often failed to keep level with theory, the ideal of the participation of the intelligent classes in public life had been too long ingrained for her to have been classed, even before the Revolution, as a mere despotism. The arbitrary exercise of power has never been of the essence of her system, but merely an abuse, though, it must be admitted, a frequent abuse. On the whole, few great societies have rested more on persuasion and less on force.

Her spirit is quite different from that of Japan, notwithstanding their kinship and the reaction which each country has so often had upon the other in history. Neither the exclusive feudalism of the Tokugawa, which fell sixty or seventy years ago, nor the centralised bureaucratic monarchy which succeeded it and guided the modernising of Japanese institutions, had enough in common with any phase of Chinese development to supply any really useful analogy. Wide as are the divergencies between China and the West, there is more real likeness between her world and ours than between it and the Japanese world. We and the Chinese sometimes submit to discipline. The Japanese love it instinctively. To say this is not to deny the enormous influence that Japan has had, whether by attraction or repulsion, upon modern movements in China. She has stimulated the imagination of the whole of Asia. The individual Japanese is, like ourselves, often disliked and sometimes despised on the continent. Japanese actions have aroused intense resentment. Yet, if there is fear and envy, there is admiration in a far higher measure. If Japan

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can do what she has done, it is asked, how is it that China, with ten times her population and resources, and an original civilisation, of which Japan's was only a weak and comparatively recent copy, fails to meet the white man on terms of equality? There are various answers to this question. One, of course, is that Japan is a nation, while China is both something more and something less. China is a mass of humanity held together by a certain community of culture, but a mass so immense that the cement which binds it has proved unequal to its weight. There are also points of resemblance between the early relations of Western nations with India and the present position of foreigners in China. But China is not India. The divisions that have afflicted her do not come from race, caste, or religion. They are local and personal. She possesses an essential unity that was never possessed by India, and that would make anything in the nature of permanent foreign domination impossible.

What form, then, will the unity of China take when it is restored? She is to-day involved in the attempt to assimilate a mass of new ideas and faced with a network of new problems. For this task her previous experience affords but little guidance, for these problems lie outside the range of her native traditions and largely outside the scope of her native ethics. Whatever its difficulties and temptations, however, the Chinese world has at bottom always been too coherent either to need or to endure for long anything in the nature of foreign tutelage. Certain chapters in its history suggest the possibility of a drastic remedy, the dictatorship, for instance, of some new Ch'in Shih Huang-ti, or sweeping revolutionary novelties such as for a time gave to the southern cause its Bolshevik colour. The earliest instance of the kind takes us back to the usurpation of Wang Mang, who in the year 8 A.D., after temporarily overthrowing the Han régime, started the Hsin (New) dynasty, which was to abolish poverty and establish a communistic Heaven on earth. A second and more

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famous example of communism was the reforms of Wang An-shih, chief minister to the Emperor Sung Shên-tsung, from 1068 to 1086. Another instance was the programme of Kang Yu-we in 1898, which also proved to be the prelude to strife, the Boxer troubles.

Whatever the intrinsic merits or demerits of these schemes, they all suffered from two defects. First, they were the work of doctrinaires, unsupported by any general popular demand, or by an adequate military force. In the second place, they all called into existence a host of new officials, who, in a society soaked with the notion that a man's first duty is to his family, inevitably saw in the schemes chiefly a means to their own enrichment. They naturally, therefore, provoked a reaction and the proscription of the reforming party.

But although Chinese experience points to military terrorism more as a warning than as an example, and to sweeping innovations as the road to disaster, it also clearly indicates that leadership is essential for any improvement. It does more. It shows the sort of leadership that is needed. From the earliest times orthodox Chinese thought has unhesitatingly given its adhesion not to the war-lord, not to the venturesome theorist or experimenter, but to the just and merciful hero who employs force only to suppress lawless violence and to protect the people. It is a special note of such a character that he must consult and honour scholarly, wise advisers. The "Kingly Way"—*Wang Chêng*—is continually contrasted with *Pa Tao*—"Arbitrary Rule." Whatever momentary success may have attended aggression in Chinese history, mere conquests have never resulted in a real settlement. They may have been a necessary preliminary stage, but in every case they have been short-lived episodes. The lasting and really successful Chinese régimes have been the work of leaders of a higher type, whose rule has been based not on force, but on the willing co-operation of their people. We are told that the ruler who governs unmercifully with a

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view to his own enrichment—still more the one who resorts to war—is "rejected by Confucius." Mencius declares that conquest by force is no true conquest, for it is not the subjection of men's wills but only of their inadequate strength.

The character of the redeemer is portrayed in many passages of the Chinese classics. Mencius tells us of T'ang, the founder of the ancient Shang dynasty, that

He undertook eleven expeditions, but he had no enemy under Heaven. While he was on an expedition to the east the western tribes complained of his delay in visiting them. When he was campaigning in the south, the northern tribes murmured, "Why does he leave us to the last?" The people watched for him as men watch for rain in a great drought. Those who were on their way home from market did not stop; those who were weeding their fields did not interrupt their work. He chastised the princes, but he consoled the people, like a timely fall of rain.

We have found the most illuminating analogies to the present state of China in her own past. In the same way her traditional morality, and its intelligent readaptation to modern needs, should prove the most trustworthy guide to the solution of her problems.

APPENDIX

MESSAGE FROM THE CHINESE EMPEROR CH'ÏEN LUNG TO GEORGE III.

You (George III) O King, live beyond the confines of many seas, nevertheless, impelled by your humble desire to partake of the benefits of civilisation, you have despatched a mission respectfully bearing your memorial. . . . I have perused your memorial: the earnest terms in which it is couched reveal a respectful humility on your part, which is highly praiseworthy.

In consideration of the fact that your Ambassador and his deputy have come a long way with your memorial and tribute, I have shown them high favour and have allowed them to be introduced into my presence. To manifest my indulgence, I have entertained them at a banquet and made them numerous gifts. . . .

As to your entreaty to send one of your nationals to be accredited to my Celestial Court and to be in control of your country's trade with China, this request is contrary to all usage of my dynasty and cannot possibly be entertained. . . . If you assert that your reverence for Our Celestial dynasty

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fills you with a desire to acquire our civilisation, our ceremonies and code of laws differ so completely from your own that, even if your Envoy were able to acquire the rudiments of our civilisation, you could not possibly transplant our manners and customs to your alien soil. Therefore, however adept the Envoy might become, nothing would be gained thereby.

Swaying the wide world, I have but one aim in view, namely, to maintain a perfect governance and to fulfil the duties of the State: strange and costly objects do not interest me. If I have commanded that the tribute offerings sent by you, O King, are to be accepted, this was solely in consideration for the spirit which prompted you to despatch them from afar. Our dynasty's majestic virtue has penetrated into every country under Heaven, and Kings of all nations have offered their costly tribute by land and sea. As your Ambassador can see for himself, we possess all things. I set no value on objects strange or ingenious, and have no use for your country's manufactures.

Extract from Official History of the Ming Dynasty (completed 1747)

Italy is situated in the middle of the Western Sea. From of old it had no intercourse with China, but in the reign of Wan Li a native, Matteo Ricci,* came to the capital. He made a map of the world, and declared that there are under Heaven five great continents. The first, named Asia, contains over a hundred countries, of which China is the chief. The second, named Europe, has over seventy countries, of which Italy is the chief. The third, Lybia, has likewise over a hundred countries. The fourth, America, is even larger in area, and it consists of connected portions, forming two continents, North and South. Lastly, Mo-wa-lich-ni-ka, is the fifth and completes the large areas of the earth. Wild, vague and unverified as these statements are, yet, as many of his nationals have come to China, there can be no mistake as to the existence of his country. The majority of the people of European countries are adherents of the religion of the Lord of Heaven and of Jesus, for though Jesus was born in Judea, a country midway along the west of Asia, this religion spread into Europe. Its founder was born in the second year of Yüan Shou, during the reign of Han Ai-ti, cyclical character *keng shen*, or 1,581 years before the ninth year of Wan Li, when Ricci first landed, after a sea journey of 90,000 li (30,000 miles) at Hsaing-shan-ao in Kuangchou. This religion henceforth impregnated China till, in the twenty-ninth year of Wan Li he entered the capital. . . . etc., etc. (*Ming Shih, Lieh ch'uan*, Chapter 200).

* A Jesuit missionary in China about 1600.

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NO one with a retentive memory who has followed the discussions on industrial subjects in the press during the last ten years can have failed to observe that fashions in panaceas change. Whitley Councils and welfare systems followed the Peace. In their full florescence they were short-lived, but they created a habit of mind, a general disposition to believe that it is on the whole a good thing to improve the amenities of factory life and to provide, however informally, for regular discussions between workers and management. The first shock of the great slump shattered the idea that the influences affecting prosperity were mainly concerned with the psychology of the workers. We began to realise that the war had been an economic as well as a political disturbance, we clamoured for peace and stable currencies and a reparations settlement. We got them, oddly enough, and have been doubtful ever since whether they were really all we had thought they would be. The unemployment figures seemed strangely unresponsive, balance-sheets grew yearly more depressing. The coal strike saved us from the most awkward of all predicaments, that of being gravelled for an explanation. Inspired by the popular press, we prayed aloud for the discomfiture of Mr. Cook and the dawn of the great trade revival which he was so unkindly retarding. At the same time industry was exhorted to set its own house in order. Reconstruction became the watchword, the chartered accountant was

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hailed as the *deus ex machina*. The stigma of notoriety will soon rest on any concern in the heavy industries which has failed to invoke the aid of a committee of distinguished persons. And yet all is not well.

The unemployment figures have fallen during the summer below a million, for the first time for years, but it was only for a week or two. The lag in production caused in many industries by the coal strike has been caught up, and has been followed not by the boom so loudly proclaimed in the autumn of 1926, but by a period of normal or even sub-normal business. Prices on the whole have fallen and costs on the whole have remained stationary. In the coal mines longer hours have led to an increase of about 15 per cent. in the output per man, wages in almost all districts have fallen to the minimum, the collieries have engaged in a frantic scramble for orders in the coal markets of the world at almost any price. British coal has, it is understood, been sold in Berlin at prices which are appreciably lower than those of Silesian coal; the price for best Welsh coal in Piræus has fallen as low as 26s. 6d. against a pre-war price of 24s. It is not surprising that the April returns for the districts showed losses varying from 6½d. a ton in Durham to 1s. 6d. in Scotland. If we look beyond coal, the production of pig iron is still below that of 1913, and although the output of steel is higher, most of our principal competitors can show a greater increase. There has been some revival in shipbuilding, but the tonnage under construction is much less than in 1913, and again the encroachment of foreign yards has been remarkable. Short time in an extreme form remains in the cotton mills. The continued depression of our former staple industries is best shown in the figures of our total exports, which are down to three-quarters of their pre-war volume. The visible adverse trade balance increased from £70 million in the first half of 1913 to £209 million in the same period of 1926.

Here by general consent is the most disquieting feature

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of the industrial situation. There are no doubt individuals who with the cold complacency of the mercantile school are willing to measure our prosperity by the extent of our invisible exports. Shipping, banking and finance, and international commerce are an immensely important side of our economy, but it would be rash to suggest that they can support the burden of the recent contraction of our export trade, and if they could, few would be prepared to face with equanimity the disturbance caused by industrial unemployment and decay. The coal, iron and steel, and engineering industries are rightly known as basic trades, and it is difficult to conceive that Great Britain can remain a first-class industrial country unless those trades can be restored to a remunerative and fully efficient activity.

If we take a wider survey of the industrial field there are many reassuring signs and little to support any theories of national decadence. There has, indeed, been remarkable expansion in many directions, in industries such as artificial silk, motor vehicle manufacture and electrical engineering. Industry is leaving the old centres to spread over the countryside. In an age of revolutionary technical progress our chemists and engineers have fully held their own. Individual enterprise and initiative can point to achievements no less wonderful or romantic than at any earlier period of our history. The skill of our artisans and the fundamental stability and common sense of the workers are unimpaired. In spite of the unemployment of recent years and in the face of unprecedented difficulties, all the evidence shows that the level of real wages and the general standard of living are higher now than in 1913.

On broad lines it appears, then, that the industries of the country can be divided into those which tend to expand and those which for one reason or another tend to contract, and that the former class have so far been more important in the home market. In the interests of the basic export trades any movement that will have the effect of stimulating world trade and of redressing the disproportionate increase

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of world production over that of world trade must be welcomed. This was the primary object of the International Economic Conference which met at Geneva in May and attained a greater measure of success than had perhaps been generally anticipated. Much time and thought had been spent on preparation for the Conference and it was held at an opportune time, when the protracted industrial malaise which afflicts the whole of Europe had compelled the politicians and business men of the Continent to reconsider their economic position. The most striking result of the Conference was the unanimous acceptance by the delegates, representing for the most part highly protected nations, of resolutions affirming the importance and indeed the necessity of a return to freer international trade. Resolutions cost nothing and are often forgotten in less time than has been spent on drafting them. The ink was scarcely dry at Geneva before both France and Germany were busily enacting increases in certain parts of their tariffs. But the opinion of competent observers at the Economic Conference appears to be that its good resolutions were seriously meant and that its missionary value was considerable. It is possible to record and welcome this result, like any other sign of the admission of reason into economics, without suggesting that any British industry can afford or is likely to look to Geneva for its salvation. Any lowering of the barriers to trade must directly benefit our export industries, but their only safe policy is to make their calculations and recast their organisation on the basis that the barriers will remain.

It would be outside the scope of a brief article to propound a constructive programme for each basic trade. Obviously the conditions vary greatly and generalisation is only safe up to a point. But there are certain broad characteristics common to several industries, and alternative general policies have been advocated from time to time and can be examined on broad lines. It is, for instance, true to-day of the coal and iron and steel trades,

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and even of a new and expanding industry such as electrical engineering, and it will probably be true to-morrow of another new industry in artificial silk, that the productive capacity of the country exceeds the demand. It is not easy to see how wages can be further reduced, and it is doubtful whether any further substantial reduction in production costs can be obtained as long as the industries work in their present units. In these circumstances partial and therefore inefficient production all round, with wasteful internal competition and a general failure to make profits, are inevitable.

The fashionable panacea of reconstruction offers no real remedy for these conditions. If a concern has been a victim of unsound financing or has embarked on a career of grandiose and unjustifiable expansion or has made foolish investments, but has retained the essentials of a profit-earning business, "facing the facts," as the phrase goes, and cutting away the dead wood may well be the beginning of a cure. But if the governing conditions of the industry preclude the possibility of profits, reconstruction is no longer a useful surgical operation so much as the dissection of a corpse.

In theory, no doubt, the mere lapse of time will counteract the conditions which we have described. If every colliery district in the country works at a loss for a long enough period or if all iron and steel makers continue to show losses or negligible profits, the weakest undertakings will go out of existence and the fittest will survive. Industry unfortunately does not obey the ruthless and inevitable laws of the jungle in these matters. Concerns seem able to survive more or less indefinitely in a state of semi-animation. After six years of the present conditions the relief to survivors through the disappearance of competitors is scarcely appreciable, and at the same rate neither this generation nor the next will solve the problem.

Of the heroic solutions nationalisation would go farthest. By a curious and perhaps fortunate accident it has been

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most consistently advocated in one of the industries—coal-mining—for which it is most evidently unsuited. The case against the nationalisation of the mines has been frequently stated in *THE ROUND TABLE*. If the Samuel Commission is remembered for nothing else, its demonstration that national operation of the mining industry is repugnant to reason and common sense will not be forgotten. If the present conditions in the coal-mining industry are allowed to continue indefinitely, nationalisation may be revived as a practical issue, but hardly otherwise. It is no doubt because they have appreciated this danger that the advocates of the alternative policy of “rationalising” industry have come forward.

Germany is the spiritual home of the rationalisers. They are impressed by such facts as these. There are 715 separate colliery undertakings in Great Britain, as against 70 in Westphalia producing one-third of the British output and 16 in the Pas de Calais district of France producing one-twelfth. For a cargo of coal in a Mediterranean port it is not uncommon for forty British offers to be received in competition with one German. Extensive powers are vested in such bodies as the Kohlensyndikat and the Stahlwerkverband to fix prices and to allocate orders. In another field, the electrical engineering industry in Germany is dominated by two great companies. In this country four leading firms—employing together fewer men than one of the German companies—are engaged in the task of maintaining technical progress over the whole range of electrical plant and in almost unrestricted competition with one another in the markets of the world. Snapping at their heels are a host of smaller concerns, each with its limited range of special products. The remarkable development of this particular industry in the last ten years has been attained in spite of, rather than owing to, these conditions, and if they continue the time may not be far distant when the state of the industry will be comparable with that of the iron and steel trade to-day.

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The danger of rationalisation as a gospel is not that its premises are wrong or that it is mistaken in the broad conclusion from those premises that the organisation of the basic industries needs to be recast. It is rather in the assumption that a particular mould which has served its purpose in Germany or elsewhere is the best we can find in this country. What is thought rational in Germany may seem to us irrational and be quite unworkable here. There is no inherent probability in the assumption that a method of selling Westphalian coal which has been successfully developed by Germans under a protective system can be applied with equal success by Britons to the sale under free trade of coal from a dozen different districts. It would be more in the tradition of this country to evolve its own solutions of its problems, its own remedies for weaknesses that have been revealed. The facts cannot be seriously disputed, though they might certainly be better known. There is, in present world conditions, an excess of productive capacity in iron and steel, mainly owing to the extension of plants during the war, in coal mining, owing to the rapid development in the use of oil fuel and other forms of power, and to a less extent in certain other industries. There is an unnecessary and uneconomical dissipation of effort in technical development and in selling organisations both in coal mining and in an industry such as electrical engineering. There is obsolete plant to be scrapped both in the mines and in the steel industry.

These defects will be overcome if at all not by any simple process of universal application but by a combination of several processes. Amalgamations will certainly play their part. In the coal industry the fusion of colliery companies has recently received legislative encouragement and though little use has so far been made of the new powers, force of circumstances seems bound sooner or later to drive colliery undertakings together. Experiments will probably be made with new methods of selling and distributing coal, by co-operative selling agencies acting for concerns

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which otherwise retain their independence, or by the extension of municipal enterprise, or both. In highly technical industries arrangements may be looked for such as that which has recently been entered into by three firms of cable-makers, who have agreed to pool their research work and to have a free interchange of patents and of information regarding manufacturing processes. Such arrangements are one of the most distinctive features of the corporate life of employers in the United States.* In these and other directions industry is feeling its way. Partial associations are likely in time to become closer, but there is every indication that the intensely individualistic character of the British genius and its reluctance to surrender independent initiative will be reflected in the forms of arrangement commonly adopted in this country.

Even so there are many who feel a profound distrust of the big concern or the trust or ring or cartel. This feeling was recently expressed with more force than discretion by a Judge of the High Court, but it is by no means always or entirely based on ignorance. The City has been responsible for some thoroughly unsound financing of amalgamations since the war and the catastrophic results of a number of these ventures have discredited the whole genus. There is, too, the fear that the consumer will suffer and that all forms of combination are an invention to make him pay more. American and Continental experience are freely cited in proof. But it is often forgotten that in those countries the trust or cartel has been buttressed by a high protective tariff. As long as we remain a free trade country, the well-known talent of the railway companies, socialist municipalities, public utility undertakings and our other monopolists for buying in the cheapest market may be trusted to check the greed of that Cræsus, the manufacturer. A more deeply founded objection to the creation of larger industrial units is that

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they might facilitate the birth of the Socialist State. That is a risk which it is wise not to ignore, but which it would be better to incur if the only alternative were a continuance of over-production. That is an abnormal condition which calls for special measures to meet it. There are industries in which the State, if public opinion was not prepared to tolerate unrestricted voluntary arrangements, might usefully intervene. If, say, 75 per cent. of the firms engaged in the iron and steel industry agreed that it was necessary, the State might by legislation, after an enquiry as to the works that might with advantage be shut down, compel the owners of those works to cease production and the others, who were allowed to continue, to compensate them. This would be an unusual interference with private enterprise, but it would achieve the desired results of economical production and a retention of competition, and a public which was not prepared to approve such legislation could not reasonably refuse to allow industry to seek its salvation in other ways.

* See *Industrial Relations in the United States*, by H. B. Butler, C.B., International Labour Office (League of Nations), 1927, p. 69.

INDIA : CONSTITUTIONAL AND POLITICAL

I. DYARCHY AND PROVINCIAL CONTRIBUTIONS

NO doubt many people who read the telegraphic accounts of the debate on the Indian budget last March, and noticed that the greater part of the provincial contributions had been remitted permanently, whilst the remaining portion had been remitted for the year 1927-28, wondered what it was all about and why the remission should be hailed as one of the greatest of all the achievements of the Government of India since the reformed constitution came into operation in February 1921. It is worth our while to try to understand the importance of the remission of provincial contributions and what it means not only to the finances of the central and provincial governments in this country, but also for the future of India's constitutional progress.

The beginning of the story goes back to quite early days of British rule in India, to the days when all the revenues of British India went into one purse and the Government of India allowed the provincial governments so much annually for their expenses. A system such as this served its purpose well enough as long as the administration of the country was simple and the activities of the provincial governments were not very extensive or elaborate. These conditions obtained up to the Mutiny, but after its suppression, and after the assumption of the government of

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India by the Crown, a period of progressive development set in which speedily began to alter the scope and character of the functions not only of the central government, but of the provincial governments also. The minute on Indian education, which was written by Mr. Wood in 1854, was the real starting point of the modern system of education in this country, which speedily produced numbers of schools and colleges. Again, after the Mutiny the Government of India realised that the time had come when the old ineffective bodies of local police had to make way for a properly organised system of constabulary on a provincial basis. Yet again, the need for communications and the beginnings of canal irrigation called for the services of engineers who could also be grouped most appropriately in provincial cadres.

Thus it will be seen that the outburst of developmental work which followed the replacement of the Board of Directors by the Crown entirely altered the status of the provincial governments. Their activities became wider and more numerous and their responsibilities ever more onerous, and the necessity for some decentralisation, both of administrative and financial powers, became continually more and more pressing. By 1870 the time had become fully ripe for some change in this direction, and the reforms inaugurated by Lord Mayo in that year were the first of a series of changes which have resulted in the existing administrative and financial relations between the Government of India and its subordinate provincial governments to-day. The problem which faced Lord Mayo was primarily a purely financial problem, and yet the intimate relations between finance and administration necessarily postulated certain administrative changes as the correlatives of the financial changes which he proposed to make. In view of the ruinous state of India's finances at the beginning of his period of office, Lord Mayo had to give the provinces some incentive to practise economies and at the same time he had to devise some means of taking them into partnership

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with the Government of India so as to lift some of the burden of administration from the shoulders of the latter. In the circumstances of those days there could be no question of any such far-reaching changes in the general relations between the central government and the provinces as were made by the Act of 1919, and thus Lord Mayo viewed his problem as a purely practical measure of financial administrative reform. In the *Government of India Gazette* of December 14, 1870, the details of his scheme are published in the form of a government resolution. Briefly, the resolution distinguished two groups of services, one of which was to be administered by the central government and the other by the provinces. This second group included such services as police, education, local public works and sanitation, and their upkeep was provided for by an annual consolidated grant for each province—the grant being fixed, as a rule, for five years at a time. Only the most urgent necessity for economy could lead to any reduction in these grants, whilst any savings which were made as a result of economies accrued to the provincial government making the saving and did not lapse to the central treasury at the end of the year. The use of these savings was left to the discretion of the provincial government concerned. It would occupy far too much space to detail the steps by which the system above described changed into the system which was in force up to 1921, but its main outlines may be briefly sketched.

Lord Mayo's scheme conferred a certain degree of responsibility in the matter of expenditure upon the provinces, but did not touch the question of revenue. The provinces continued to collect revenue as agents of the central government until the end of the 'seventies, when the income from stamps, excise, law and justice, and a few other items was surrendered to the provinces under certain conditions. Further, instead of the fixed grants made to provincial governments, certain specified heads of revenue were made over to them in whole or in part. Thus began

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the well-known system of "divided heads" which was one of the outstanding features of the financial relations between the Government of India and the provincial governments up to the time of the Montagu-Chelmsford reforms. Those heads of revenue were made over to the provincial governments which were believed to be the most capable of expansion under careful and prudent management. At each five-yearly settlement the terms were altered slightly, but in essentials the above remained the system of financial relations until the Act of 1919 altered the very basis of the conditions upon which it was founded. In 1904 the financial settlements between the Government of India and the provinces were made quasi-permanent, and in 1912 they were made absolutely permanent. Also in 1904 the provinces were given the right to retain their own savings, which up to then had been liable to be raided by the Government of India in the event of any overriding necessity.

The Montagu-Chelmsford reforms, as contemplated by the Government of India Act, 1919, altered the very basis of the relations between the central and provincial governments in this country. The achievement of responsible self-government for India by progressive stages and by the medium of dyarchy in the provinces gave the latter a status, a dignity and responsibilities higher than anything they had known before. The great division of functions between the central and provincial governments, which is one of the main facts of the reformed constitution, demanded a revision of the financial relations and the division of revenues between them. Certain additional powers of borrowing and taxation were given to the provinces and the system of "divided heads" was abolished. Henceforth the Government of India had its sources of revenue, of which the principal are income tax, customs and salt, whilst the provincial governments had their own heads of revenue, including the very important one of land revenue, which up till the time of the reforms had been a "divided

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head." But this division of revenue heads was overwhelmingly to the advantage of the provinces, and the Government of India was left with insufficient resources for the fulfilment of its responsibilities, the most important of which, of course, is defence. Thus it became necessary for the Government of India to claim something back from the provinces. The question of how this was to be done and what amount was to be restored by the provinces formed the subject of inquiry by a committee under the chairmanship of Lord Meston in 1920. After examining all possible alternative solutions, the Committee found that the most equitable in the circumstances was one which provided for the payment of annual contributions by the provinces to the Government of India on what was called the "windfall" basis—that is, they were to be fixed on the difference between the gross provincial revenue and the gross provincial expenditure. Prior to the reforms, the scale of expenditure had differed from province to province, as also, of course, had the amounts of revenue returned by them. The Committee, therefore, thought that it would be fairest for those provinces which gained most by the new allocation of revenues to pay the most to the central government. Naturally this arrangement had some drawbacks. A province which had been rigorously economical in past years now found itself liable to be penalised for its economy, since this made the difference between its expenditure and its newly gained revenue all the greater. In other words, its windfall was greater than it otherwise would have been. Other provinces, again, argued that in the past their just claims for the means to develop their communications and services had been inadequately met, that their scale of expenditure had been kept artificially and harmfully low, and that their "windfall" was necessary to them if they were to bring their administration abreast of that of more fortunate provinces. However, the "windfall" basis of settlement held its own, and it was on this that the provincial contributions were arranged according

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to the scale of initial payments devised by the Meston Committee. Madras had to pay over six times as much as Bombay, and the United Provinces almost four times as much as Bengal, whilst both the Punjab and Burma had to pay much more than other provinces of undoubtedly greater wealth. The Committee also had to fix ideal or standard contributions to be made by the provinces until the deficit in the Government of India's finances should be abolished and the necessity for provincial contributions cease. These standard contributions redistributed to some extent the amount of burden imposed on each province by the initial contributions. Thus, Madras, which paid something over 35 per cent. of the total initial contributions, was to be relieved by stages until she reached her standard contribution of 17 per cent.; Bengal, whose initial contribution represented 6·5 per cent. of the total, had to work up to 19 per cent.; Bihar and Orissa, which paid nothing, had eventually to pay 10 per cent. of the total, and so on.

It is easy to imagine what a storm of indignation was aroused by these decisions, because for the first time the people of each province could see exactly how much they were contributing to the upkeep of the Government of India, whereas under the old system they were unable to know this. They knew that much necessary developmental work had been held up by the war, and they wanted increased expenditure on such beneficial services as education, public health, public works, and so on, and they saw their hopes frustrated by the necessity of giving a large part of their provincial income to the central government. Further, the rise in prices and the increased cost of living resulting from the war made necessary considerable increases in the pay of the provincial services—a circumstance which further reduced the resources available for the beneficial, or, as they are often called, the "nation-building" services. Thus dyarchy started with a very serious handicap, for on account of the necessary paucity of the resources placed at the disposal of the Ministers,

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and the inevitable increase in the expenditure on the reserved subjects, the dyarchic system could not confer immediately the benefits which had been confidently hoped from it, and thus it became suspect. An examination of the evidence given before the committee, which, under the chairmanship of Sir Alexander Muddiman, enquired during 1924 into the difficulties arising from the working of the Government of India Act, will show how deeply the financial stringency, which prevailed in the provinces during the first year of the reforms, prejudiced the work of the latter, and particularly the working of dyarchy. In fact, it is probably not too much to say that, until the financial stringency had been relieved, dyarchy could not be a complete success. When it is realised that Madras during the first years of the reforms had to pay something like 348 lakhs of rupees per annum to the central government in provincial contributions, whilst the United Provinces paid 240 lakhs and the Punjab 175 lakhs, the strength of the drag of these payments on the satisfactory and harmonious working of the provincial governments can be appreciated. One of the main objects which Sir Basil Blackett had before him when he came out to India at the beginning of 1923 was the abolition of provincial contributions. His task seemed a hopeless one. For some years India had had deficit budgets, and her debt of all sorts had steadily mounted.

The measures by which order was brought into Indian finances and deficit replaced by surplus budgets have been mentioned already in these pages.* In his speech introducing the budget for 1925-26, Sir Basil Blackett was able to announce a surplus of 3·24 crores† of rupees, of which he proposed to distribute the large sum of 2½ crores—that is, 25 millions of rupees—among the provinces in remission of their contributions to the Government of India. This remission, it should be explained, takes place

* See THE ROUND TABLE, No. 64, September 1926, pp. 787-791.

† A crore is ten millions.

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according to rule, priority in relief being given to certain provinces. Thus, of the 2½ crores, 126 lakhs* went to Madras, 61 lakhs to the Punjab, 56 lakhs to the United Provinces, and 7 lakhs to Burma. The next year, in his speech on the budget for 1926-27, Sir Basil Blackett announced that the Government of India proposed to apply a further 125 lakhs of recurrent surplus to the permanent reduction of provincial contributions. Under the rule the same four provinces were entitled to the whole of this relief, and accordingly the Madras contribution was further reduced by 75 lakhs, that of the United Provinces by 33 lakhs, that of the Punjab by 28 lakhs, and that of Burma again by 7 lakhs. By 1926, therefore, three years after he landed in India, Sir Basil Blackett had permanently reduced the total contributions payable by the provinces to the Government of India from 983 lakhs to 608 lakhs per annum.

But far better than this was to come, for on February 28, 1927, Sir Basil Blackett announced a surplus for the year 1927-28 of 3·64 crores of rupees—a surplus which he regarded as recurrent, and of which he proposed to use 3·5 crores for the remission of provincial contributions. For particular reasons it had been decided that the whole of Bombay's contribution should be remitted, and in order to avoid discriminating in favour of this one province, the Government of India proposed to utilise a portion of the current year's surplus to remitting temporarily all the provincial contributions of every province instead of applying it to debt redemption. (The position now is that all but 1·95 crores of the provincial contributions have been permanently remitted, whilst the above-mentioned sum has been remitted for the year 1927-28 only.) If circumstances are favourable next year, there is every reason to hope that this remaining amount will also be permanently remitted. However that may be, during the year 1927-28 no province will pay anything to the

* A lakh is a hundred thousand.

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Government of India in provincial contributions. Thus, the provinces at a stroke have been given an additional spending power of 5.45 crores—that is, 54½ million rupees during the current year. Well might Sir Basil Blackett, in concluding his budget speech, say :

What will 5.45 crores a year transfigured into goods and services available year by year in the hands of the provincial governments mean in the promotion of human happiness, in the prevention of preventable disease and ignorance, in the widening of the opportunities for a good life for many crores of the people of India !

So the remission of provincial contributions is seen to be something more than a change in the financial relations between the Government of India and the governments of the provinces. It is an event of immense significance in the lives and welfare of all India's citizens, and it may be a decisive event in the development of the Indian constitution.

II. CURRENT TOPICS

THERE is nothing of any particular importance to be said just now about the general political situation. The Delhi session of the Legislative Assembly is by now some distance away, and the annual meetings of the Indian National Congress, the Moslem League, the Liberal Federation and other bodies are still below the horizon. If there is any one lesson to be learnt from the hectic Delhi session, with its fierce fights over the Currency and Steel Protection Bills, it is that the wane of extremism in Indian politics—a process which we have discussed on previous occasions—still continues. Despite solid and well-organised opposition, the Government yet managed to find majorities for all its really important measures, and the Opposition itself was on the whole less violent than in any other session since January 1924—always excepting the

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bitter opposition to the Currency Bill. It is impossible, of course, to predict that the Swaraj-Congress, and Nationalist parties will in future sessions assume the rôle of a constitutional Opposition of the ordinary type ; but, at any rate, there are reasons for hoping that this may happen.

When, however, we turn to one of the main conditions of present-day Indian politics—namely, the relations between the Hindus and Mahomedans—the outlook at once becomes less pleasant. It cannot be said that the tension has been relieved during the past few months. Since the Kulkathi tragedy of March 2, no other such ruinous clashes have occurred, but danger has been always present, and on more than one occasion has been averted only by timely and determined action by the authorities. The great Mahomedan ceremony of the *Muharram* has come and gone within the past few days, and again, owing to the strenuous precautions of the district, police, and military authorities, its passage has been marred only in one or two places. The worst affair occurred in Multan, where on the last day of the ceremony an affray occurred resulting in the deaths of five persons belonging to both communities. It is well known, of course, that the basis of the present estrangement between Hindus and Mahomedans is more political than religious. The reforms of 1919 have led unavoidably to keen rivalry between the two communities for the possession of power, and it is not likely that this rivalry will diminish as time goes on. But the old fundamental religious antagonism has been recently painfully stressed by what is known as the “Rangila Rasul case.” The two words *Rangila Rasul* mean “debauched prophet,” and are the title of a pamphlet published by a Hindu in the Punjab just over two years ago containing certain passages about the Prophet Mahomet which wounded Mahomedan feelings. The author of the pamphlet was prosecuted under the appropriate section of the Penal Code and convicted by the Lower Court. His conviction was, how-

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ever, set aside on appeal to the Punjab High Court, whereupon the editor of a Lahore Mahomedan newspaper published certain criticisms of the High Court judgment which involved him in proceedings for contempt of court, and, ultimately, fine and imprisonment. At once a violent agitation broke out among the Mahomedans of Lahore, and for some days there was considerable danger of public disturbances. However, Sir Malcolm Hailey and Mr. Ogilvie, the District Magistrate of Lahore, handled the situation with tact and firmness, and the danger subsided so completely that the *Mubarram* was celebrated in Lahore without a single incident. It would be idle, however, to suppose that this affair has not further embittered the relations between Hindus and Mahomedans all over India.

Whilst on this subject of Hindu-Moslem relations, it will be as well to give an account of certain attempts which have been made to come to an agreement between Hindus and Mahomedans on the subject of communal electorates. When the Morley-Minto reforms were introduced, the Government of India, on the strength of the unanimous demand of Indian Mahomedans, introduced the system of communal electorates—that is, a system whereby Mahomedans sent only Mahomedan representatives to the Councils and Hindus sent only Hindu representatives. This system had to be continued under the 1919 reforms owing to the strength of the Mahomedan feeling on the subject. The Hindus have never liked this system, but it obviously cannot be abolished unless Mahomedans agree. Some Indian politicians have seen in the system of communal electorates a bar to Hindu-Moslem friendship and have not ceased to agitate for its abolition. On March 20 some Mahomedan representatives in the Legislative Assembly and Council of State met in Delhi and a number of them agreed to the abolition of communal electorates and the institution of joint electorates under certain stringent conditions. A few days later a meeting of Hindu repre-

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sentatives in the Legislature was held, and at this meeting it was decided in general terms that joint electorates were preferable to communal electorates, but opinion was unanimous against the acceptance of the conditions laid down by the Mahomedan meeting. Meetings of some provincial branches of the Moslem League held since March 20 have all condemned the proposals for joint electorates, and the Hindu *Mahasabha*, which is the representative body of Hindus all over India, has done the same. Later still the All-India Congress Committee—that is, the executive committee of the Swaraj party—accepted the Mahomedan proposals of March 20, but their acceptance did not meet with general approval. It now remains to be seen what line the Indian National Congress and the Moslem League will take next December. Last December the Moslem League pronounced against joint electorates.

Recently there has been a good deal of excitement in India over the report of the Special Tariff Board formed to consider the condition of the Indian cotton industry, and also over certain negotiations which have been carried on between the Government of India and the rulers of the Indian States in Kathiawar on India's north-western seaboard.

The Cotton Tariff Board's real task was to examine the case of the Bombay cotton industry, which has been in a bad way for some years. The Board found that it was not competition from Lancashire which was hurting Bombay, but competition from Japan and from the cotton mills outside Bombay. The majority of the Board, consisting of two distinguished Indians, recommended in aid of the industry a bounty on the finer counts produced, and also an increase in the tariff duties on imported cotton manufactures. The President of the Board, however, considered that the non-adherence of Japan to the international labour agreements gave her an unfair advantage, since by working women and young persons at night Japanese mills could run in double shifts. He, therefore,

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recommended a differential duty on all cotton manufactures imported from Japan. The Board were unanimous in condemning many features of the organisation of the cotton industry in Bombay, and pointed out that cotton mills elsewhere had been making profits, whilst Bombay had been steadily losing money. The Government of India was unable to agree to the proposals of the Board either for bounties or increased duties, believing that until Bombay set its own house in order these would be an unfair tax on the already heavily burdened consumer and taxpayer. The Government, therefore, proposed to help the industry by removing the duties on imported machinery, by assisting in the establishment of trade agents outside India and in other ways. Its decision aroused a storm of protest in Bombay, which is still continuing.

The question of the Kathiawar States is of the highest importance to the economic welfare of all India. Briefly, of late years commerce has been largely diverted from British Indian ports to ports in the Kathiawar States, to the great detriment of the Indian revenues from customs duties. Such figures as are available show beyond any doubt that the trade entering these ports is immensely greater than is required by the demands of the States themselves, and that consequently much of it is flooding into the rest of India without paying duty. Until 1917 the Indian Government maintained a land customs line between these States and the rest of India, but took it off in that year because practically the whole of the Kathiawar ports trade was coast-wise trade and the inevitable annoyance and delay arising from the administration of the customs line seemed to outweigh the benefits derived from it. It, however, expressly reserved the right to reimpose the line should the fiscal interests of India demand it. It argues, and in face of the relevant figures it is difficult to counter the argument, that the time has now come when in the interests of Indian revenues and Indian taxpayers the customs line should be reimposed. The Government of India made an

offer to the rulers of the States concerned to make them annual payments based on their past revenues from their ports and allowing also for reasonable development in the future. At a conference held at Mount Abu a few days ago these proposals were discussed by representatives of the rulers concerned, but the negotiations broke down chiefly owing to the opposition of Jamnagar, whose ruler, the Jam Sahib, was not satisfied with the terms. In certain organs of the Indian press an attempt has been made to show this incident as an example of high-handed dragging of certain small Indian States by the all-powerful Government of India. Actually, of course, the case is quite otherwise. The Indian Government had to consider its own fiscal interests, which are the interests of its subjects and ratepayers, which, it is quite obvious, would be ruinously affected if imports from overseas could be poured into India through the Kathiawar ports.

This article should not close without a reference to the departure from Simla of Sir Alexander Muddiman, the Home Member of the Government of India, who goes on leave this week prior to taking up the office of Governor of the United Provinces. Sir Alexander Muddiman has been Home Member through a very critical period in India's history, and his leadership of the Legislative Assembly has been one of the outstanding successes of the working of the reformed constitution.

India.

July 14, 1927.

GREAT BRITAIN : THE MINISTRY AND PUBLIC OPINION

I. LISTLESS POLITICS

THE acoustics of a political edifice are like those of other buildings erected by the hand of man. No one has yet divined or systematised the law that governs them. The best that politicians, like other architects, know about them is that they play mysterious tricks, and politicians may be trusted to differ in accounting for the strangest feature of the proceedings in the present session. They have no resonance. Parliament has lost its echo. Questions that should eddy through the constituencies in waves of controversial sound are muffled before they have begun to disturb the ether. The Parliamentary microphone works much as usual, but the transmission and reception are undeniably poor.

Within six months we have had three issues, at least, capable of provoking uproarious conflict in more piping times. The Trade Unions Bill, now an Act, the rupture with Russia, and a determined attempt to put reform of the House of Lords on its feet again should, each of them, have been sufficient to set more than the Thames on fire. True, the Government stood near the last with extinguisher ready. But the other two are commitments of policy and not to be withdrawn. Yet they have struck out no sparks threatening anything like a blaze. The candid Unionist, Liberal or Labourist will admit privately that his expectations are either unsatisfied or uncertain, and that where he has looked for enthusiasm or indignation he has not found it. By-election results are a fallible index to

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the deeper tides of opinion. So far as they go they show that the Government has lost a great deal of support, though not, perhaps, enough to disquiet it in its third year ; that Labour is just about holding its own ; and that Liberalism is progressing, but not with dramatic speed. Among the constituencies in which by-elections have been held, Brixton was probably the most representative in the small proportion of electors attracted to the poll. Some mass-response may be maturing, perhaps to disclose itself on a more serious occasion than that of a by-election. In the meantime we have an unusual position in which there is no demonstrable access of popularity to any party. What the public wants or does not want is not easily discoverable. Probably we should not miss the truth by much in saying that, for the present, it wants to see its way through the immediate economic difficulties, discussed elsewhere in this number, and that it does not want a general election. Statements that the Government was never stronger, that a reactionary Cabinet is playing into the hands of Labour, and that a dissatisfied country is casting in its lot with rejuvenated Liberalism are worth as much as propaganda is ever worth.

From the state of opinion it is natural to turn to the condition of the parties—three parties, representing between them at a given moment, say, seven-tenths of the electorate, and dependent for success upon the impression they can make upon the other three-tenths. The Unionist party at the general election secured a victory—which but for the accidents of the three-cornered system might yet have been a defeat—upon a broad programme that won the goodwill and votes of a great many voters well outside classification as Conservatives. The progressive temper of the policy counted for even more than its details and the temper was symbolised and summed up in Mr. Baldwin. His personality was the party's foremost asset. The early months of the new administration were faithful to its promise. Then came the first threat of the General Strike, staved off

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by a subsidy. The second threat was translated into action. Mr. Baldwin's policy of tolerance and goodwill was deemed to have broken down. After eight months of the coal dispute it was considered to have vanished. The Government that had defeated the General Strike occupied itself in preventing another, and incidentally gratified outraged feelings among its more orthodox supporters in various clauses of the Trade Unions Bill. The incident that led to a breach of relations with Russia was also welcome to them. The "expulsion of the Reds" was interpreted not merely as a diplomatic necessity but as a positive stroke of Conservative statesmanship. In all this there was little room for Mr. Baldwin's distinctive philosophy. The prime asset of the earlier months was ceasing to count. It was said in common talk that the Prime Minister now had little control of his own Cabinet. The new zeal over-reached itself in the Government proposals for the reform of the House of Lords which surprised the world not long before Parliament rose for the Summer Recess. The *Observer* called them "the diehards' debauch at last." Evidently the Prime Minister had little liking for them. That was clear between the lines of his own speech in the House of Commons. The section of the party nearest to his own mind recoiled in dismay from the new scheme. The tendency to the Right, which was, perhaps, a natural sequel to the General Strike, met its first check. Whether or not it has put Mr. Baldwin and his view of politics back into the saddle is a question that cannot be answered until he returns from Canada and Parliament re-assembles on November 8. The occasion gave *The Times* a text for an incisive leading article. Taking it as probable that the Prime Minister had not been unwilling to see some of his more impetuous colleagues learn a needed lesson, *The Times* asked:

Is it safe to dismiss the whole episode as marking the upward limit of a pendulum which has swung steadily from that other fiasco of the general strike? Was the notion of reforming the House of Lords

intended deliberately to be a single spectacular failure? . . . For the moment the reform of the House of Lords becomes far less important to Mr. Baldwin than the reconstruction of the Government. There is more conclusive reason than ever, in fact, for . . . an overhauling of the whole *personnel* of his Government; the withdrawal of Ministers who are either tired, or misfits, or palpably out of tune with the times; the infusion of fresh blood into an organisation which is ceasing to work as a team . . . What really matters is that those about him (Mr. Baldwin) should be in full agreement with his general course of policy, which is always sound when it can be detected. . . . He has a golden chance, which will never recur, to pass his colleagues in review from mid-Atlantic.

The cables tell us that at Banff, on his Canadian tour, he was "invested with the feathers and other insignia of a chief of the Stoney Indians and hailed by the title of 'Chief Sitting Eagle.'" The Stoney Indians have a nice gift of characterisation. Yet Mr. Baldwin has the power, if not the temperament, for action. He is still the one man who, apart from his tenure of the Prime Minister's office, retains the loyalty of all sections of an inconveniently large and uncomfortably varied Parliamentary following. The formation of groups within the party has gone ahead in the present session. The most prominent of them are the business group, styled the "Forty Thieves"; an economy group, organised to control impulses towards expenditure; a progressive group commonly called the "Y.M.C.A."; and another group which has just banded itself together to watch the progressives and to see that there is no sentimental yielding to "bastard socialism."

The General Strike was a disaster for everybody, but for none more than the Labour party. The full measure of the damage is now visible. The Strike has wasted its resources, injured its credit, and driven it back on the defensive. For the moment Labour has no hitting power. Its campaign against the Trade Unions Bill was a fiasco and a bitter disappointment to its organisers. But for the loyalty and the discipline which an organised class-movement commands, the setback would have been even

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more serious. It was in no condition to spare its leader, Mr. Ramsay MacDonald, who has been too ill to attend most of the recent sittings of the House. Labour has no one else at present to approach him in Parliamentary prestige and experience. When all the grumblers have had their say, Mr. MacDonald is the one leader who maintains his ascendancy throughout the party. But he has a wearing and thankless office and his health, unfortunately, has been heavily taxed. On its left flank Labour has formed an uncompromising front against Communists and Minority men. The resentment of direct action and its consequences among the rank-and-file has helped to drive home the distinction between the Parliamentary and the revolutionary method.

The small Parliamentary Liberal party is still the prey of embarrassing differences and capable, on critical issues, of almost infinite subdivision. But the main interests of the party lie elsewhere in preparing for a more adequate representation of the Liberal view in future Parliaments. It is busy outside with its machinery and its programme. The much-heralded "Liberal revival" has taken on a more convincing look. In Sir Herbert Samuel the party has a chief organiser of great industry and experience, acceptable to all factions, with a talent for lucid statement and powerful criticism on the platform. It has no lack of experts on the problems of the hour and it is employing them to lay the foundations of policy. In the autumn the committee which has been investigating the industrial question is to report. Sir Herbert Samuel intends to place five hundred candidates in the field at the next general election. The settled tactic of the party now is to formulate and fight upon a programme of its own independently, holding itself free to negotiate the terms of co-operation with Labour as opportunity offers or need dictates after an election has taken place. These activities would be impossible without money and their main source is the "Lloyd George Fund." If the fund helps, it hampers

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too. The opponents of Liberalism in the Press do not cease to repeat Lord Rosebery's unanswered question, as to the means by which the fund was accumulated during Mr. Lloyd George's leadership of the Coalition. It was somewhat ungracious in a part of the Liberal Press to retort on the fund which his friends and admirers in all parties have privately got together to relieve Lord Oxford of financial anxieties after a career unstintingly given to public affairs—an uncharitable extension of the dying party feud to a very considerate and magnanimous provision.

II. THE SESSION

THE Trade Unions Bill* is the only first-class measure that has been passed through all its stages and placed on the statute book since the House met for the new session. The Labour party began by announcing its determined opposition to the Bill before it had even been printed. When the Bill appeared Labour refused to take any responsibility for amending or improving it and fell back on obstruction. The Government replied with a timetable and the closure. Thereafter each clause was closely debated. Conservative complaints of the measure died away. A few amendments were moved with effect from the Ministerialist benches. The drafting was tightened and improved in the Lords as well as in the Commons and the way of transgression has been more clearly defined. But there has been no real change in its substance and structure.

Conservatives, especially those who were most insistent on the need for legislation, have justified the Act by its reception. The Labour campaign that was to have whipped the trade union world into political revolt astonished its promoters and every one else. It petered out in apathetic

* ROUND TABLE, No. 67, June 1927, pp. 566-575.

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and sparsely attended meetings. The agitation fell flat. Innumerable resolutions have, of course, been passed condemning it. But great unions like the National Union of Railwaymen and the Miners' Federation have flatly rejected proposals to resist it by strike action and are observing the law by amending their rules as the Act requires. The unions in which the Post Office and the Civil Service are organised have withdrawn their adhesion to the Trade Union Congress. How is this orderly and, from the insurgent point of view, tame acquiescence in the statute to be explained? Partly the revulsion from last year's experiences, with their demonstration of the barrenness and incompetence of militant policy, had been under-measured. Industrial war is discredited and Labour has not the means or the heart for it at present. Partly the reason is that Englishmen are not much disposed to excite themselves over a theoretical invasion of their rights. Everything depends on how the Act is administered. Once let experience confirm the argument that, for example, the intimidation clauses have placed unfair restrictions on the striker or that the provisions against a General Strike have invalidated a man's right to withhold his labour, after due notice given, in sympathetic support of another man's just battle, and the spark which all Labour eloquence has left only faintly glowing will become a conflagration overnight.

The Arcos Raid

The next essay of policy touched a point in public affairs where foreign and home interests are inseparably conjoined—Russia. Since the conclusion of the Trade Agreement of 1921 Russia had had a diplomatic representative in London and a trade delegation enjoying certain diplomatic privileges. The delegation was housed in the offices of the Russian State trading organisation registered under English company law and known by the abbreviated title of Arcos. Since 1921 successive British Governments, including Mr.

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MacDonald's, have been in an almost continuous state of protest against the hostile propaganda either conducted by the Soviet through the Third International or by the Third International through the Soviet—they are in practice indistinguishable. Interference in British domestic affairs has been constant. The last general election was partly fought on the inept and dishonest attempts of the Third International to organise the Communist revolution in Britain. After the election and the defeat of the treaty which the Labour Government proposed to negotiate with the Soviet, Russian antagonism was redoubled. It reached its climax in China with the waging of nearly open war on British interests through the medium of the Chinese nationalist movement. During all this time the documentary evidence of Russian belligerency, on the home and foreign fronts, had been accumulating in the archives of the Home and Foreign Offices. There had been a natural reluctance to disturb the formal relations precariously subsisting. The ground taken unofficially in their defence was that a breach with Russia would be an unsettling event in Europe, and that the nominal relationship assured us more control and knowledge of Russian activities than we should have without it. There was also the consideration that trade with Russia was increasing. Even after the General Strike and during the coal dispute, when Russian intervention was flagrant, what was supposed to be the Foreign Office view prevailed. At the same time Ministers, including the Home Secretary, Sir William Joynson-Hicks, freely expressed their views of Russia on the platform.

It was through the Home Office eventually that the breach came. A leakage of official documents had been known of earlier in the year. On May 12 the police obtained a warrant under the Official Secrets Act to search the premises occupied by Arcos. Strong rooms were demolished and a thorough investigation made. The proceeds of the raid itself were not large and added little to the information already in the possession of the Foreign Office and subse-

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quently published. But the Government now determined to make an end of patience, to terminate the Trade Agreement in so far as it provided for diplomatic immunities, to expel the Russian Chargé d'Affaires and Trade Commissioner, and to recall the British representative from Moscow. It proposed to offer no obstacle to ordinary and legitimate trade.

The decision was greeted with enthusiasm by those whose sympathies, or antipathies, were expressed by the Home Secretary, Mr. Churchill and Lord Birkenhead, and with satisfaction by most Conservatives. Liberals were divided. Mr. Lloyd George spoke for the majority in admitting the force of the British charges, though he asked in what they varied from charges that could have been brought at any time, where the gain lay in abandoning the policy of vigilance and tolerance, especially now that the Russian campaign in China had come to wreck, and what other policy would replace it. Labour was caught in its usual dilemma, unwilling either to believe the Government's proofs or to protest the innocence of the Soviet. The upshot was that the Government obtained a handsome majority from the House of Commons.

A Seven Days' Sensation

The next sensation in a session painfully poor in diversions was furnished by the House of Lords. On June 20 Lord FitzAlan, Chief Unionist Whip in the days when he was Lord Edmund Talbot, introduced an innocent motion inviting the Lords to declare themselves ready to receive at the hands of the Government some reasonable project of limitation and reform. It was subsequently explained that the object of the motion, on which the Government had not been previously consulted, was purely to obtain the assent of the Peers to the further restriction of their hereditary privileges, implicit in any scheme of reform. The debate had not proceeded far when, to the surprise of those present and to the still

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greater astonishment of the Unionist party in the House of Commons, including the whips, the Lord Chancellor intervened on the Government's behalf with definite proposals for a reconstituted Second Chamber. On the second day of the debate the House learnt from Lord Birkenhead that they were seriously intended and that the Government meant to found a Bill upon them and to pass it within the duration of the present Parliament.

The proposals were that the House of Lords should be reduced in number to 350 and should consist of peers of the blood royal, the lords spiritual, representatives elected by the hereditary peers from among their number, members nominated by the Crown on the advice of the Government of the day. The Parliament Act (which provides that a measure vetoed by the Lords shall become law if passed by the House of Commons three times within two years) was to stand, but not in future to apply to any measure altering the powers or the constitution of the House of Lords. The right of the Speaker to certify money Bills was to be withdrawn and transferred to a joint committee containing an equal number of members of both Houses.

The proposals have had a short life and the argument that surrounded them is not therefore of great concern here. It was pointed out on all sides that the hereditary principle, contracted and strengthened, would predominate in the reformed Second Chamber, while the veto of the Lords would be restored for its defence. Members of the House of Commons did not share the confidence of the Upper House as to the view which the modern electorate, twenty million strong, would take of this courageous re-assertion of hereditary privilege. A strong section of Unionists in the democratic chamber were in revolt at once. The Unionist Press was for the most part lukewarm or hostile. A debate in the Commons followed. The Prime Minister's apology for the proposals was not vigorous. By him and by other Ministers it was made clear that they were the merest sketch for possible legislation. The

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Labour party chose to wield a vote of censure for the occasion and so tided the Government through an awkward passage. The Government received its majority and the proposals are dead. Indeed, in a letter to *The Times*, Lord Birkenhead had already referred to them as the "late" proposals. The most that is now expected in the lifetime of the present Parliament in the way of Second Chamber reform is a measure entrusting the determination of money Bills to a joint committee of both Houses presided over by the Speaker.

A Heavy Programme

Parliament has adjourned. If pledges are to be fulfilled, it has a heavy programme ahead of it. Apart from some minor measures already well advanced, it must pass a new Insurance Act, a new Factories Act, a measure reforming the Poor Law and another enfranchising women at 21. It has also a difficult, delicate and, in this century, unfamiliar problem in the Alternative Prayer Book. The Church of England by large majorities in its councils has approved a form of optional variations from the existing book with the object of restoring order in its worship. The compromise, embodied in the Prayer Book measure, is to be presented to Parliament for acceptance or rejection. Under the Enabling Act, which gave the Church the power of initiating reform, it cannot be amended. A meeting of seventy or eighty members of the House of Commons, headed by the Home Secretary and the Solicitor-General, has resolved to contest its passage.

The Farmer's Grievance

One movement threatening the Unionist party at a vital point has had little opportunity in the period under review of making a Parliamentary impression, but has found its way into the Press. This is nothing less than a revolt among the farmers, the natural and traditional bulwark of conservatism—natural at all events in the days before it, too, had succumbed to the urban interest. Agriculture,

in England as in other parts of the world, is in grave distress. Its troubles began with the repeal of the Corn Production Act and the abrupt withdrawal of the subsidy. They have grown progressively worse. A great many farmers have been producing at a loss for some time. All the branches of English farming are affected, wheat, meat and milk. The coming quarter-day promises to be a day of disaster on a large number of farms. When Mr. Guinness, the Minister for Agriculture, told the public this summer that the farmer was holding his own, the indignation of the farming community broke bounds. The next event was a by-election in the mainly agricultural division of Westbury. It was a three-cornered contest for a seat originally won from the Liberals. The Conservative candidate defending it was a member of a very influential Wiltshire family and the local Liberal party was still afflicted with dissensions that had been overcome elsewhere. Even so the Conservatives barely retained the seat. In June Mr. Baldwin visited Cornwall and made a speech to an agricultural audience which consisted mainly of an account of what the Government had already done for farming and implied that there was little more to be done. The irritation grew and the critics became more severe. The National Farmers' Union has showered bitter reproaches on him for his faithlessness. Agriculture, they contend, comes within his election pledge to safeguard any industry of national importance suffering from unfair competition. Considering that the Government is no less solemnly pledged to put no tax on food, the construction favoured by the National Farmers' Union is difficult. Naturally the Government does not accept it. At the same time it cannot ignore discontents, well ventilated in the popular Press, that threaten it in its rural strongholds. Many of them have been Liberal before and might be again. In July the Prime Minister went down to Lincolnshire to attend another rural demonstration. There his speech took a constructive turn. He repeated his appeal to the

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farmers not to look to politics for help and so gave the National Farmers' Union further cause for offence, but he also announced that the Government was working out a long-term credit scheme for agriculture and would bring it before Parliament next year.

In spite of the tale of distress that comes, not only from agriculture, but from other basic industries—coal has still to be considered—the unemployment figure fell below the million in May to its lowest point since 1920. Housing has made a signal advance. In the last twelve-month period of computation more houses were built in England and Wales than were ever built in one year before. After provision is made for new houses to meet the growth of population and for replacements, the accumulated arrears are now being overtaken at the rate of 110,000 houses a year.

Among the Miners

The rise in unemployment since May is accounted for by the state of work in the coal-fields. Although coal prices have been drastically cut and wages, conformably, are down to the minimum in all the main districts except one, evidence is still awaited of that recovery which, as the mine-owners insist, is still only just round the corner. Unless there is some early improvement, there is reason to expect further troubles when the existing wage agreements terminate. The first is due to end in November. Moreover, there are losses to be made up, and they are accumulating. At its meeting at the end of July the Miners' Federation had no very cheerful prospect. It is no longer recognised by the employers and has no status in negotiations. Its funds and its membership are depleted. In Nottinghamshire it comprises less than a third of the men employed. Thanks to defections the Communist element has become disproportionately large and influential. It is all the more worthy of record that the Conference defeated every one of the proposals put before it by the minority movement. It re-affirmed its policy

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of nationalisation, but under the guidance of its president, Mr. Herbert Smith, showed no quarter to any suggestion that it should desert constitutional courses. The Federation has a difficult time ahead of it. The efforts made to break the new non-political unions have failed. They are offering attractive terms of membership. They have the favour of the employers and access to funds for such things as pension schemes. There is always the risk that the moderates' desertion of the old unions will leave them to be captured by the extremists. This year the danger has been firmly countered.

London University: A Footnote

One event in the quarter is likely to stand when much else here recorded for its importance has perished utterly. London is still the metropolitan city of the Empire. What affects its prosperity affects every part of the Empire in some degree. What touches the fortunes of its University is of very direct Imperial interest. Every year the number of overseas students at the largest University in the British Isles tends to increase and, thanks to the extraordinary facilities for research presented by London institutions, is destined to increase. Yet, with all its advantages, the University has had no worthy centre, no fine group of buildings of which it might be said with pride, "that is the University." Seven years ago a site equal to these purposes was offered it in the heart of London, in Bloomsbury. The subsequent tale of controversy and frustration cannot and need not be told here. It ended in May with the acquisition of the site. What chiefly closed the doubts and difficulties and the transaction was a princely gift of £400,000 from the Rockefeller Foundation. Thus London University is launched upon its second century of existence doubly equipped as the emblem and the instrument of that intellectual co-operation which is the truest, most durable and most productive of all forms of common effort.

IRELAND : EVENTS IN THE FREE STATE

I. POLITICAL

ON Sunday, July 10, whilst walking alone along a quiet suburban road on his way to Mass near Booterstown, County Dublin, Mr. Kevin O'Higgins, Vice-President of the Free State Executive Council, Minister for Justice and Minister for External Affairs, was shot down by three assassins under circumstances of the most brutal and cowardly nature. He died a few hours afterwards. Writing under the immediate shadow and stress of this terrible crime it is difficult to maintain one's sense of perspective or to prevent one's self from giving way to a feeling of despair. One must go back to the Phoenix Park murders of 1882, when Lord Frederick Cavendish and Mr. Burke were brutally stabbed to death, for a parallel crime in our tragic history. Like Lincoln, Kevin O'Higgins at the moment of his death had brought his country through the horrors of civil war, he had established justice and order, and was turning to the future to build a State of which the foundations had been well and truly laid. Now this "steadfast and heroic figure," as Mr. Cosgrave justly called him, has been foully murdered, meeting his end with calm courage, and with his last breath forgiving his murderers. He was a strong man and as straight as he was strong. Still in the early thirties, the bitter experiences through which he had passed had left their marks on his face and character. It was he who piloted the Irish constitution through the Dail.

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In every delicate negotiation with England during the years since the Treaty he was our foremost spokesman, as firm as he was wise and far-seeing. As Minister for Justice he had the responsibility for creating a new police force, the Civic Guard, and a new judicial system. It was characteristic of the man that, with the embers of the civil war still glowing red throughout the country, he sent out the young Civic Guard without arms to police the countryside, and though there were at first many attacks upon them he refused to alter his decision. Now the experiment is fully justified. The Civic Guard have staked their lives, as he put it only the other day, "to maintain the people's peace and uphold the people's laws." Had he no other monument it would suffice. But indeed he was the principal builder of the Free State, and as he lay dying he was able to say with truth "We have done good work." His was the iron will that stood between us and anarchy. His was the austere devotion to duty which made him follow a course he deemed right to its logical end regardless of the consequences. Gifted with a wide political vision, he had little inclination or capacity for those tricks of compromise and evasion by which politicians of smaller calibre justify and maintain their existence. Almost his last words in the Dail, in the debate on the re-election of the Government, were a declaration that his party would go ahead with their own policy, not with the policy of any other person or any other party, until such time as a majority of the Dail thought fit to disagree with them. It was a fearless, undiplomatic declaration, eminently characteristic, and entirely right. Such a man does not suffer fools or rogues gladly, and his hatred of insincerity, coupled with his habit of speaking his mind without reserve and with a pointed wit, made him many enemies. His rather severe personal manner was really due to a temperamental shyness which hid a kind heart and a generous soul. The motives of his assassins are likely to remain as obscure as their identity, but there can be little doubt that his murder was planned and carried

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out by some perverted secret society and that it was inspired by both political and personal hatred. It is an unfortunate and evil fruit of a revolution promoted by secret societies that the societies remain after the revolution is accomplished. It is not pleasant to reflect that we do not know the secret liabilities of our political leaders. Mr. O'Higgins himself had publicly renounced his membership of the Irish Republican Brotherhood after the Treaty. Every political party has expressed its detestation of the deed. Even the so-called Republican Army, which is apparently independent of all political control, has repudiated responsibility, and Mr. De Valera has mustered up courage to state publicly that the assassination was murder and inexcusable from any standpoint. He adds truly that it is a crime that cuts right at the roots of representative government. All this is to the good, but it is idle to deny that the curse of Cain still rests heavily upon us, and although it should be obvious to the meanest intellect that political assassination has never yet deflected the will of a nation, it would be a sanguine person who would say with any certainty that we have yet forsaken such methods in Ireland.

There are, of course, men as brave as Kevin O'Higgins left to step into "the gap of danger" and complete his work, but it will be hard to find as keen and firm an intellect to guide our destiny. The fact that the assassins did not strike till after the general election and until it became obvious that the Government would need his counsel and strength to sustain it is clear proof of the sinister intentions behind the blow.

Writing before the election,* the writer ventured to suggest that there was little prospect of the Government having a majority in the new Dail, that no other party had the least likelihood of obtaining one, but that the swing of the pendulum would be away from violent policies and to the right rather than the left. These prophecies have been

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fully justified by the event, as the following analysis of the result clearly shows :—

Parties.	Old Dail.	Nomina- tions.	New Dail.	Votes received.
Cumann na nGaedheal (Government)	58	96	46	314,684
Fianna Fail (Moderate Re- publican)	22	87	44	299,626
Labour	15	45	22	143,987
Independents	15	57	14	139,679
Farmers	14	38	11	109,114
National League	2	30	8	84,048
Sinn Fein (Extreme Repub- lican)	23	15	5	41,436
Independent Republican ..	1	2	2	9,215
Clann Eireann (People's Party)	2	8	0	5,567

(The Speaker, who is re-elected automatically, is not included in this table.)

A thing which was not foreseen was that Mr. De Valera would secure nearly the entire Republican vote and more of the other discontented voters than any other party. This was due to many reasons, but two, it is thought, predominated. In the first place, his party, Fianna Fail, which demanded the abolition of the oath of allegiance and stands for a diluted and undefined form of republicanism to be promoted by non-violent methods, was the only party to nominate sufficient candidates to form an alternative Government. This step was only made possible by Mr. De Valera's return from America almost on the eve of the election with a campaign fund which he had collected there and which is believed to have amounted to £30,000. Without this money Fianna Fail could never have nominated eighty-seven candidates or embarked upon the intensive propaganda campaign which it did in the daily press. A prominent feature of their election posters was the use of the statement "Fianna Fail will go in," which of course satisfied the average voter that Mr. De Valera intended to enter the Dail. How the money was collected in America

* See THE ROUND TABLE, No. 67, June 1927, p. 579 et seq.

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may be gathered from the following passage in a letter lately received from a young Irishman of anti-Republican views who recently emigrated to America : "De Valera was in Pittsburgh a couple of weeks ago. He got a lot of money from the Irish here and was well received by a huge audience, who I fancy were not so much Republican as they were homesick. The real reason we went ourselves was to be in an Irish atmosphere." This exploitation of the Irish Americans' love for their homeland is as shameful as it is disastrous for Ireland, and it is to be feared that little has been done to bring home to them the truth about the Free State. As long as this policy of poisoning the wells is pursued without opposition in America and as long as Irish Americans can be persuaded to supply funds to our political beggars and their American parasites, so long will this condition of things continue. It cannot be too strongly condemned and it is time that it was counteracted by active propaganda on behalf of the Free State.

The second reason which operated strongly in favour of Mr. De Valera's party was the strong feeling against the Government. Many people voted for the Fianna Fail candidates believing that they would enter the Dail and put the Government out, and many others because they believed they would not enter the Dail and that therefore by so voting they could with impunity vent their spleen and chasten the Government without upsetting the *status quo*. The Government's record, as was expected, was its undoing. It has restored order and broken the reign of terror, reconstructed a devastated country, and begun the reorganisation of our national institutions, the development of our industries, and the reform of our crying abuses. But the doing of these things involved stern measures, new laws and new taxes. Whilst carrying on this task they received much criticism and little credit. The Dublin daily press, which for four years criticised fiercely, and often unfairly, nearly all their most important projects, suddenly turned round almost on the eve of the election and pro-

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ceeded to the other extreme of injudicious praise, evidently fearing that they had gone too far. But it was then too late to undo the evil done. The net result is that the Government party has lost twelve seats and has no longer a clear majority in the Dail, whilst the combined Republican parties have gained five. Labour has gained seven seats and Captain Redmond's National League six. The Farmers have lost three seats, the Independents one, whilst poor Professor Magennis and his Clann Eireann, or People's party, have sunk entirely between the Scylla of Mr. De Valera and the Charybdis of Miss MacSwiney. No one but a politician of his child-like innocence could expect Mr. De Valera to connive at the creation of a party which would provide a convenient *pied à terre* inside the Dail for recusant Republicans. Professor Arthur Clery, most gentle and naïve of extremists, was therefore selected to deal Professor Magennis the "unkindest cut of all" by displacing him from his seat in the National University. Perhaps the most remarkable and certainly the most eloquent result was the almost complete extinction of Sinn Fein, the extreme Republican party, who are reduced from twenty-three to five. Even their leader, the indomitable Miss Mary MacSwiney, was defeated in her native stronghold, Cork, and characteristically described her rejection as "an act of national apostacy." An analysis of the total vote shows that the constitutional vote was altogether 797,079, and the anti-Treaty vote 350,277, or a majority for the constitution of 446,802. There has been therefore little change in the relative strength of those who oppose and accept the Treaty of 1921, but the votes have been differently distributed between the different sections of these two main antagonists. The increase in the anti-Treaty vote is really a vote against the present Government rather than the Treaty. The success of Labour was well deserved and due not only to good organisation in the country but to the constructive record of the party in the Dail. The Farmers were badly shaken, and it is clear that they would have done

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infinitely better had they allied themselves to the Government, as was proposed and defeated before the election. Captain Redmond's party, the National League, also failed to make any serious impression on the country, nor did it deserve to do so, for it had neither *raison d'être* nor policy.

Many people are inclined to blame proportional representation for the indecisive results of the election, but this does not seem to be fair. It is true, of course, that large constituencies and long lists of candidates, many of them worthless nonentities, do not make for clear and decisive voting. On the other hand, if it be the ideal function of an electoral system to hold the mirror up to the mind of the electorate, and the system attains this end, it cannot be blamed if the mirror reveals the unpleasant truth that the electorate is not thinking intelligently and that it has allowed its emotion of dislike to overwhelm its commonsense. In fact, the results show that all parties obtained the seats to which their votes entitled them. It is well to remember also that the result under the single member system would have been probably far worse for the Government party, because it was in a minority in every constituency and might have suffered a crushing defeat with the loss of its leaders. Before the election the Government announced that if returned they proposed to alter the system of election to the Senate, which is at present elected by the whole country voting as one constituency, and also to examine the method of electing the Dail with a view to creating smaller and more compact constituencies and improving the present system of proportional representation. It may be doubted if any radical alteration in the method of electing the Dail will now be proposed.

After the election it was very doubtful for some time whether the Government would resume office, but finally they wisely and patriotically decided to do so. Under the constitution the President of the Executive Council is elected by the Dail and then nominates the Executive Council, or Cabinet, for the Dail's approval. It was

abundantly clear that the other groups in the Dail would not agree either in principle or policy to form a government, and when the Dail met on June 23 Mr. Cosgrave was re-elected President of the Executive Council by 68 votes to 22, the Labour party alone opposing his election as a protest against the Government's unemployment policy. Before accepting office Mr. Cosgrave made it perfectly clear that he would only do so for the purpose of carrying out his programme, and that he had no intention of doing so in the mere capacity of a super-policeman to maintain law and order whilst allowing the country to drift along economically, nationally and internationally. He also pointed out that as long as the Treaty remains neither the Dail nor any other assembly can remove the obligation which it imposes of subscribing to the oath. The Irish people through their representatives could denounce the Treaty. They could not alter it except by agreement with Great Britain ratified by legislation on both sides, but until it was either denounced or altered the oath must remain because the international obligations of any country over-rode its internal laws. On the same day Mr. De Valera and his forty-four deputies presented themselves at the entrance of the Dail, refused to take the oath, and then departed amidst the clicking of cameras and the cheers of their supporters, who had been specially mustered in Dublin for the occasion. Apparently fearing that his followers might find it difficult to resist the lure of the salary paid to elected members of the Dail who have taken the oath, he was careful to bind them in advance by a declaration of policy, and later by a signed pledge that they would not take the oath. This, it may be emphasised, was after the election. It is difficult to say how long these restraints will continue to operate, and one Republican member, Mr. P. Belton, has already taken the oath and his seat, but for the present Mr. De Valera intends to launch a double-barrelled attack on the oath, one by proceedings in the law courts to test its validity,

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and the other by taking advantage of the provisions in the constitution which enable the people themselves to initiate proposals for legislation. By adopting these methods it will be observed that he definitely acknowledges the validity of the constitution which he is seeking to impugn. But it is late in the day to expect Mr. De Valera to act logically. He could, no doubt, easily secure the 75,000 signatures necessary to initiate the demand for a referendum, but the Government has forestalled his attack by introducing two Bills, one to require candidates for election to the Dail or Senate to make, before nomination, a declaration on oath of their intention to take their seats and to take the oath required by Article 17 of the constitution, to prescribe a time within which members of either House shall take the said oath after election, and to make provision for the seat becoming vacant in case they neglect to do so; the other Bill amends the constitution by deleting the provisions relating to the initiation by the people of proposals for laws or constitutional amendments, and also confines the right of demanding the suspension of a Bill to members who have taken the oath. As Mr. De Valera has concentrated all his artillery on the oath he will find himself in a difficult position if these Bills are passed into law. However, having promised the credulous electors bread and work for all, no Land Commission annuities, no emigration and no partition of Ireland, he may welcome a reasonable excuse for not being called on to deliver the goods, and it is doubtful if the Government would not have been wiser under all the circumstances to leave him to his own devices. Their action is denounced as panic legislation and an attack on our political liberties, particularly as it is coupled with a Public Safety Bill to make further and more stringent provision for dealing with political crime. Moreover, it is difficult if not impossible to justify the provision which requires every candidate on nomination to declare on oath his intention to take the oath of allegiance, because this in effect prevents any Republican from

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becoming a candidate, and will only have the effect of driving the movement underground. It would be fairer and more effective if an elected member does not take his seat within a reasonable time to declare it vacant for the current Parliament.

The only changes in Mr. Cosgrave's new Cabinet are that Mr. Desmond Fitzgerald, formerly Minister for External Affairs, becomes Minister for Defence instead of Mr. Hughes, who was the only Minister defeated during the election, and General Richard Mulcahy becomes Minister for Local Government in place of Mr. Burke, who was the weakest member of the former Cabinet. Mr. O'Higgins took over the important office of Minister for External Affairs, in addition to that of Minister for Justice, his former post. No better selection could have been made for this important position, and in his new capacity he was present at the Naval Disarmament Conference in Geneva as Irish representative only a few days before his murder. For the moment Mr. Cosgrave has temporarily taken over these two portfolios, and it will be difficult to fill them permanently. Mr. Blythe, Minister for Finance, succeeds Mr. O'Higgins as Vice-President of the Executive Council.

The personnel of the new Dail is undoubtedly an improvement on that of the old. Amongst the outstanding new members may be mentioned Mr. Hugh A. Law, a former member of the Irish Parliamentary party and a clever speaker and writer; Mr. Martin McDonogh, one of the largest employers of labour in Galway, who has had wide experience of local government and was a member of the Irish Convention in 1917; and Mr. James FitzGerald Kenny, K.C., a prominent barrister and landed proprietor. All these are members of the Government party. Amongst the other parties' new recruits of prominence are Mr. Vincent Rice, K.C., a leading barrister who has joined Captain Redmond's party, but who has properly refused to play a blind game of "follow my leader," and has voted

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with the Government on the election of Ministers and the army estimates; Mr. David L. O'Gorman, of the Farmers' party, formerly Chairman of the Cork County Council and an outspoken critic of the Government's financial and tariff policy; and Mr. Jasper T. Wolfe, one of our leading country solicitors and a shrewd critic of men and things. But, whatever may be its personnel, the new Dail will find it difficult to emulate the legislative record of the old, which during its term of four years sat for 352 days and passed 183 Acts, many of them of far-reaching importance.

If the Government exercises ordinary discretion it should not be in any immediate danger, and even without any formal alliance with another party it is quite possible that it will run its full term. On most controversial questions it will be able to command effective support from one of the other major parties in the Dail, and most of the Independents are likely to give it fairly constant assistance. It will be an interesting experiment in minority government, and not the only one in Europe. Modern conditions of government and the tendency to multiplication of parties will make such experiments increasingly necessary.

The assassination of Mr. O'Higgins has rallied moderate opinion to the side of the Government. The instinct of national brotherhood and common citizenship has asserted itself in this tragic hour. The nation has begun to examine its conscience and to realise that we must cast aside the apathy which tolerated crime and the cowardice which invited outrage. Murder stands before us at last for the demon that it is, naked and horrible. It has struck down the man whose clear vision and unbending purpose are for the moment irreplaceable. At last we realise the bitter truth that it was too soon to divide our national purpose and energies amongst a number of small and impotent parties. If we are to complete the work that Kevin O'Higgins began there must be an *union sacrée* amongst all those who desire to prevent Ireland being cast back into the melting pot of chaos and disorder. It is a

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moment fraught with tremendous import to the nation, and we must face the future with hope, determination and courage rather than despair. We must realise also that no country has come through a revolution and civil war such as ours without a bitter aftermath and that we cannot hope to escape.

II. ECONOMIC AND GENERAL

A REPRESENTATIVE delegation from the Free State attended the World Economic Conference at Geneva and stated our attitude towards the problems under discussion. Our position, which they outlined, is briefly as follows. The productive activities of the Free State are about eighty per cent. agricultural. We carry on a large export trade in live stock, food, agricultural and other raw materials, and import a very high percentage of the manufactured goods we consume. It follows that anything which adversely affects agriculture reacts with special severity on our internal economic conditions, and the fall in agricultural prices, primarily due to deflation, has hit us severely. But for the savings made by our people during the last fifty years and the transient prosperity of the war period, the situation would be far worse than it is at present. Although our currency is at parity with gold, neither agricultural nor other prices are stable. Our delegates pointed out that the Irish Free State had adopted a policy of extreme commercial generosity, that most favoured nation treatment obtains, that no export duties are in force, and that the only import prohibitions and restrictions have been imposed on sanitary and not on economic grounds. The customs tariff contains relatively few items. There is the fullest free trade in shipping and railway transport and equal treatment for all traffic irrespective of origin. The Irish delegates agreed

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with the views expressed by the Australian delegate, Sir Douglas Gordon, who said :

While seeking the path of economic reconstruction this conference should recognise the wisdom and necessity for younger countries being left to work out their own destinies along lines which seem to them best suited to their present stage of economic development.

They also pleaded that countries which had not imposed excessive tariffs should not be placed in the same category or asked to observe a similar attitude to new tariffs as countries already fully committed to a tariff policy. On the whole it may be said that the Free State representatives showed some reluctance to identify themselves with the anti-tariff policy, which, it must be confessed, was based rather on pious hopes than on practical politics. In such matters most countries seem to wait for the other fellow to begin, and we are not likely to prove an exception.

The trade and shipping statistics for 1926 do not give much cause for rejoicing. Our imports fell from £68,890,000 in 1924 to £61,286,000 in 1926, exports from £50,281,000 in 1924 to £41,185,000 in 1926, re-exports from £1,304,000 to £771,000; but the adverse balance increased from £17,306,000 in 1924 to £19,329,000 in 1926. The volume of exports in 1926 was the lowest for many years. The Irish Free State has a smaller population than Denmark, over 50 per cent. more cultivable land, but ploughs only a little over a third of the area ploughed in Denmark. In 1925 Denmark had in the principal articles of agricultural production a net export per thousand acres of cultivable land of £7,395 as compared with £2,055 for the Irish Free State, but had to import per thousand acres £2,456 of the same products as compared with £828 imported by the Free State. The Free State has a much larger number of cattle and sheep per hundred persons than any of the European countries and more than Canada and the United States, but much less

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than Argentina, Australia and New Zealand. The supply of pigs, though far less than in Denmark, is greater than in any of the other European countries except Germany and greater than in Argentina and in Australia, but less than in Canada, in the United States and in New Zealand. The number of milch cows per hundred persons is somewhat less than in Denmark, but much greater than in any of the other European countries and in the United States. In considering, however, surplus supplies of butter and other milk derivatives, the yield of milk per cow is as important as the number of milch cows. The yield per cow in the Free State is 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. An examination of the statistics of other countries shows that there is no live stock trade between any two countries in the world which approaches the dimensions of that between the Irish Free State and Great Britain and Northern Ireland. The Free State ranks fourth as a purchaser of British produce and manufactures, while it is twelfth as a supplier of goods to Great Britain and Northern Ireland. In 1926 the United States purchased goods valued at £47,941,000 compared with £34,764,000's worth purchased by the Free State. Denmark bought only £8,714,000's worth, although she sold to Great Britain goods valued at £47,957,000. Per person the Free State sold goods valued at £13 15s. to Great Britain and Northern Ireland. 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, the Free State per person came second only to New Zealand, buying per person goods valued at £11 14s. from Great Britain and Northern Ireland. Australia came third and other countries far behind. Between 1924 and 1925, and again between 1925 and 1926, imports to the Free State from Great

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Britain and Northern Ireland decreased by about 9 per cent. Exports to Great Britain and Northern Ireland decreased from 1924 to 1925 by 14.5 per cent., and from 1925 to 1926 by 5.6 per cent. On the other hand, the exports to other countries increased in each of these periods. As regards the adverse balance of trade per head of population, only two countries—Great Britain and the Netherlands—had a larger adverse balance than the Irish Free State, and Switzerland's was not much less.

These figures are worth studying because they prove conclusively the economic interdependence of Ireland and England and how much each country can help the other. They bring us face to face with realities.

The writer had an opportunity recently of seeing the Shannon Water Power works from their start at O'Brien's Bridge on the Shannon, where a coffer dam is being erected to build the intake dam, and then along the line of the canal through Clonlara to Ardnacrusha, a few miles from Limerick, where the power house and outfall are being constructed. Already the work is far advanced and the canal cutting is clearly discernible. Some three thousand men are employed. It is expected that the scheme will be in operation within two years. It is strange to see such enormous engineering works proceeding amidst the peace and quiet of a typical Irish country landscape, and there can be little doubt that whatever may be the immediate financial and industrial results the psychological effect of this great enterprise has been tremendous. No other factor has so impressed foreign observers or brought home more forcibly the fact that we have settled down to stable conditions and peaceful development. But such enterprises will be fruitless unless we have a sound educational system behind them, and this the Government policy is endeavouring to create. Under the old régime our educational machinery was entirely unco-ordinated. Primary, secondary, and technical education were all independent of each other. All these are now under the

control of the Ministry of Education, and a policy at once democratic, practical and national has been evolved for their future development. Formerly most children left school about twelve; now attendance is compulsory from six to fourteen, and the Minister has power to make attendance at post-primary courses compulsory up to sixteen. The old system did not provide post-primary education for the children of the poor. The new system when fully operative will do so. Moreover, the education in primary schools is being made more practical, and rural science has become a compulsory subject in all schools where the teacher is competent to teach the same. In 1921 it was taught in 100 schools. This year it is compulsory in over two thousand schools. In the past, although agriculture is our principal and basic industry, our farming community was absolutely uneducated and unprepared for their vocation. In the world markets they had no chance of holding their own against countries like Denmark, where the whole educational system is directed to national needs. Our system of secondary education has also been completely reformed, the schools have been given more freedom to develop their own methods of teaching, and are assisted by a modern system of grants in aid. The course of study has been spread over a definite number of years, and includes the practical teaching of agriculture. Two faculties of higher agricultural education have been established in the National University, one in Dublin, the other in Cork. A Commission, which includes experts from Sweden and Switzerland, has been set up to inquire into the problems of industrial and commercial training. When it reports, the complete co-ordination of primary, secondary and technical education can be carried out. In addition it is proposed to spend in the near future almost one million pounds in reconditioning and improving the primary school accommodation and equipment. All these developments are bound to react favourably on the mental and material life of our people,

Ireland: Events in the Free State

and let us hope they will also operate to create that firm moral character without which no nation can prosper and which it should be the first aim of education to supply.

The Irish Free State.

August 1927.

POSTSCRIPT

Since this article was written, the Fianna Fail party have taken the oath and entered the Dail. This step involves a complete reversal of their former pledges and policy, and creates an entirely new political situation. In justification of their conduct, the party claim that the oath is "an empty political formula." After their entry a vote of no confidence was moved by Mr. T. Johnson, the leader of the Labour party, and supported by Captain Redmond, of the National League. The motion was expected to be carried by a single vote, but one of the National League members, a Mr. Jinks, left the House to avoid voting, and the actual result was a tie.

FOR.			AGAINST.		
Labour	..	21	Cumann na nGaedheal	..	45
Fianna Fail	..	43	Independents	..	14
National League	..	6	Farmers	..	11
Independent	..	1	Non-party	..	1
71			71		

The Speaker gave his casting vote for the Government and the motion was defeated. The House then adjourned till October 11. Besides Mr. Jinks, there was another absentee, a Labour member, who is not expected back from Canada for some weeks. There are a couple of by-elections pending in Dublin.

CANADA

I. A SURVEY OF THE ECONOMIC SITUATION

IN spite of greatly increased public burdens, and much higher taxes, Canada, so far as individual wealth is concerned, is far richer than at any previous time in her history. The vast transfer of money from the Government to the public occasioned by war expenditure, the powerful stimulus which patriotic enthusiasm gave to productive activity, besides providing a great capital sum—no less than \$2,000,000,000—the money cost of the war, resulted in a further accession of ascertainable wealth of an equal, if not greater amount. This statement can be verified in some cases by exact figures and in others by fairly correct estimates. For example, the Finance Minister recently stated that 80 per cent., or about two thousand million dollars, of the total debt of the Dominion, which, exclusive of provincial and municipal indebtedness, amounts to about \$2,400,000,000, is held in Canada. In the period between 1915 and 1926 the increase in Savings Bank deposits was over \$600,000,000, and in the same period Canadians purchased some \$425,000,000 of their own municipal securities, a form of investment practically unknown before the war. The expenditure on motor cars was about \$600,000,000, and some \$200,000,000 of Canadian securities abroad were repurchased by Canadians. Insurance figures for the same period are equally impressive. In 1914 the total amount of life insurance in force in Canada was \$1,242,000,000, and in 1926 \$4,610,000,000.

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Over and above these signs of increased wealth a large amount was added to industrial capital from profits. The total is very difficult to estimate, but it can hardly have been less than \$500,000,000. Loans on mortgage were also obtained from Canadian sources on a scale hitherto unknown.

It should be emphasised at this point that these results were by no means the outcome of any widespread "war profiteering." Canada, of course, was not entirely free from the activities of the profiteer, but he played only a small part in the accession of energy and skill that gave to this time its special economic significance.

It is interesting to note that most of this financial progress had already been achieved in 1921, when a drastic decline in prices had united with various minor causes to induce a pessimistic mood, and recovery from this frame of mind has not been rapid. It has, however, been steady, and as readjustment has been associated with some fundamental changes in the financial and economic structure, it may be worth while to examine the situation as it appears to-day, and to suggest some comparisons with the year 1904, when, as now, there was a kind of rediscovery of the economic possibilities of the country.

The year 1900 opened in an atmosphere of optimism. The Liberal party, then in power, which had for years shown a critical attitude towards the risks of railway expansion, seemed to have taken the banner of progress from Conservative hands and to have itself acquired unbounded faith in the magic of those vast plans of railway construction which were already in active operation by 1904. It was a common saying that the twentieth was to be Canada's century. It was to be a new era, the beginning of a rapid increase in population—thirty or forty millions in a few years—and the country was to attain a new and powerful economic position in the North American continent. Immigrants did come in considerable numbers, and some real progress was made in the settlement of the West ;

Survey of the Economic Situation

but as construction approached completion in the years 1911-12, employment diminished and optimism faded. Then came the war, which both closed the period and went far to conceal its failures. In truth the activities of these few years, from 1900 to 1914, were not the beginning but the end of a great epoch.

Thus in examining this stage of Canadian economic history it should always be remembered that its activities were in many respects an end and not a beginning. The limits of a period have a way of eluding the boundaries of the conventional century, and most people will agree that the nineteenth century really began with the end of one great war and ended with the beginning of another. The particular characteristics of that century, which, in so far as Canada is concerned, found their final expression in the twelve or fourteen years before the war, were two in number: (1) mobility of population and (2) the unquestioned predominance of the London money market, and the special interest that it took in the construction of transportation facilities. Of the enormous sums invested by the British people in foreign countries a very large proportion was spent on docks and railways. This was the natural outcome of their own requirements in the way of foodstuffs and raw materials which had arisen with the growth of big congested industrial districts. This great railway-building age ended abruptly in 1914, and it may probably be said that so far as the North American continent is concerned it can never be repeated. The great transcontinental railways are finished, and what remains is the mere addition of branch lines and the improvement of existing ones. During this outbreak of railway building in Canada it is estimated that some three million immigrants entered the country. Naturally under the stimulus of all this activity great hopes were entertained of an extraordinarily rapid development of population. In all her previous history mass migration had never before reached Canada. The Mississippi valley had invited an immense

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stream, and when that particular movement was already subsiding, as a result of the failure of the supply alike of immigrants and of vacant land, a new lure in the shape of a vast industrial development in the United States brought in many more people. Railway building for a time provided a similar magnet in Canada. Settlers along the new lines that were being constructed found employment for their spare time on the railway, and this possibility had an immense bearing on the speed with which certain sections of the West were settled at that time. But as these roads neared completion the position changed, and by the year 1912, when the price of wheat at the same time had a serious fall, many promising settlers found their way southward, and the year 1913 closed with widespread unemployment and general pessimism.

But in the meantime 18,000 miles had been added to Canada's railway system, not entirely wisely as it would seem, and certainly, for the time being at least, in serious excess of her needs. It must be remembered, however, that the geographical structure of the country necessitates the building of railways in advance of settlement, and this inevitably produces recurrent periods when the railway mileage is too great and solid prosperity has to wait for a fresh growth of population to catch up with the machinery that has been provided.

It may be, and probably is, true that the distribution of the new railways was in detail unscientific, but at the same time the general plan was founded on a perfectly sound principle, that the area of settlement across the prairies should be widened. But the expense was, of course, very great; and, apart from what the Government itself spent on the construction of the Transcontinental Railway, the borrowing during that period for railways alone was considerably over \$500,000,000, all of which was borrowed in the London market. Also there was at the same time an inevitable but seriously excessive expenditure on municipal development in the West, and when the crisis of

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1913 arrived many of these municipalities found themselves in an exceedingly embarrassing situation, with a diminished population and a heavy debt. But they stood their ground with courage, and on the whole they have no reason to be ashamed of the way in which they emerged from a most difficult period.

Just as the railway-building age is over, so also have we seen the close of the great nineteenth century period of mass migration. Certainly this is true in so far as the British Isles are concerned. In that case there are new obstacles at both ends. With a higher or, at all events, a more expensive standard of living, with the dole and old age pensions, there has appeared an apparent unwillingness on the part of British people to accept the risks of emigration as they did in the past. So far as the United States is concerned there is now, of course, a strict limit to the number that will be admitted each year, and in Canada industrial opportunity, which, under the new conditions, is the one most sought after, is limited. Agricultural occupation, too, partly no doubt because of the severe climate of the West, seems to offer less and less temptation to British immigrants.

So far as the London money market is concerned, immediately after the opening of the war it became impossible for it to supply loans to Canada, and the state of the exchanges prohibited it long after the close of the war. In the meantime monetary conditions in Canada had changed, and the enormous wealth that the war had poured into the lap of New York created there a power of foreign lending which was more than enough to supply the needs of its northern neighbour. An important element in this change of financial orientation in Canada was undoubtedly the effect on the New York market of the establishment of the Federal Reserve Bank. Before this event the New York money market was neither stable enough nor highly organised enough to offer all the facilities of a fully developed money market. All this has been changed. Panics such

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as that of 1907 are believed to be no longer possible, and contiguity, combined with intimate knowledge of Canadian conditions, has brought about an increasing willingness to provide Canada with all the money she requires at favourable rates of interest. The total investment of United States funds in Canada amounts at the moment probably to between \$3,000,000,000 and \$4,000,000,000, and the process of investment is still continuing with unabated activity.

But to go back to our narrative. In the meantime the war had come in 1914, and the mistakes and excesses of the period that had just ended were for the moment forgotten. Canada took an active share in the production of war material of all kinds, and that the profits were great is evidenced by the capacity of the Canadian public to absorb the large war loans, amounting to over \$2,000,000,000, that were issued by the Canadian Government. As has already been shown by the figures, the result was enrichment. The war period of high prices, large production and satisfactory profits continued up to 1920. At the end of that year came a collapse in prices, and once more, in 1921, Canada was faced with unemployment and a halt in her activities. Once more, too, a pessimistic spirit took possession of the country.

But there was an important difference between the situation in 1921, when the wheels of progress seemed to have stopped for a time and Canada found herself faced by a serious crisis, and the one in 1913. In 1921 the individual wealth of the country had been greatly increased. The figures quoted at the beginning of this article are applicable in a slightly modified sense to that year, and there was no lack of money. In reality, if it had only been recognised at the time, the year 1921 simply marked, as it were, a change of wind. The country was in fact starting off again on a new tack. High prices and the high rate of taxes tended to intimidate investors and to limit speculation. The public had developed a demand for its own bonds.

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But the investment of money in new enterprises was hesitating and slow. At this point, too, there was also the difficulty of the railway situation inherited from pre-war days. The operation of the railways, the Grand Trunk, the Grand Trunk Pacific, the Transcontinental, the Canadian Northern and Intercolonial, now fell into the hands of the Government, and the responsibility devolved upon the country of carrying what seemed an intolerable burden. Population was not increasing with any marked rapidity, and the railways, apart from mere numbers, had to depend on increased activity for their success. With commercial movements decidedly dull the outlook did not appear promising, and for several years a heavy shortage of earnings in respect of operating expenses had to be paid for by the country. But new impulses were already making themselves felt. By 1926 the position of the railways had been almost reversed, and they began to show a substantial surplus of earnings over operating expenses. In truth a great change had come to the whole basis of the country's business. One of the phenomena of the war period had been the change from a heavy annual surplus of imports amounting in the year 1913, for example, to \$300,000,000, to a surplus of exports of about \$400,000,000 for the year ending March 1926. This was, of course, not all favourable, by reason of the fact that part of it arose from a temporarily decreased buying power. But on the whole it was healthy and fortunate. The enormous development of water power and its application on a large scale to the production of wood pulp and paper, bringing Canada to the head of the list of exporters of those commodities; the great development in gold mining, which in the year 1926 produced some \$35,000,000 worth of gold; and the very important exporting activities of the Canadian manufacturers, together with a steadily increasing export of wheat at good prices—these factors turned the scale.

Space does not permit of a detailed account of the change of basis and outlook in the five years which passed between

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1921 and 1926. But the main outline can be set down, and some new tendencies suggested. In 1921 two chief anxieties weighed heavily on men's minds—the problem involved in the responsibility for some 22,000 miles of railway that showed a heavy loss on operating expenses, and a general sense of disquietude at the dimensions of the public debt, Dominion, provincial and municipal. It had come home to people that the alluring activities of the 1904–1912 period formed no valid precedent for future developments, but that these had themselves a limited objective which had been overrun, with reactions in the way of discomfort and embarrassment that the war helped the country to forget. Also the vision of a vast accession of population and an industrial growth rivalling that of the United States ceased to be convincing. What then remained? This mood, in which exhaustion, fear and a kind of paralysis of retrospection, all played a part, could only be temporary in a people richer than they realised, and with new sources of wealth even then in process of exploitation. And so it was.

The derelict railways were skilfully combined into an organised unit, and from an operating deficit of over \$30,000,000 in 1920 their record for 1926 will show an operating surplus of \$45,000,000. This result is all the more significant in that during the same period the Canadian Pacific Railway made satisfactory progress.

In these years no important addition was made to the population of the country, so that this hopeful change in the situation of the 22,000 miles of government railways can be attributed to skilful organisation and to a surprising growth of per capita activity. Before considering the nature of the new activities by means of which Canada now pays her way in the world, reference should be made to important changes in the credit organisation of the country, and some explanation given of the rapid growth of the provincial and municipal debt.

The largest number of banks operating at any one time

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in Canada under the Canadian Banking Act was 41. There are now 11. The process by which the number of Canadian banks was diminished from its highest number to the eleven which at present constitute the banking system of the country consisted of a series of absorptions. From 1903 onwards some thirty-four banks have been absorbed. There has been only one failure since 1914. Branches of these banks in Canada reached their highest number in 1924, when there were over 4,000. The figures for 1926 were 3,770. In addition, there are 195 branches in Great Britain and foreign countries. Of these a large number are in the West Indies and South America. Thus something of an international character has been given to the Canadian banking system.

The total assets of the banks in 1868 were \$79,850,000. The total assets on December 31, 1926, were \$2,864,000,000. There are some significant features in the figures for the years 1920 to 1926. The amount shown in the Bank Statements under the heading of "Current Loans" is an important indication of the state of industrial and commercial activity, and these particular figures show a steady decline from 1920 to 1925. During this period the banks found it necessary to invest larger and larger sums in bonds, call loans and other forms of temporary investments. But from 1925 to 1926 current loans showed a promising increase. This appeared to mean that for a time at least there was some disinclination in Canada to embark upon fresh enterprises, but the turn seemed to come in 1925, when a community, anxious to invest such money as it possessed in bonds, changed into one ready and willing to invest in promising home industries. This tendency showed itself in various directions.

At the present time the general situation is one of strength and liquidity. It cannot be said that inflation as regards paper money was ever alarming in Canada, even during the war, and what there was of it has largely disappeared. In 1925 when she returned to a gold

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basis the gold reserves as against notes issued by the Dominion Government were 56 per cent. and are now 54 per cent. Ever since 1817, when the Bank of Montreal was founded, the banks have played an important, even a predominant, part in the development of the country. As the years have gone by new problems have arisen, but these problems have been met, and there have from time to time been modifications in the Act under which the banks operate, all in the direction of a more satisfactory service to the public. In the last few years the question of loans to farmers has been much to the fore. It is a difficult problem and probably not yet finally solved, but it is important only in those parts of the country where agriculture has become more or less commercialised, and this is not the case to any considerable extent in any of the provinces east of Lake Superior.

There has in the last few years been a striking development of financial specialisation. Many functions of finance that were formally either unprovided for or performed under difficulties by the banks have now been taken over by a complex of financial institutions. The latest development is perhaps the creation of investment trust companies. In short, the financial machinery of Canadian industry and commerce is now in a sound and satisfactory condition. The budget of the Dominion Government last March showed a surplus and a moderate decrease in net debt. The Finance Minister in consequence felt himself able to make some diminution in the income tax which was generally welcomed. There has been a striking increase in the debts of both the provinces and the municipalities, and the per capita indebtedness of the Dominion of Canada for Dominion, provincial and municipal liabilities—over \$450 a head—seems large. But it appears to be carried with ease, and much of it, especially for the Province of Ontario, has been for money invested in public utilities. For this reason the debt of Ontario shows a much larger increase than that of Quebec, where private ownership

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remains supreme. The principal investment of this character in Ontario is, of course, for electric power, and it represents a provincial enterprise that is fully self-supporting. The large and growing figures for municipal debts, too, are an indication, in most cases, not of extravagance but of insistence upon a high standard of comfort. Vast sums in all the provinces have been spent on the erection of new and commodious school buildings and on the improvement of the public highways. There has been a striking freedom from default in the payment of interest and principal for the funded obligations of the municipal corporations, and the provinces have, of course, long been regarded as beyond peradventure.

In considering the problems of Canadian finance, commerce and industry, it must be remembered that a large proportion of the sums invested in improvements and developments has been borrowed abroad, and the annual interest that must be provided for foreign indebtedness is very large. The exact amount is extremely difficult to estimate, but most people would probably admit that it is in the neighbourhood of \$300,000,000 per annum.

This requirement makes the international trade position of the country very important as this large sum has, of course, either to be paid in goods or covered by new loans. The immense surplus of exports for the year ending March 31, 1926, has not been repeated, and the surplus for the last twelve months is well under \$300,000,000. It is probably natural in the case of a country situated as Canada is, with constant needs in the way of new capital that has to be borrowed from outside, that the surplus of exports should in times of activity diminish if not temporarily disappear, although it is not likely that such a phenomenon as occurred in 1913, when there was a surplus of imports of \$300,000,000, will recur. New sources of wealth have now emerged and made the international trade situation far stronger than it was in the past. To begin with those exports that existed before the war, the

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value of exported wheat has greatly increased; the exporting power of Canadian manufacturers has grown to large figures. In 1910 the total exports of partly or fully manufactured goods amounted to \$135,000,000; in 1926 this figure had increased to \$695,000,000. In 1910 again the percentage of manufactured exports was about 11 per cent.; in 1926 it was nearly 24 per cent. As a material for export, timber still remains of great importance, but there has now been added to it the pulp and paper industry, the limits of which have not yet been reached. The total exports of all products of the forest amounted to about \$284,000,000 in 1926, an enormous increase for the last few years. And there is also the growing output of gold. In 1926 the total produced had swelled to over \$35,000,000, and it is quite probable that the next few years may show a very large increase in this amount.

No national economic situation is ever totally changed abruptly, but it can be said of Canada that the post-war situation does differ fundamentally from the one before the war. The principal change is made up of three factors: (1) The exploitation of a new resource in the shape of pulp wood on a very large scale. (2) The large and very promising development in gold mining, which may yet run into far larger amounts. (3) The expansion of manufacture under somewhat new conditions. Manufacturers are and must for the present be more dependent on the foreign market for the absorption of the surplus product. This is inevitable in a country which has to rely upon mass production and whose population is not sufficient to absorb the whole product. In finance the change is mainly in organisation and increased power and in the growth of international interests. It may be hoped that in future more of the money that is sure to be continuously required by Canada for further development will be obtained from the London money market. But at present there are few indications that point in that direction.

Finally, it seems clear that Canada is well able, even with

The Anglo-Russian Trade Agreement .

a slowly increasing population, to carry the indebtedness that has been incurred. Possibly there may be differences of opinion as to whether the term "general prosperity" can be applied to the present position, but at least there is widespread comfort and little unemployment. Also the spirit of enterprise has been revived, and with confidence and courage the future seems assured.

II. THE ANGLO-RUSSIAN TRADE AGREEMENT

THE parties to the Anglo-Russian Trade Agreement, from the obligations of which the British Government declared itself to be free, were therein expressed to be "the Government of the United Kingdom and the Government of the Russian Socialist Federal Soviet Republic." The Agreement contained no provision for making its provisions applicable to any of the self-governing British Dominions, but, in accordance with Canadian minutes of Council passed after the agreement was made, the British Government was "informed that Canada desires to participate in the arrangement," and "a formula to be embodied in notes to be exchanged between the Foreign Office and the Russian Trade Delegation with the object of making applicable to Canada the provisions of the Trade Agreement" was "approved by the Canadian Government." The Agreement was accordingly made applicable to Canada, and a Russian Trade Delegation was established in Canada.

Strictly speaking, the termination of the Agreement by the British Government may also have terminated its application to Canada, and, as reported in the *Toronto Globe* (Liberal), Mr. King was aware that this might be so. However, he announced that the Canadian Government had taken action to declare itself free from the obligations of the agreement, and is reported to have said that "this action is being taken on our own initiative as a result of

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the evidence we have before us at the present time," as "the statement of the British Prime Minister in Parliament yesterday leaves no doubt as to propaganda being conducted by the agents of the Soviet," though he is also reported to have intimated that there has been no violation of the Agreement by the Russian Trade Delegation in Canada. His view apparently was that termination of the Agreement as respects Canada would be notified through London, though by a despatch sent on his instructions to the Russian Trade Delegation in Canada, they were informed that "the Canadian Government had concluded that the Soviet authorities had not fulfilled the undertaking to 'refrain from hostile action or undertakings and from conducting outside their own borders any official propaganda direct or indirect against the institutions of the British Empire,' which was an essential condition of the Agreement as entered into by Canada as well as by the United Kingdom. Consequently the Government considered itself immediately free from the obligations of the Agreement."

There was some criticism of the British Government's action by the *Toronto Star* (Liberal), but almost none from any important source of the Canadian Government's support of this action, and Mr. King appears to have contrived to displease neither the advocates of united Imperial policy nor of separate national action.

III. THE UNITED STATES AND CANADIAN "COMMUTERS"

THE new machinery of diplomatic communication established between Ottawa and Washington has experienced its first serious test in connection with an interesting and complicated frontier problem. At various places where the international boundary between the two countries consists of a narrow waterway a substantial

The United States and Canadian "Commuters"

number of people who reside in Canada find their regular employment in the United States; the outstanding instance is in Essex County in Ontario, where some 15,000 residents of the group of Canadian towns known as the border cities cross the St. Clair River daily by ferries to work in the great American city of Detroit. Until a few months ago, no difficulties had been raised about this daily influx of Canadian "commuters," but last spring, when employment slackened in Detroit, the labour leaders of that city brought pressure to bear upon their political representatives to secure for them protection from the competition of workers who did not live under the American flag. Anxious to conciliate the Labour vote, in view of the election of 1928, the local Republican politicians made representations at Washington, and as a result the United States Department of Labour, which has charge of immigration, promulgated a new set of rules which caused great consternation in many homes in Canada. The effect of these regulations was to apply the status of immigrants to the Canadian "commuters" and the differentiation which had been established by the United States immigration laws between native-born and immigrant citizens of Canada was preserved. The Canadian-born worker who had been crossing daily into the United States could continue to do so by paying a passport fee of \$10, and the \$8 head-tax demanded of all immigrants. But it happened that a considerable proportion of the workers, who were affected by the new regulations, could not claim a Canadian birthplace, and, as the new rules, which threatened them with a loss of their employment, were to come into force at once, they appealed to the King Government for succour. Mr. Massey was instructed to make representations at Washington, and a series of conferences, which was supplemented by an interchange of notes, took place. At first, Canada took the ground that the regulations violated the terms of the Jay Treaty, concluded in 1794, which had given the nationals of both countries the right to cross

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the international boundary freely, but it was discovered that in connection with another dispute Canada had taken the ground that the war of 1812 had abrogated the treaty, and this contention was abandoned. However, the American authorities, when the serious hardship which would have been imposed upon hundreds of families was explained to them, gave sympathetic consideration to the Canadian arguments; they have not withdrawn the regulations, but they have postponed their operation until December, and they have agreed to a plan which will offer an avenue of relief to many of the British-born. The British immigrant quota for the United States is allocated each year by the United States Embassy in London, and henceforth a larger proportion of it is to be assigned to Canada; the share allowed to the consular district of the border cities has been raised for the current immigration year from 800 to 2,000. British-born workers, who can obtain places in the quota and go through the formalities necessary to qualify as immigrants to the United States, will then be free to cross the frontier daily to their work. Apparently for them a sort of permit system is to be established with inspection of permits every six months. There remains, however, a class of workers who are neither Canadian-born nor British-born, and their fate is still the subject of negotiation. The situation now is that while the United States Government is standing fast by its right to exclude migratory workers, it has made very valuable concessions, and promised a sympathetic administration of the new regulations. But the *Manitoba Free Press* declares that the solution now reached cannot be regarded as satisfactory, and that Canada ought to press for a second consideration of the whole situation *de novo*. On the whole, the American press has been critical of the policy of its Government, and the following editorial extract from *The New York Times* is typical of many others:

More important than such technical matters is the fact that the Department of Labour's ruling is an impediment to Canadian-

The United States and Canadian "Commuters"

American friendship. The relations between the two countries have always been so close that it is only natural that both should resent a bureaucratic dictum which seriously hampers the free movement of people between the two countries. If the matter cannot be settled by administrative action, it should be the subject of special legislation as soon as possible after the meeting of Congress in December.

Canada.

August 1927.

AUSTRALIA

I. THE WORKING AND DEVELOPMENT OF THE AUSTRALIAN CONSTITUTION

WHEN the constitution of the Commonwealth was established, it was a commonplace of public speakers and writers that the constitution itself was but the skeleton of union ; that the real union of the people must be built up by years of patient development, and have the breath of life breathed into it by the people themselves.

The Federal Ministry which took office on January 1, 1901, had the constitution in their hands and a blank sheet on which to write. The Commonwealth over which, for certain limited national purposes, they assumed authority was a group of six communities which, though of common stock and traditions, had for generations, in their relations with each other, been almost like foreign countries. They had built up tariffs against one another. They had designed their transport system, by rail and road, not in the interests of Australia—for as yet politically there was no Australia—but in the interests of New South Wales, or Victoria, or as the case might be. And, notwithstanding the nascent sentiment of Australian citizenship, there was in most of the States a good deal of suspicion and distrust of their neighbours' motives and designs.

The Federal Government found itself in charge of certain departments transferred from the States, customs, defence, posts and telegraphs and so forth, and responsible to a Parlia-

Development of the Australian Constitution
ment with competence in certain specified subject-matters of legislation, the residue of legislative power remaining with the States. Its first task was to organise the central administration and pass the necessary legislation to enable it to function as a national government ; and, to begin with, to frame a Federal tariff to take the place of the six tariffs which fenced off the six States from one another, and the removal of which was the first essential to national unity.

Next came the creation of the judicial system of the Commonwealth, with the High Court as its apex—a specially important branch of the government under a constitution which distributes legislative power between two different sets of legislatures. And so at last the good ship constitution is launched and afloat. How has she fared, during the twenty-six years of storm and calm, of peace and war, for which she has sailed the seas ?

The Federal system is a legalist system. The story of the development of the Australian constitution is partly a story of political action, partly a story of the growth of the spirit of union ; but it is largely a story of legal interpretation. It is easy to set out in a written document a list of subject-matters of legislative power ; but it is not always so easy to decide whether a particular measure is or is not within the scope of any of these subject-matters. And in the ordinary course of politics, with two sets of Parliaments doing their best for two sets of electorates, and abundant temptations for encroachment, witting or unwitting, on either side, it is not surprising that the development of the constitution has given lawyers and courts plenty of work.

The process of development cannot be better illustrated than by the story of the " industrial arbitration " clause in the constitution.

The question of industrial disputes had given the framers of the constitution much trouble. At the outset, the prevailing opinion of the Convention had been that industrial matters generally were wholly a matter for the States. But the insistent pleading of Mr. C. C. Kingston and Mr. H. B.

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Higgins* had led the Convention to empower the Federal Parliament to legislate as to "conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State." In pursuance of this power, the Federal Parliament established a Commonwealth Court of Conciliation and Arbitration, before which, in the case of disputes extending beyond one State, employees could cite employers, and employers could cite employees, in order to obtain an award regulating wages and conditions of employment. To facilitate the representation of parties, provision was made for the registration of organisations of employers and of employees respectively. The trade unions, some of which already had their "federated" organisations throughout Australia, took advantage of the opportunity to register as organisations under the Act. They then proceeded to serve "logs," or claims as to wages and conditions, on employers in the several States, and when these were not accepted, they filed plaints in the Court alleging the existence of an inter-state dispute. The employers, in a series of cases, challenged in the High Court the constitutionality of these proceedings.

In the course of these cases, every word in the "industrial arbitration" clause was the subject of exhaustive argument. What was "arbitration"? Must it be voluntary, or could there be a compulsory reference? What constituted a "dispute"? What disputes were "industrial"? What constituted the extension of a dispute beyond one State? What methods of settlement were authorised by the constitution? At what stage could the Court intervene to "prevent" a dispute which, *ex hypothesi*, did not yet exist, and therefore could not extend? And lastly, what powers, if any, of regulating industrial organisation or industrial conditions were "inci-

* Mr. C. C. Kingston was the first Minister for Customs in the Federal Parliament. Mr. H. B. Higgins is now Mr. Justice Higgins of the High Court of Australia.

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dental" to the arbitration power? On all these questions and others, the High Court, not without radical differences of opinion and frequent inconsistencies, has given judicial decisions, so that there is now an authoritative gloss on the nineteen words of the clause which would fill a respectable volume.

In the space of this article, a very short summary of the result must suffice. It is established that the Federal Parliament may set up arbitral tribunals with jurisdiction to compel parties to come before them. It may provide for organising employers and employees into associations for purposes of representation before these tribunals. It may, incidentally to arbitration, forbid lock-outs and strikes arising out of inter-state disputes. But the jurisdiction of the tribunals is only to arbitrate between the parties before them; they cannot be empowered to regulate an industry generally by a common rule. And the Parliament, though it may prescribe conditions and impose limitations on the exercise of jurisdiction by the arbitral tribunals, cannot direct or control their decisions. The phrase "industrial dispute" is to be interpreted in its natural sense as including any dispute as to terms of employment in an industry, and industry is given a wide interpretation including, for instance, journalism and theatrical enterprise. The High Court at first made some attempt to limit the jurisdiction of the Arbitration Court to "real" disputes, as distinguished from "artificial" disputes engineered for the purpose of bringing them within the Federal jurisdiction; but soon realised that the distinction was an impossible one to maintain, and that the existence of an actual dispute must be recognised, irrespective of the causes which had brought it into being. Lastly, it was decided that an industrial enterprise was no less an industry because it was conducted by a municipality or even by a department of a State government; so that even State employment, in industrial undertakings, could be controlled by Federal awards. Moreover, a Federal award,

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being made under a Commonwealth law, and so having all the authority of a Commonwealth law, will prevail in case of inconsistency over a State industrial award and even over a State Act of Parliament.

It is thus obvious that the Commonwealth industrial jurisdiction, though limited strictly to arbitration and to "inter-state" disputes, is very wide; far wider probably than was contemplated by the draftsmen of the constitution. It has been very widely exercised, because most of the trade unions in Australia have now a Federal organisation, and have obtained Federal awards.

An unsatisfactory aspect of this development is the want of any clear line of demarcation between the spheres of Federal and State industrial tribunals. There has been, and is, much overlapping of awards and consequent embarrassment. Various palliatives have been suggested, but of radical remedies there seem to be only two: either for the Commonwealth to abandon the industrial field altogether, or for the Commonwealth powers to be enlarged to cover the whole field. The former alternative appears to be outside the range of practical politics, and is open to the objection that the several States would find it difficult to control an all-Australian dispute. The latter alternative would mean such an enlargement of Commonwealth powers as would alarm the States. It has, in fact, been submitted to the people more than once at a referendum, and been rejected. On the whole, it may be conjectured that the tendency of public opinion is to favour some extension of Commonwealth power in industrial matters, but not the surrender to the Commonwealth of the whole industrial field. The solution of the problem of the division of the industrial field between Commonwealth and States has not yet been found.

Another illustration of a divided control is trade and commerce. Following the example of the United States, the framers of the constitution assigned to the Commonwealth the power to legislate with respect to "trade and

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commerce with other countries and among the States," leaving intra-state trade and commerce to State jurisdiction. Unfortunately, the line of division does not follow any natural division of the subject-matter. It may be admitted that some aspects of trade and commerce are suitable for Federal control, and others for State control; but the true test would seem to be the nature of the regulation, and not the fact whether a particular transaction does or does not cross a State boundary. Commerce is the same thing, whether it crosses a State boundary or not, but under the constitution it falls under different jurisdictions. The result is that it is difficult for the Federal Parliament to pass effective legislation to control monopolies and restraints of trade, or to regulate navigation and shipping; because so much that is aimed at is out of range. In this case also proposed amendments of the constitution to give the whole subject-matter to the Commonwealth have been rejected at the referendum; though it is probable that, if a natural line of division could be devised, the electors would not object to some extension of Commonwealth powers.

The question has often been discussed, whether strong central government is best secured by the American and Australian system of granting specific subject-matters to the Federal Parliament and the residue to the States, or by the Canadian system, which, roughly speaking, may be said to be the converse, and which the framers of the Canadian constitution certainly hoped would give less scope to "State rights." Canada, however, has lately had a rude awakening in this matter by the decision of the Privy Council that the Dominion Trade Disputes Act, which had stood unchallenged for a generation, was unconstitutional, as dealing with property and civil rights, which are in the exclusive power of the provinces—a decision which is thought to throw doubt on the validity of certain other Dominion statutes.

The experience of Australia, as illustrated by the two examples given above, is that a specific subject-matter

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which is expressed with limitations or qualifications is apt to be a source of weakness. But if the specific Federal powers are clearly expressed and in terms sufficiently wide, there need be no weakness about them.

Take the case of naval and military defence. Control over that subject-matter is given without qualification to the Federal Parliament; and in the supreme test of war it met all needs. The Commonwealth war legislation covered practically as wide a field as the Defence of the Realm Act in Britain, and no item of it, or of the regulations passed in pursuance of it, was successfully challenged in the courts. In the leading case, the High Court upheld, as a lawful exercise of the defence power, the validity of a War Precautions Regulation fixing the price of bread—which, regarded merely as a regulation of trade and commerce, would clearly be a matter of exclusively State jurisdiction. The Court said, in effect, that the defence power covered everything that might be necessary to help to win the war. With the wisdom of the regulation the Court had no concern; that was a political question for the executive branch of the Government which was responsible for defence policy. To challenge a defence regulation successfully, it would be necessary to show not merely that it would not, but that it could not possibly affect the result of the war.

That was a very striking decision because it was the beginning of a line of interpretation culminating in the Engineers' case (1920), in which the rule was laid down that every specific subject-matter of Commonwealth legislative power is to receive its full construction, according to the natural meaning of its terms, without any qualification arising from any implied reservation of particular subject-matters to the States. The history of this important rule of interpretation is interesting. In *D'Emden v. Pedder* (1904), one of the first constitutional cases decided by the High Court, the doctrine of mutual non-interference was laid down. This doctrine, which was based to a large extent

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upon American decisions, was that under the scheme of the constitution, which distributed the sum total of sovereign power between the Commonwealth and the States, it was necessary that the powers expressed to be assigned to each should be read with the implied limitation that neither had the right to interfere, by taxation or regulation, with the operations or instrumentalities of the other. This doctrine was first enunciated to protect the Commonwealth against encroachments by the States—as, for instance, the State taxation of Commonwealth documents; but in its converse form it came to be regarded by the States as their protection against encroachment by the Commonwealth—for instance, by industrial regulation of State railway or other services. In the course of time, the Court had found some difficulty in the application of the doctrine, and the personnel of the Court had changed. In the Engineers' case it was faced with the question whether certain industrial concerns established by the State of Western Australia—factories and mills which were indistinguishable from ordinary trading concerns except that they were State-owned, and which were in competition with private enterprise—were subject to the jurisdiction of the Commonwealth Arbitration Court. The High Court boldly reviewed the whole situation, and—though this involved overruling a series of its past decisions—threw the doctrine of mutual non-interference overboard. It held, in the particular case, that this was an industrial dispute and came within the plain terms of the Federal power; and that the fact of the industry being controlled by a State was immaterial, and did not give it immunity from Federal control.

Now, therefore, the guiding rule for deciding the constitutionality of a Federal law is simply this: does it, or does it not, come within the words of one of the specific subject-matters of Federal power? If it does, it is valid; if it does not, it is invalid. In this view, the protection of the Commonwealth from encroachment by the States

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is the supremacy of Federal law in the case of inconsistency ; and the protection of the States from encroachment by the Commonwealth is the limitation of the Federal sphere to specific subject-matters.

It is too early yet to say whether the application of this rule will, on the whole, swing the balance to any great extent in favour of the Commonwealth powers. It must be remembered that the old rule was a reciprocal one, and limited the Commonwealth as well as the States ; and the new rule affirms the exclusive power of the States in matters not specifically assigned to the Commonwealth ; so that it cuts both ways. The subsequent decisions of the Court have not indicated any marked tendency to curtail the sphere of State jurisdiction.

Opinions are sometimes expressed, in the press and on the platform, that Australia is tending away from federalism towards unification. But there has been no clear indication of public opinion in support of this view. Each session of Parliament, of course, sees the Commonwealth occupy some part of the field assigned to it which it had not occupied before ; but that means only an extension of its action, not an enlargement of its powers. Every attempt—and there have been several—to amend the constitution in the direction of wider Federal powers, even when approved by the Federal Parliament, has been definitely rejected by the electors at a referendum. There is some ground, as already stated, for believing that public opinion is tending in favour of some increase of Federal power, particularly with regard to trade and commerce and industrial matters, and that the rejection of all such proposals to date is due to the public having always been asked to swallow too much at a single dose. But to alter the boundary line of Federal powers is one thing, to abolish it quite another ; and there has been no expression by the electors of a desire to place the full sovereignty in the hands of the Federal Parliament, and reduce the State Parliaments to subordinate municipal status.

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The most unsettled subject in the constitutional position to-day has been the question of the financial relations between the Commonwealth and the States. This has been a source of trouble from the first. Theoretically, it has always been recognised that the best system would be for State and Federal finance to be absolutely separate—each authority raising and spending its own revenue without reliance on the other. But this has hitherto been unattainable. The framers of the constitution were faced with the position that, on federation, the States would surrender their whole customs and excise revenue to the Commonwealth, while the requirements of the Commonwealth at the outset were only a fraction of the amount collected. But the future was incalculable. They accordingly made a provisional arrangement for ten years, for three-fourths of the customs and excise revenue to be returned to the States, leaving the matter after that in the hands of the Commonwealth Parliament. At the expiration of the ten years, the Parliament, in lieu of three-fourths of the customs and excise revenue, granted the States an annual subsidy of 25s. per head of their population, and from time to time has granted certain additional subsidies to States that were in need of it. The great war, with its heavy calls on the Commonwealth exchequer, altered the situation. The Commonwealth maintained the State *per capita* subsidies, but was obliged to impose heavy direct taxation to meet its obligations. The position now is that, while the taxation revenue of the Commonwealth has grown from £8,900,000 in 1901-2, to more than £54,000,000, its expenditure—including interest on war debts—has kept pace with the increase. But the Commonwealth still raises annually between seven and eight millions sterling which it does not require for its own use, but returns to the States, which have the spending of that money without the responsibility of raising it. The present Federal Government, thinking that this is not consistent with sound finance, proposed to the States

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that the Commonwealth should stop the *per capita* subsidies, and at the same time relinquish Federal direct taxation to an equivalent amount, leaving that field of taxation open to the States to make up the deficiencies in their revenue. The proposal was strongly opposed by the States; but the Federal Government has announced its determination to put an end to the *per capita* subsidies, and has passed legislation to take effect from July 1, 1928, meanwhile inviting further negotiations with the States on the subject.*

II. POLITICAL CHRONICLE

THE outstanding event of the past three months has been the visit of the Duke and Duchess of York. The occasion of the visit was the meeting of the Federal Parliament for the first time at Canberra, but their Royal Highnesses took advantage of their opportunity to spend some time in each of the States. Wherever they went they were welcomed with unmistakable enthusiasm. Australians, without distinction of party or class, showed their appreciation of the interest displayed in the country and its institutions, and of the personal qualities of their visitors. It was evident that, however acute may be their political differences, the people of this country are united in their loyalty to the Crown as the institution which unites the different members of the British Commonwealth. At the Canberra ceremonies were present representatives from India, Canada, South Africa, and New Zealand. Most of the delegates had to leave Australia shortly after the ceremonies, but the Indian delegate was able to visit various parts of the Commonwealth and to enquire into the position of his fellow-countrymen. He was warmly welcomed by Australians as well as by Indians, and has

* The Conference between the Prime Minister of the Commonwealth and the State Premiers has been held since this article was written. See page 831.

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expressed his sense of the benefits which would be derived and of the misunderstandings which would be removed through a fuller first-hand knowledge of each other on the part of Indians and Australians.

The Canberra session was very brief and no business of importance was transacted. The Federal Parliament, which had been in recess from September 1926 until March of this year, will not meet again until September. In the interval Mr. Bruce proposes to hold a conference with the State governments at which the principal subjects for discussion will be a Federal scheme of child endowment and the readjustment of the financial relations of the Commonwealth and the States which last session reached an important but apparently not their final stage by the passing of a Bill for the abolition of *per capita* payments. During the recess the Federal Attorney-General will make a political tour of Australia, the Minister for Home and Territories will inspect the Mandated Territories, and Sir George Pearce will represent Australia in the Assembly of the League of Nations.

In the States there have been three general elections, two of which have been followed by changes of Ministry, and in New South Wales there has been a reconstruction of Ministry which will in all probability be followed by a general election. In Western Australia a Labour Ministry went to the polls. After a campaign in which no great enthusiasm was shown on either side, and of which the result was in doubt until the last moment, the Government was returned with a reduced majority. In South Australia a Labour Ministry went to the polls and was defeated. The Ministry had been weakened by the loss of a very popular Premier, Mr. Gunn, who had been appointed by Mr. Bruce to the Development and Migration Commission. The chief factors in its defeat, however, were a bad budget and the union of the Country and Nationalist parties prior to the general election. Both in State and Federal politics in South Australia, Labour has profited in the past from the

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refusal of the Country party to enter into a working agreement with the Nationalists, but at the recent election fear of Labour extravagance brought the two parties together, and they were able to secure a satisfactory working majority. In Victoria, the Allan Ministry, which depended on a coalition of Nationalist and Country party members, had been losing ground for some time before the general election, and its defeat was widely predicted. It had remained in office, after several defeats in the House, on the ground that it had pledged itself to pass a redistribution Bill, but its support was not sufficient to enable it to carry out any satisfactory programme. Before the election the non-Labour members had split into a number of groups and after the election, Labour, though not in a majority, was the strongest party in the Legislative Assembly. It was thought for a time that a new coalition would be formed among the non-Labour members under a new leader, but this proved impossible, and the Labour leader, Mr. Hogan, was called upon to form a Ministry. His programme is likely to be moderate, for he can hold office only so long as he does not provoke a coalition among the non-Labour groups, and forecasts already published show his sense of the need of conciliating those country members who will give their support in return for concessions.

In New South Wales the Premier resigned with the object of ridding himself of a number of his colleagues with whom he was unable to agree. He had proposed to the Executive Council that the Governor should be asked to dissolve Parliament. This proposal was defeated. Mr. Lang thereupon resigned and was commissioned to form a new Ministry on the understanding that it would carry on only routine business and as soon as possible apply for a dissolution. A new Ministry has therefore been formed from which all but two of the original Lang Ministry have been excluded, and which has the support of 20 or possibly 21 out of the original Labour following of 46. This Ministry is now preparing for a general election with

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many expressions of confidence in the result amid the execrations of the balance of the party. The origin of this crisis is to be found in a series of events, some of which were described in the last number of *THE ROUND TABLE*.^{*} The Labour movement in New South Wales is governed by the State Labour Conference, which is representative of Labour Leagues in the constituencies, and is generally regarded as subordinate to the Federal Labour Conference. The State Conference has for some time past been divided between two factions, the industrialists or "Reds," who have the support of the miners and the greater number of industrial unions, and their opponents, who find their chief support in the A.W.U. (Australian Workers' Union) which is mainly composed of workers in rural industries. What difference in principle divides the two sections has not always been clear, but the industrialists have been denounced by their opponents as Communists or friends of Communists and as disruptionists of the Labour movement. The dispute between them was, however, brought to a head by a proposal to alter the rules of election to the State Conference, which would have operated in favour of the industrialists. A dispute as to the proper method of convening and holding a conference led to each section declaring the President of the other expelled, and to an appeal to the Federal Conference. The Federal Conference decided against the industrialists. Its leaders then made an attempt to bring the opposing parties to terms in the interests of the movement as a whole. Mr. Lang, however, had accepted the industrialists as the orthodox body, had attended their Conference as Premier with his colleague, Mr. Willis, a leader of the miners, who in previous years had gone through the vicissitudes of having been expelled from the movement as a disruptionist, and afterwards elected President of the Conference. These two Ministers accepted the orders of the Conference that Mr. Lang, with a view to removing unsympathetic Ministers, should resume

^{*} *THE ROUND TABLE*, No. 67, June 1927, p. 624.

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the dictatorship within the Parliamentary party, which he had formerly renounced, and that the two members who had first seceded and then returned to the fold should be finally expelled. Both these resolutions were resented by Mr. Lang's colleagues, who insisted that the Parliamentary caucus should retain control, that the dictatorship should be abandoned, and that Mr. Willis should be expelled instead of the two seceders. Mr. Lang's attitude appears to have been at first doubtful, but he finally declined to jettison Mr. Willis, and did not insist on expelling the two seceders, who were in fact essential to the maintenance of his majority. When the Federal intervention came, Mr. Lang refused to recognise it, and at a Federal by-election spoke in favour of a Labour candidate who had been declared unorthodox. Unity and discipline having thus been set aside, it wanted little to break up the Ministry, in which from the beginning there had been many personal divisions. Which was pretender and which king of the two rival sections, and whether the industrialists were anxious to bring in measures very different from the former Ministers', are questions which can be answered only by those who are familiar with the technicalities of Labour politics. The *Labour Daily*, which supports Mr. Lang, declares that his followers are the only true Labour men, the only members who do not regard politics as a stepping-stone from manual labour to professional or social advancement. Whatever the difference may be, it is certain that the dissolution is welcome, for the Ministry had lost its authority and its internal dissensions had made administration impossible. Possibly the two sections may agree upon some sort of arrangement before the general election, for a strong effort is certain to be made to present a united front to the common enemy. But at present there is no evidence of reconciliation, and the most decisive proof of the reality of the dispute is to be found in the fact that Parliament is to be dissolved almost a year before the end of its term.

Postscript

POSTSCRIPT

The proposed Conference between Mr. Bruce and the State Premiers was held during the second week in June. Two subjects were discussed, child endowment and the financial relations of the Commonwealth and the States. On child endowment Mr. Bruce pointed out that, owing to the defeat of the constitutional amendments proposed by his Government at the referendum of last year, the Commonwealth Parliament had no power to legislate, and that therefore it was impossible to pass one law for the whole of Australia. He also suggested that sufficient information was not yet available to enable the States, acting separately, to bring into force schemes of endowment which would at the same time be satisfactory in themselves and uniform in their effect throughout Australia. Mr. Forgan Smith (Queensland) thereupon proposed that a Royal Commission should enquire into child endowment, the nature and amount of the taxation involved, and its effect on industry. To this proposal all the Premiers, with the exception of the Premier of New South Wales, agreed and the Royal Commission will be appointed.

The financial proposals of the Commonwealth, after discussion and amendment, were accepted by all the States. Whether considered as a step in constitutional development, or as marking a new phase in the financial relations of the Australian States, this agreement is of the first importance, and will be treated in detail in the next issue of *THE ROUND TABLE*. Briefly, it provides for the taking over by the Commonwealth of all the State debts and the payment by the Commonwealth of an annual sum of £7,584,912 towards the interest on these debts, the balance being contributed by the States. Future borrowings are to be controlled by the Australian Loan Council, on which all the States and the Commonwealth will be represented,

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and to which all the States and the Commonwealth will once every year submit their respective requirements other than amounts required by the Commonwealth for defence purposes. For the loans taken over a sinking fund will be provided by joint contributions from the Commonwealth and the States sufficient to extinguish them in 53 years, and a further sinking fund will be provided for all new loans raised by the Loan Council. This scheme takes the place of the proposed readjustment under which the Commonwealth was to abandon *per capita* payments and to withdraw to some extent from direct taxation. The amount to be contributed as interest by the Commonwealth is equivalent to the amount formerly paid to the States, but the Commonwealth will make other payments in addition, so that the States will gain financially by the change just as they gain by the freedom from the inconvenience of a readjustment of their own systems of taxation. Effect cannot be given to the new scheme in its entirety without an amendment of the constitution, which will require a referendum, but a tentative arrangement has been made under which borrowing can be effected through the Loan Council and payments made into a sinking fund from July 1, 1927, to June 30, 1929.

Australia.

June 28, 1927.

SOUTH AFRICA

I. THE PARLIAMENTARY SESSION

THE session of Parliament which ended on June 29 was remarkable in that three government measures of major importance which had passed the House of Assembly failed to pass the Senate or passed only with amendments to which the Lower House refused to agree. These were the Iron and Steel Bill, the Precious Stones Bill and the South Africa Nationality and Flag Bill. The last-named measure, as being the storm centre of present-day politics, requires special and separate mention. The other two raised issues which, though controversial, were economic, and their decision one way or the other did not involve the racial and national divisions which inevitably follow the debates about a national flag.

The proposal to establish a State iron and steel industry is the culmination of a series of attempts which were initiated by the former Government to turn to account the large iron ore deposits known to exist in the Transvaal. The raw materials required for the production of steel are all available within fairly easy reach of the industrial centre of the country where the finished product would find a market. It would therefore have the advantage, as against competitors from oversea, not only of very cheap coal and power but also of proximity to its market. The obstacle which hitherto has stood in the way of private enterprise coming into the field has been the fear that the South

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African demand for steel would be too small to justify the large-scale output which is an essential condition of modern steel production. The previous Parliament passed an Act providing for a bounty of 15s. per ton of pig iron and 15s. per ton of steel produced in the Union from native ores by a concern capable of producing 50,000 tons per annum. This bounty had not proved to be a sufficient inducement to bring in private enterprise on any large scale. A small concern had been started at Newcastle, in Natal, with the object of using an iron ore deposit, but had found it impossible to raise the necessary capital for the erection of blast furnaces. Another company had been at work for some years at Vereeniging, utilising scrap but unable to use ore owing to its distance from the deposits. Yet another company had come into being with the object of setting up blast furnaces on a large scale at Pretoria, where proximity to iron deposits and to the coal mines seemed to offer a more attractive prospect. But all its efforts to raise the necessary capital here or in Europe had proved fruitless. The present Government had come into office on a policy of industrial development, and was at once attracted to the idea of establishing the production of steel. The policy of the previous Government had been to induce private enterprise to undertake the business. The present Government approached the question from a different point of view. The Labour section of the Pact was constitutionally averse to private capital being encouraged or even allowed to exploit so important a source of wealth. The Nationalist section, while nominally repudiating the principles of socialism, has an instinctive objection to seeing a large and important industry controlled by "foreign" capital. Even the gold mining industry of the Witwatersrand has always been regarded by the Nationalist party as a sort of alien enclave in the body politic. A key industry such as steel must not suffer a like fate, but be from its inception truly national. The principles or prejudices of both sections therefore led the

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Government to the conclusion that the new industry must be not State-assisted but State-controlled.

They decided to take over the Pretoria scheme, which had been very favourably reported upon by some experts sent out by a German steel concern who made a close and exhaustive examination of the prospects of a steel industry in the Union. On the strength of this report and of other opinions obtained by them, the Government decided on the establishment of a steel industry on a large scale at Pretoria, under State control.

The scheme put forward in the Bill as it was passed in the Lower House was to incorporate a company with a capital of £5,000,000 of which £3,500,000 was to be share capital and £1,500,000 to be raised by an issue of debentures with Government guarantee. The management was to be in the hands of a Board of directors, the majority of whom and the Chairman were to be appointed by the Government. The idea, therefore, was not to have the concern administered directly by a Government department, but to set up a sort of public utility trust with the ultimate control in the hands of the State through the directors appointed by the Government, but not subject as regards its detailed arrangement to direct official interference, and with the outside public represented on the Board if, as was hoped, the shares were subscribed for by the public. This experiment in State industries is not altogether a novelty here. In 1922, when the Smuts Government was in office, Parliament passed the Electricity Act, by which there was incorporated a Commission consisting of members appointed by the Government with powers to take over or establish undertakings for the supply of electric power. There has not yet been time to test the efficiency of this system of supply in comparison with the large private corporation which supplies power to the gold mining companies of the Rand, but the principle of setting up a public body for the control and production of electric power meets with general acceptance. It is a big step

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advise him in the selection of a design, but the terms of reference were such as to preclude them from recommending a design which included the Union Jack or the flags of the late Republics as part of the new flag. After long deliberation a majority of the Commission put forward three designs for the Government to choose from. The minority made no recommendation. After some vain attempts at agreement between the majority members of the Commission and representatives of Flag Committees which had been formed in various parts of the Union to press for the inclusion of the Union Jack, the Government introduced their Bill adopting one of the three designs recommended by the majority of the Commission. This was a flag consisting of the cross of St. George on a green field divided quarterly. This had been recognised by the minority members of the Commission as a conciliatory gesture towards those who were pressing for the inclusion of the Union Jack, but as a flag design it cannot be said to have met with a very favourable reception in any quarter. The Bill also provided that the Union Jack should be flown as a symbol of the association of South Africa with the British Commonwealth of Nations on four days of the year—viz., the King's actual birthday, May 24, May 3 (the anniversary of union), and the first Monday in August (which is kept as the official King's birthday holiday), and on such other days as the Government might appoint.

These were the Government's flag proposals in the Bill of 1927. They were strenuously fought from the beginning by the Opposition. The contention of the Opposition was that any design for a national flag should be based on a large measure of national agreement, that the time was inopportune for obtaining such agreement owing to the feelings which had been aroused on either side, and that a national flag should embody as integral and substantial portions the Union Jack and the flags of the late Republics as symbolising the elements out of which the nation was being built up. After long and sometimes acrimonious debate the

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Bill passed the second reading, but, instead of pushing it through its remaining stages, the Government, as a last effort at obtaining agreement, moved for its reference to a Select Committee. The Committee failed to reach agreement, but the Government introduced and carried a new flag design. The design of the St. George's cross on a green field had not been received with any enthusiasm on either side, and it was now replaced by a design which was put forward as a definite advance towards meeting the views of the Opposition. It was based on the principle that the Union Jack and the Republican flags should find a place on the flag, so long as they were there as representing our past history, and did not either singly or collectively occupy a dominating position. The design itself was a tricolour of transverse stripes of orange, white and blue, with, in the middle of the white stripe, a shield on the quarterings of which are the Union Jack, the two Republican flags and four stars on a blue ground. The Opposition members of the Select Committee adhered to their formula that the Union Jack and the two Republican flags should be integral and substantial parts of the flag, and rejected the Government design as not complying with these requirements. In this form the flag provisions of the Bill came back to the House and were passed, except that the Government accepted an amendment moved from their Labour wing in regard to the use of the Union Jack. The Bill, as has been said, provided that the Union Jack should be flown on specified days as symbolising our association with the Empire. The amendment simply declares that our association with the Empire is to be symbolised by the Union Jack, but makes no provision as to its being flown at particular times or places. The Senate passed the second reading of the Bill, but in Committee took out the Government design and inserted one of a flag quartered by a white cross and containing in its respective quarters the Union Jack, the Republican flags, and in the fourth the four stars on a blue ground. In effect it takes the shield from the Govern-

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ment design and makes it the flag. It also amended the provisions for a referendum contained in the Bill by requiring a clear majority of all registered voters, instead of a majority of those actually voting. Both these amendments were rejected by the Lower House, and so the deadlock was reached which has to be overcome, if no agreement comes about meanwhile, by a joint sitting.

A special session is to be convened in October, at which this and the other two Bills on which the two Houses are at issue will be passed. A referendum will then be taken on the flag in December or January.

It is in many ways unfortunate that this controversy should have arisen at the present time. The declaration as to Dominion status of the recent Imperial Conference, as has been stated in a previous number,* had a remarkable reception from the leaders of the Nationalist party here. They accepted it as giving to South Africa independence, not indeed in the form to which they have looked forward, but still in a form which would satisfy their national aspirations. They had announced without reserve that the movement for secession from the British connection was, as far as they were concerned, abandoned. If we could have gone on in this spirit for a few years the face of South African politics might have been changed. We might have got away from the racial issue which has created a wrong dividing line among political parties and prevented the great social and economic problems from receiving that attention which they need. But the flag question has put back the clock again. It has roused among a large section of the British people all the old suspicions of the past. They regard it, unreasonably perhaps, but not unnaturally, as a secession movement in disguise. They have hardly as yet adjusted their outlook to the conception of South Africa as to all intents and purposes an independent nation associated by its allegiance to the Crown with Britain and the other Dominions.

* THE ROUND TABLE, No. 66, March 1927, p. 393.

The Parliamentary Session

They cling jealously to the flag as standing for what is to them by race and tradition the most living element in their national heritage. That South Africa, with its new status, should have its own flag is common ground, but as events are shaping at present it looks as if we shall get something which, instead of being a seal of union and a common national life, will be a potent cause of disunion, and of the revival of divisions which we all desire to see die out.

The Bill is not confined to a national flag, but provides also for defining the national status of South African citizens. These provisions follow more or less closely the Canadian Act of 1921 defining Canadian nationality. The Bill provides that a British subject born here or who lawfully enters the Union becomes a Union national after two years' domicile, and a person who becomes a British subject by naturalisation here becomes a Union national after three years' domicile. Union nationality therefore does not supersede the status of the Union citizen as a British subject, which he has by virtue of his allegiance to the Crown, but is something superimposed upon it in respect of his Dominion citizenship. These clauses of the Bill were adopted in both Houses with some criticism but without serious division of opinion. They will not be affected by the result of the referendum on the clauses dealing with the flag.

The budget presented at the last session contained no surprises, except perhaps that the surplus on the general budget and the deficit on the railway budget were both rather larger than had been expected. The figures of revenue and expenditure on the general budget were as follows:—The revenue amounted to £28,558,000, which was about 1½ millions over the estimate, while the actual expenditure was £27,300,000. There was therefore a surplus of 1¼ millions, which will be devoted to the redemption of debt. The financial policy foreshadowed by the Minister was one of caution with due consideration for certain elements of uncertainty which must enter into any

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calculations as to the future. The country has been passing through a period of droughts which in some districts have been of ruinous severity, and this must inevitably affect the purchasing power of the community and react on the public revenues. Another contingency which has to be taken into account is the danger of a set-back in the diamond trade owing to the enormous increase in the output of the new alluvial diggings. The system of limited output on which the diamond trade has been based for many years is very seriously threatened by these new discoveries, and any grave disorganisation of the diamond market would immediately affect the revenue. The Minister, therefore, was unable to offer any substantial reduction in the burden of taxation. By some of his critics his budget was criticised as "hum-drum," but the general opinion commended him for a wise caution in his outlook on the future. The budget of the Railways and Harbours Administration showed an actual deficit of £158,000. This deficit, however, is only arrived at after making large appropriations from revenue over and above those required to meet working expenditure, interest on capital and depreciation, as, e.g., £250,000 for betterment, £250,000 towards reduction of interest-bearing capital, and £312,000 towards making good deficiencies on certain Pension and Superannuation Funds. While, therefore, the Minister records a deficit on the budget for the year, it cannot be said that the railways and harbours are being administered at a loss. What is said, however, and with some measure of justification, is that since the present Government took office the expenditure of this department has expanded at an alarming rate, and that the reduction of freight charges which was expected in view of the large increase in revenues is indefinitely postponed. The estimates for the current year for the Railways and Harbours Administration anticipate a revenue of £28,768,000 as against a total expenditure on revenue account of £28,728,000.

The Precious Stones Bill

II. THE PRECIOUS STONES BILL

ÆSOP and La Fontaine have made us all familiar with the story of two partners losing their wealth because of their failure to agree as to the sharing of it. The diamond deposits in the Union of South Africa threaten from time to time to provide still another variation on that well-worn theme. The Union Government shares with the producers a direct monetary interest in the winning of diamonds from the mines and alluvial diggings; both parties are agreed as to the necessity for the prompt passing of the Precious Stones Bill, if their joint financial interests are to be safeguarded; and yet they have allowed their differences of opinion on matters of secondary importance to endanger the whole industry by preventing that Bill from becoming law during the session which has just ended.

At the time of the passing of the Diamond Control Act (No. 39 of 1925) a description was given in these pages* of the organisation of the diamond mining industry, of the relationship of the mining companies to the buying syndicate, and of the immediate events which led the Government to attempt to safeguard its revenue from the industry by passing that Act. In so far as its main provisions were concerned, the measure was merely permissive; nevertheless the Government hoped that the powers which the Act conferred upon it were at least sufficiently real to persuade the producers and merchants then engaged in concluding a new five-year contract for the disposal of the output of the mines, that an early and stable agreement must be reached, if the prosperity of the industry was to continue; and that if they could not achieve such an agreement, the Government would itself attempt the task.

It has been consistently maintained by the Conference

* See THE ROUND TABLE, No. 59, June 1925, pp. 603-610.

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producers that success in the exploitation of the South African diamond deposits can only be achieved by providing, firstly, an effective control over production, and secondly, a system of selling the output through a single channel. Economic purists may perhaps doubt the necessity for the second provision, believing that even in the case of diamonds (the demand for which is not particularly subject to short-period fluctuations) the adjustment to the demand of a fixed annual supply may be best achieved by the trials and errors of a number of dealers; but as regards the desirability of controlling the output of diamonds there is no room for difference of opinion. It is true that the action of the Union Government in 1925 in specifically excluding alluvial diamonds from the provisions of the Diamond Control Act, suggests that it was not then convinced of the necessity for complete control. Doubtless the mind of the Labour section of the Pact was at that time greatly exercised by the fear that any interference with the alluvial diggings might lay the Government open to the charge of adding to the unemployment problem; but it is reasonable to assume that even at that date the Government's attitude, in theory if not in practice, was correctly described by the Minister of Mines and Industries on April 25, 1927:

It is obvious to me (he said) that when we passed the Diamond Control Act of 1925 we excluded alluvial diamonds on the sole ground that their production was so insignificant that we could ignore them.

The Organisation of the Diamond Market

While the Act of 1925 was being debated, the inter-producers' agreement for the control of production was due to terminate at the end of the year, and the output was being marketed by three separate bodies. Following on the disposal of the non-conference output of South-West Africa by the Administrator to an Antwerp firm, the Anglo-American Corporation had contracted independently at the beginning of the year for five years' output of the

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Consolidated Diamond Mines of that territory. This not only entailed the withdrawal of the Corporation from the London Diamond Syndicate, but also that of Messrs. A. Dunkelsbuhler and Co., who had been associated with the Corporation when it contracted in 1924 to sell the output of the Angola Mines and, in 1924, that of the Consolidated African Selection Trust operating in West Africa, and who were now associated with it in the South-West Africa contract.

The London Diamond Syndicate thereupon followed the example of the Anglo-American Corporation by making a one-year contract to acquire the output of the De Beers Consolidated Mines, New Jagersfontein and the Premier Mine, on somewhat more favourable terms than they had previously offered.

Towards the end of 1925 the big producers met in Cape Town at the invitation of the Minister of Mines and Industries, and agreed to renew the inter-producers' agreement for a further period of five years. Having thereby ensured adequate control of the supply from the mines, the producers proceeded to ratify a tentative sales-agreement with a new syndicate, comprising Messrs. Barnato Bros., the Johannesburg Consolidated Investment Corporation, the Anglo-American Corporation, and A. Dunkelsbuhler and Co., for the purchase of the output of the Union mines for five years from January 1, 1926. The two latter members handed over to this syndicate the contracts which they held for the acquisition of the South-West African, Angola and West African output, and the Government duly approved of their action.

The new alliance between the two groups in the Syndicate was further strengthened by the connection of Sir Ernest Oppenheimer (chairman of the Anglo-American Corporation) with the firm of Dunkelsbuhler, and his appointment as chairman of De Beers Consolidated Mines, following the acquisition of a considerable share-holding in that body by the Corporation. The London Diamond Syndicate had

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previously sold all common industrial stones to a group known as the "Common Goods Combination." The market for industrial stones was in 1925 depressed by the knowledge that this combination was holding nearly 700,000 carats of stock, in addition to over a million carats held by the Syndicate. Early in 1926 the "Common Goods Combination" was dissolved and the new Syndicate made a fresh agreement with the firm of L. M. Van Moppes en Zoon in London to buy all their industrial stones at a fixed price.

As the result of these contracts there was, at the beginning of 1926, every reason for optimism concerning the future of the diamond trade. The Syndicate established amicable working relations with the firm producing in the Belgian Congo, and 95 per cent. of the world's production was being marketed through a single channel. That very leaky ship, the "Diamond Monopoly," seemed to be well caulked for her 1926 voyage, and incidentally the Union Government was likely to do well out of the trip. The Union mines had secured better terms for the sale of their output (to some extent as the result of administrative intervention), and the government receipts from taxation were expected to show a slight increase on that account. In so far as the main shareholders on both sides were the same, the change in the terms of sale would, however, involve little more than a book-keeping entry, unless the wage-earners secured a share in the increased prosperity of the producing companies. The new sales agreement, on the other hand, contains an important "replacement clause," under which the Syndicate's purchases from the producing companies are governed by their sales of Conference diamonds during the preceding six months. This clause not only safeguards the Syndicate against the accumulation of heavy stocks (as during the post-war depression), but will also make possible the substitution of diamonds from other sources, if for any reason the costs of production in the Union mines are increased.

The Precious Stones Bill

The Alluvial Discoveries at Lichtenburg

Unfortunately, the respite of the diamond monopoly from outside competition once more proved to be surprisingly brief. The outstanding feature of diamond history since the beginning of 1926 has been the extraordinary wealth and permanence of the new alluvial discoveries at Lichtenburg, and the inability of the Union Government to control the production on account of the specific exclusion of alluvial diggings from the terms of the Diamond Control Act of 1925. The total alluvial production of the Union has risen from £1,359,730 in 1922, and £2,150,373 in 1924, to £3,983,634 in 1926. In 1927 it may reach £7,000,000. The Lichtenburg output alone in 1926 exceeded half a million carats, valued at nearly two million pounds. In January 1926 the output was 385½ carats; in January 1927 162,879½ carats. But in the meantime the average price realised per carat fell steadily from £8 7s. 11d. in February 1926 to £2 8s. 7d. in January 1927, although 1926 proved to be an exceptionally favourable year for the sale of diamonds. Despite estimates that the world's power of absorbing diamonds has risen from the former level of £12 million annually, and may attain £18 million in the near future, the Syndicate was compelled last year to buy alluvial diamonds for stock, and at the end of 1926 was carrying over a million pounds' worth in addition to its stock of mine diamonds. Once more the monopoly was restricting its sales to maintain prices, while other producers unloaded their own supplies.

The substitution of alluvial for mine diamonds results in a considerable loss of revenue to the Union Government. Of the total profits of the diamond industry of the Union and South-West Africa, 20·46 per cent. accrues to the State; but while the Union mines yield 23·31 per cent., the State receives only 10·85 per cent. from the alluvial production. In the financial year 1925-6 the three Union mining companies paid no less than £1,600,000 in income tax,

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export duty and share of profits (in the Premier Mine), and in the present year the direct revenue from the industry is estimated at £2,000,000. The fall in the price of diamonds, and the danger of a collapse in the market if alluvial production is allowed to continue uncontrolled, are the immediate reasons for the introduction of the Precious Stones Bill.

The Precious Stones Bill

The Bill, of which a more detailed account will be found in the Appendix, was introduced by the Minister of Mines and Industries on April 25, 1927. It is a lengthy, complicated document, intended to provide for the control of alluvial production, and at the same time to codify part of the law at present governing diamond production in the four provinces. The desirability of such legislation is admitted on all sides, and was in no way questioned in the House of Assembly, but the Bill included certain other proposals which were not germane to its main objects, or necessary for the success of the measure. Heated discussion centred on these highly contentious matters. The refusal of the Minister to accept two amendments designed by the Senate to remove the more obnoxious of these proposals resulted in the Bill failing to pass on the last day of the session.

Throughout the Bill, the regulations proposed for the control of prospecting and production and for the determination of the rights and duties of prospectors, discoverers and landowners are framed to deal separately with the distinct cases of unalienated Crown land; Crown land of which the surface rights have been alienated; and private land. The Bill had evidently been drafted under great pressure, and no better proof of the anxiety of all parties to frame suitable legislation could be desired than the tolerance displayed whilst the Minister introduced endless amendments and re-amendments at the various stages of its progress.

Although general satisfaction with the main body of the

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measure was expressed on both sides of the House, a few minor points aroused strong condemnation, apart from the highly contentious clauses concerning sub-division of farms and the rights of corporate bodies. Outstanding was the provision in clauses 1 and 2 that the right of mining for and disposal of all precious stones is vested in the Crown, notwithstanding the rights of a considerable number of private owners in the Cape Province, who have acquired and hold their land with full title to any precious stones that may be discovered. The history of land tenure in the four provinces of the Union is already full of complexity; but, broadly, the position in this regard is that between 1688 and 1813 no reservation of precious stones to the State was made, whilst again, from 1843 to 1862, all grants were issued in freehold, and perpetual quitrent tenure could be converted into freehold. In consequence there is a fringe of farms extending from Piquetberg in the west to the Eastern Province, the owners of which possess full rights over any precious stones that may be discovered. In addition there are about 170 farms, comprising nearly one and a half million acres, in Griqualand West, which passed from the Orange Free State in 1870 to the Cape Colony, and which possess similar rights under the old "Free State" title. Of these latter farms, thirty-three, comprising about 300,000 acres, are owned by De Beers Consolidated Mines. Many protests were made during the progress of the Bill against any interference, without compensation, with the legitimate property of these landowners, but the Minister was not prepared to allow the "immunity" of these farms to continue.

When the House went into committee on this Bill on May 20 the Minister avoided long discussion, and expedited the business of passing the non-contentious clauses by deferring consideration of the ten clauses which had aroused opposition until later. It was not, however, until a few days before the close of the session that the discussion was resumed, and it then became clear that the brief

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struggle would be concentrated on the retrospective provisions in clauses 20 and 73, which are described in the Appendix.* As regards the limitation on the holding of digger's certificates by corporate bodies, the Minister, when introducing the Bill, revealed an unexplained dislike for large-scale joint stock enterprise on alluvial diggings :

The main principle underlying this measure is that alluvial diggings . . . should remain the reserve and the preserve of the small man . . . The principle of the Bill is therefore . . . to eliminate all syndicates and companies, and to limit, as far as possible, alluvial diggings to natural persons.

No attempt was made to justify this principle on economic grounds. It would be illuminating to ascertain the average earnings of the "small men" on the diggings, many of whom have voluntarily assumed a standard of life probably lower than that of many Kaffir farm labourers, in the hope that they will ultimately be rewarded by a lucky find. It is at least very questionable whether family life on the diggings is socially so desirable that the State should frame legislation expressly to continue the present system in preference to a properly regulated, large-scale, joint-stock system of exploitation, such as is possible on diggings which promise to be as permanent as those at Lichtenburg. The Minister, during the course of his second-reading speech, had indicated that the retrospective nature of the provision might be modified: "We mention," he said, "the date June 30 last. I am not wedded to that date." After the Bill had left the House of Assembly, the attempt to persuade the Minister to omit the retrospective clause was continued in the Senate, and an amendment was there adopted substituting April 1, 1927, the approximate date on which the Minister first disclosed his intention.

Similarly, in connection with clause 20 dealing with the sub-division of farms, the Senate adopted an amendment limiting the retrospective application of the Bill to cases

* See the paragraphs therein printed in italics.

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occurring after April 1, 1927. It was urged that the Minister's innovation constituted an exceedingly dangerous departure from the Parliamentary principle that a Government must cut any losses it may incur through the deficiencies of its own legislation; and concentrate on the drafting of amendments which will stop up loopholes rather than on penalising the enterprising speculators whose very ingenuity in attaining their ambitions within the law serves to call attention to the law's deficiencies. The Senate's amendments were, however, rejected by the Government majority in the House of Assembly, and Parliament was immediately prorogued.

Not unexpectedly, the news of the rejection of the Senate's amendments caused a sharp setback in the diamond industry, but this was to some extent countered by an intimation from the Minister that "the Government is firmly resolved to proceed with the Precious Stones Bill at the coming session, probably in October, and, should it be necessary, the Government will confirm it at a joint sitting of both Houses." It is much to be hoped that in the meantime the Treasury will convince the Department of Mines and Industries that the interests of all concerned would be better served by the introduction of the contentious sections of clauses 20 and 73 as a separate measure.

APPENDIX

DESCRIPTION OF THE PROVISIONS OF THE PRECIOUS STONES BILL

Prospecting

Chapter I lays down the conditions under which prospecting may be permitted, and thus goes straight to the heart of the present trouble. In the Transvaal as many as two thousand people have congregated on farms under the guise of prospecting, and the mining commissioner has been greatly impeded in controlling prospecting by the fear of taking away the livelihood of large numbers of diggers. Under the Bill, no prospecting is to be permitted unless the Mining Commissioner is previously notified, and all prospectors (excepting owners of the land) must possess permits. Whilst a permit may be issued to all holders of digger's certificates, control is secured by reserving to the Minister the right to determine where prospecting may

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or may not take place (clauses 4 and 6), and by limiting the number of prospectors on private land to the owner and not more than five other permit-holders. In addition, the Governor-General may prohibit prospecting altogether (clause 115) when a maximum output has been fixed and is in danger of being exceeded. Commenting on the fact that twenty people prospecting at the mouth of the Orange River recently secured in seven weeks diamonds to the value of nearly £160,000, the Minister asked: "These finds being on Crown lands, on what principle should the prospectors there pocket the whole lot?" Clause 10 therefore provides that part of the proceeds from diamonds found by prospectors may be payable into the Consolidated Revenue Fund.

Discovery

The rights and duties of the prospectors who discover diamonds, and of the owners on whose land the discoveries are made, are defined in Chapters II and III. The Mining Commissioner is to issue discoverer's certificates, entitling the discoverer in the case of alluvial deposits to select a number of claims, varying in each province and according to the type of land tenure as shown in the fourth schedule to the Bill, and with a maximum of fifty claims on private land and twenty claims on Crown land to any discoverer. In the case of a mine the discoverer receives a three-tenths share if on unalienated Crown land, and a one-fifth share if on private land or alienated Crown land. After the issue of a certificate the Commissioner may stop all further prospecting. A fifth schedule to the Bill defines owner's rights in a similar manner, the number of owner's claims in the case of an alluvial discovery varying from 200 in the Orange Free State down to 23 in the Cape, for Crown land; and approximately twice this number for alluvial land. In the case of a mine the owner receives a half-share in the case of private land and a quarter share in Crown land, the share to include any rights he might claim as discoverer.

An important new provision contained in clause 20 lays down that where ownership in land has been sub-divided, with the object of increasing the number of owner's shares in the event of a discovery of precious stones, the Minister may direct that such sub-divisions be disregarded when computing the number of shares. One of the main reasons why the Bill was wrecked was the Minister's proposal to make this clause retrospective.

Proclamation

Chapter IV defines the procedure to be adopted in proclaiming or deproclaiming a mine or alluvial digging. Proclamation is not obligatory, but merely permissive—"at the discretion" of the Governor-General. As regards the exploitation of a mine, Chapter V lays down that the Crown's share of the profits (one-half in the case of a mine in private land, seven-tenths in Crown land) shall not be payable until the owner or discoverer shall have been repaid his capital and interest at a rate not exceeding 5 per cent. per annum; while losses are to be set off against future profits. In the case of small mines the Governor-General may farm out the Crown's interest to the mine-holder. The Crown shall contribute to reserve and similar funds in proportion to its interest.

The methods to be adopted in distributing claims in alluvial diggings are

Appendix

laid down in Chapter VI. Claim licences may be obtained from the Commissioner by all holders of digger's certificates. These are issued by a majority decision of the local diggers' committee, to persons of good character and over 18 years of age. The allocation of claims may be made by lot (a welcome improvement on the prevailing method of organising diggers' "races"), or in accordance with regulations issued by the Governor-General. The clause (51) proposes the doubtful expedient of empowering the Governor-General to confine the distribution to certain vaguely defined classes of diggers.

In an important clause (No. 73) it is proposed to prohibit any corporate body or association from holding a digger's certificate, either directly or indirectly, the provision to be retrospective in its operation as far back as June 30, 1926. The retrospective element in this clause, together with that in clause 20, was responsible for the wrecking of the Bill.

Chapter VIII sets up an Alluvial Diamond Board, consisting of six representatives of the diggers' committees, one representative of the private alluvial interests in Cape Province and one diamond buyer; the board to supervise the work of the diggers' committees and advise the Government on all alluvial matters. The issue of licences to diamond dealers is dealt with in Chapter IX. In the XIIth and last chapter, Section 114 prohibits public servants from holding claims or any financial interest in alluvial diggings.

Limitation of Output

The machinery for the limitation of output is laid down in Section 115, whereby the Governor-General is empowered to determine from time to time the maximum value of diamonds which may be sold from alluvial diggings, by any one or by all producers, in any area or in the whole Union. Thereafter he may prohibit the issue of any new digger's certificates, the proclamation of any new alluvial digging, or any further prospecting on either Crown or private land. In addition he may fix the minimum prices at which diamonds may be sold; and, finally, any or all of the provisions of the Diamond Control Act of 1925 may be applied to alluvial diggings, and conferences may be called of all producers to consider the future conduct of the industry.

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NEW ZEALAND

I. INTERNAL POLITICS

The Meeting of Parliament

POLITICALLY the exceptionally long Parliamentary recess (September 11, 1926, to June 23, 1927) has been exceptionally dull. Economically its dullness towards the close declined into depression. The Government, for which the title "silent Ministry" has been suggested, has had extraordinarily little to say for itself. A comprehensive survey of the work of the Imperial Conference was published by the Prime Minister on May 14, the day of his return. On April 23 he issued a very important statement of the Government's naval policy, and on May 16 he received a hearty welcome at Dargaville from his constituents, whom he addressed at considerable length, though mainly in a retrospective fashion. As regards the finances of the Dominion a clear and candid review was given by Mr. Downie Stewart, the Minister of Finance, at Feilding on May 9. These were the Government's outstanding contributions towards the enlightenment of the public during a recess of nine months. Despite their large majority and their lack of oratorical power, their best friends would be glad to see Ministers more assiduous in educating and arousing the interest of the constituencies. The leader of the Opposition, Mr. H. E. Holland, who is also leader of the Labour party, and an excellent platform speaker, has

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been far more active. He has found, too, in the collapse of dairy control and the discontent of farmers and unemployed, subjects which secure him a better hearing than the ordinary Labour propaganda. From the leader of the other section of the Opposition, the so-called National party, the country has heard nothing at all; but Mr. W. A. Veitch, one of its ablest members, is leading a movement to reconstitute the party under the old name of Liberal and has delivered some effective public addresses.

The speech with which General Sir Charles Ferguson, the Governor-General, opened Parliament on June 23 followed recent precedents: It was thin, vague, colourless, and disclosed little of the real intentions of the Government. Even the references to the Imperial Conference were almost aggressively tame, and the one important statement of policy in this connection—the proposal to contribute to the cost of the Singapore naval base—had been previously published. In domestic policy most of the important issues with which the Government expects to deal—national finance, the Customs tariff, farmers' finance, land settlement, industrial disputes, and licensing—received bare mention, but little more. The economic conditions which are forcing attention to the first four items on this list were touched upon in the two following paragraphs:—

The question of land settlement has been receiving the earnest consideration of my advisers, whose difficulties in this respect have been greatly accentuated by the prevailing unfavourable economic conditions.

The protracted instability in the prices of our primary products in the world's markets, together with the increased cost of development, has been reflected in corresponding uncertainty in land values, and has so seriously affected the position of many of the country's settlers that available resources have been severely taxed in an endeavour to place them on a sound footing.

The second of these paragraphs was left to stand by itself. There was no indication that the Government had

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any remedy to suggest or that they believed that one was needed. Mr. Coates had, however, already referred more specifically to the troubles of the farmers and to the kind of help that he had in mind in a speech at Palmerston North a week previously.

The available figures went (he said)* to show that 85 per cent. of the farmers' accounts were normal; the others were unsound, either through having paid too high a price for their land or owing to the costs being too high. There was far too much being said about the farmers walking off the land. It had been said that they had been marching off in tribes, but such a statement was entirely irresponsible. It seemed to him that what was desired was an organisation that would act as a go-between for the mortgagee and the mortgagor.

To check the Prime Minister's estimate of the proportion of farmers whose difficulties are due to their having paid too much for their land and received too little for their produce is beyond the power of an unofficial calculator, but everybody recognises the wisdom of his warning against the folly of aggravating the trouble by wild exaggerations.

The End of Dairy Produce Control

A matter of first-rate importance was omitted from the Governor-General's speech, though it has excited far keener attention than any other throughout the recess. The control of dairy produce was not even mentioned. The reason may be that the Government would prefer to leave it entirely alone as an issue which they regard as having already settled itself, though it is still very much on the nerves of large numbers of their supporters. The abandonment last March of the policy of price-fixing, brought into operation by the Dairy Produce Export Control Board in September, has already been described in *THE ROUND TABLE*.† The matter has since been the subject of keen controversy, especially

* *Evening Post* (Wellington), June 17.

† *THE ROUND TABLE*, No. 67, June 1927, p. 650.

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among the farmers, and it has certainly seriously prejudiced the Government's position with the class upon which its strength mainly depends. The telegram which Mr. Coates sent from London on October 27, pointing out the dangers of the experiment, is still a sore point with many of the supporters of control. They consider that it "let them down" unjustly. There are still unrepentant "controllers" who think that if it had had a fair chance the experiment would have succeeded, and that under more favourable conditions it may yet succeed.

But the Dairy Produce Board itself gives no encouragement to these impossible hopes. It has, on the contrary, gone back a step further from the extreme ideal. On June 16 the following statement was issued by it to the Press:—

The Dairy Board decided to-day that the pooling of the returns for creamery butter should terminate with butter graded up to and including April 30, 1927, when the second creamery butter pool ends. The pooling of cheese and whey butter returns ends with cheese and whey butter graded up to and including July 31, 1927.

So as to avoid delay in making advances with butter graded from May 1 onwards, the Board will temporarily attend to drafts, invoices, etc., as in the past, unless dairy companies or owners of the produce advise the Board or its agents that they will themselves be attending to these details and making alterations in destination or method of marketing.

The Board will continue to handle bills of lading and arrangements for insurance, as in the past.

The Board had already abandoned price-fixing in March; the pooling of produce has now gone too.

In the event of the New Zealand Dairy Produce Export Control Act again coming before Parliament (said Mr. Coates in his Dargaville speech), I am of the opinion that the word "control" should be altered. This term creates an impression that tends to prejudice our products in certain markets. I suggest as an alternative that a more suitable term would be the New Zealand Dairy Producers' Co-operative Marketing Board, or some other more appropriate designation.

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It is, however, not merely the name that needs changing; the idea of compulsory control should itself be abandoned. The dairy industry has received a serious blow and the legislature should see that there is no chance of its being repeated.

Industrial Depression

The financial stringency to which we referred* three months ago has since developed. Its more obvious causes are the poor prices which our principal exports, with the exception of wool, have been fetching; the trouble into which the dairy industry has been brought by the experiment in price-fixing; the high prices at which a great deal of our farming land has changed hands; public and private extravagance and an adverse trade balance. The chief symptoms are trade depression, tightness of money, a rise in the bank rate, embarrassment among our farmers, especially dairy farmers, the spread of unemployment in the towns and the increasing demands for relief. The anxieties of a Minister of Finance at such a time are great. In this case, however, they have been, strangely enough, relieved through the far more serious sufferings of our friends in Britain. Mr. Downie Stewart had been afraid of a deficit. He actually found a surplus of £587,000, and the chief reason was the British coal strike which compelled our importers to buy from foreign countries, and so swelled our revenue with the higher *ad valorem* duties that resulted! We can, however, hardly hope for another such windfall to ward off the drop which may be expected in our customs revenue during the current year, and the Minister tells us that an increase in taxation is now more probable than a decrease.

As a decline in imports is needed to restore our trade balance, a shrinkage in customs revenue has, however, almost become a thing to hope for. For the calendar year 1926 our imports were valued at £49,890,000 and our

* THE ROUND TABLE, No. 66, March 1927, p. 416.

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exports at £45,276,000, leaving an adverse balance of £4,614,000. It would be fallacious to compare the much better results obtained during the first quarter of 1927 with these figures, as exports are usually high and imports low during the first half of the year. But there can be no objection to a comparison between this particular quarter and the corresponding quarter of 1926, a test which shows that last year's favourable balance of £2,571,000 for the first quarter has been increased to £4,675,000, and almost entirely by a reduction in imports.

The raising of the bank rate by $\frac{1}{2}$ per cent. on May 9 should also help. It was, of course, inevitable that this turn of the screw should have seemed to those who are already feeling the pinch to come just at the wrong time. On June 18 the Wellington Provincial Conference of the Farmers' Union adopted, apparently without dissent, a resolution asking the banks to explain why the price of money should have been raised at a moment "when, owing to the low prices fetched by farm products, farmers were experiencing great difficulty in meeting their obligations." The action of the banks, said the mover, "is like kicking a man when he is down," and there have been many similar complaints. From the standpoint of the banks, however, the position was that the figures for the quarter ending March 31, as compared with the same quarter in 1926, showed a shrinkage in deposits of £1,773,667, whereas advances had increased by £2,515,668. During the year which ended on March 31 the position had indeed been altered for the worse to the net extent of £4,289,335, and the process had to be checked. As Mr. R. W. Gibbs, acting-Chairman of the Bank of New Zealand, said at the annual meeting of the shareholders on June 17:—

The banks had to choose between an endeavour to attract additional deposits by offering a higher rate of interest, or demand repayment of a considerable volume of advances. There can be no question as to the disastrous results to many traders and producers had the latter course been deemed the better.

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Even so, it may be suggested, and it has been strongly urged by the Labour party, that the time was not opportune. In the opinion, however, of at least one competent authority, Professor Tocker, who holds the chair of Economics in Canterbury University College, "the present financial and economic situation in New Zealand might have been much better had the bank rates been raised and the warning given sooner." The rise in the rates has led the Economic Committee of the Canterbury Chamber of Commerce after a candid survey of the position to a guardedly optimistic conclusion. It notes the following less promising features in the situation :—

The first and most important of these is the fall in the prices of our exports, together with the low level and present downward trend of world prices. In practically all gold standard countries present price indexes are less than 50 per cent. above the pre-war level, and have fallen during the last two years. In Britain the movements of prices were disturbed by abnormal conditions during the coal stoppage; in America and elsewhere they are more regular. It is possible now to see that the end of the present depression is not far, as it is due to the recent adverse balance of overseas trade, but unless and until the local prices of the sheltered industries are brought down nearer to the level of the world prices received by the unsheltered industries, the local market for the products of those sheltered industries must necessarily be restricted and some measure of depression continue.

But as regards the action of the banks the committee declares that "there was ample reason for raising the rates at any time during the past year," and goes on to say :—

It happens that rates have been raised at a time when all the indications of improvement are present in the trade figures, but no sign of improvement is yet visible in the banking figures. But the change in bank rates, together with the simultaneous alteration of exchange rates on London, will hasten improvement, for they will tend to curtail local expenditure and enforce economy, and therefore check importations and encourage exportations.

Industrial Arbitration

At a sitting of the Arbitration Court in Wellington on

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June 14 the President, Mr. Justice Frazer, said that he knew that the Court had come in for a great deal of criticism for months past, but that he was quite used to criticism from both sides.

Twelve months ago (his Honour added) the unions were attacking the Court. To-day it is a section of the employers. I suppose it is due to a little depression in the country.

Blessed is a Court when both sides speak ill of it, as long as they do it alternately and not concurrently; and Mr. Justice Frazer was right in suggesting that the Arbitration Court is in that happy position. It was to the farmers that the judge referred as the latest assailants of the Court. They have always looked askance at it, and the depression has intensified their dislike and provoked them to speak out. Directly, the farmer has suffered little from the attentions of the Arbitration Court. It has refused to fix the wages of general farm hands, but indirectly his budget has been affected by what the Court has done to fix wages for other industries. He is affected as a consumer because these decisions tend to appreciate the value of the products of the industries immediately concerned. They further affect him as an employer by establishing a standard of wages with which he may have to compete.

The Annual Conference of our Royal Agricultural Society on May 26 and 27 was the occasion which Mr. Justice Frazer may be presumed to have had particularly in view when he spoke of criticism. In his presidential address on that occasion Mr. W. Perry called the particular attention of the conference to "the vital question of the Arbitration Court."

I venture to state (he said) that New Zealand will not get back into her legitimate economic position and farm production will not expand as it should until this system of artificially holding up the cost of living is done away with.

Nothing less than a sentence of death on the whole

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system would satisfy Mr. Perry. The seven counts of his indictment were as follows :—

1. The Act has failed in the very purpose for which it was passed, viz., the prevention of industrial disputes.
2. Awards made by the Court seem to be binding only on the employers; when it suits them, labour unions do not respect these agreements.
3. The Judge of the Arbitration Court has too great power. The whole of the wage system of the country is under him, and there is no appeal from his decisions.
4. The Court fixes the value of one commodity, viz., labour, without having the power to fix the value of the product of that labour.
5. The Court fixes a minimum wage in money without having the power to fix the amount of work to be done in return for that wage.
6. The awards made under the Act have a detrimental effect upon efficiency, and foster the "go slow" policy adopted by many workers' unions.
7. The awards of the Court are based upon the cost of living, without taking into consideration the economic condition of the industries concerned, or indeed of the whole country.

Mr. Perry appeared to regard the sixth count as responsible for the most serious mischief in the wage fixing system.

It is not the amount of wages (he argued) that the Court awards which is causing stagnation in this country, but the bringing down of all workers to the same level. Where would American cheap production and high wages be under New Zealand conditions? They would be impossible.

The meeting was described by one of the delegates as "as representative a gathering of producers as would ever be got together," yet nobody, unless it was Mr. Perry himself when he admitted that "the Court had acted in the past as a 'safety-valve' between employer and employee," appears to have had a good word to say for the Arbitration Court. There were, however, some who considered that its total and immediate abolition would be too drastic a step, and that a Commission of Inquiry would

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meet the case. But the only effect of their dissent was a motion advocating the repeal of the Industrial Conciliation and Arbitration Act, which was carried by a majority of 3 to 1, and another one suggesting an inquiry into the wages system, which was then carried unanimously.

The Royal Agricultural Society's Conference was the occasion for another valuable contribution to the discussion in the shape of an address from Mr. B. E. Murphy, Professor of Economics at Victoria University College. The perpetual controversy in which the system of compulsory industrial arbitration has spent the first 32 years of its life has rarely, if ever, been illuminated by criticism at once so keen and so just. The advantages claimed for it were summarised by Professor Murphy under four heads :—

1. It secured uniformity of industrial conditions, standardised competition, put all employers on the same level, and prevented "good" employers from being undercut by "bad" employers.
2. It threw a useful light of publicity on industrial conditions.
3. It prevented sweating and raised the standard of living and the wage level.
4. It abolished strikes.

Of Claim No. 4 alone does Professor Murphy bluntly say "this is untrue," and it is indeed now quite out of date.

From the inception of the system until March 31, 1915 (he points out) the total number of strikes in New Zealand was 148—53 in contravention of the Act and 95 outside it. From 1906 to 1925 the total number of stoppages was 695. Many of these were trivial, but the figures made it plain that the Act could not be defended on the ground that it had prevented industrial stoppages.

By a happy coincidence New Zealand's first Industrial Arbitration and Conciliation Act came into operation in 1895, and for the first ten years of its existence it got the credit for the rise in wages which must in any event have followed the rise in world prices that began in 1896. During this period New Zealand was indeed "a land without strikes" and truthfully advertised as such in a

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volume by Mr. H. Demarest Lloyd which bears that title. But this record was spoiled when our long spell of prosperity received a slight check and the unions began to discover that it was possible to come away empty-handed from an "industrial dispute" in the Arbitration Court. These twelve years of prosperity must also, as Professor Murphy points out, be given some of the credit claimed for the system in the matter of sweating and the standard of living (Claim No. 3); and there was a third contribution in the form of other industrial legislation. Claims Nos. 1 and 2 are allowed by him to pass unchallenged except that a set-off to the value of publicity is noted in "the drawback of making the parties posture for public sympathy."

Professor Murphy's analysis of the defects of the system may be summarised as follows :—

(1) The Act laid down no principle for the guidance of the Court, and the tests applied by the Court, singly or in various combinations, were the standard of living, wages of similar groups doing similar work in other industries, what the industry could bear, and the general economic situation. The standard of living was the most favoured basis, because it was the easiest to apply and most in accordance with ideas of social justice. But when the wage fixed on this basis was greater than the value of the worker's services the Court was face to face with an insoluble question.

(2) The Court was not sufficiently flexible to accommodate itself to the changing requirements of industry. Awards which were legislative in their nature and operated over large areas with no modifications to meet local circumstances imparted an element of rigidity where flexibility was needed: "Industrialism submitted uneasily to the strait-jacket of a procrustean legal system."

(3) This rigidity made for inefficiency, and so did the contentious spirit which the proceedings fostered in the parties. "The representatives of both sides are a race of quasi-barristers who enjoy the game for the zeal of the chase," and men were encouraged "to look for increased reward to contention rather than to production."

It is beyond question that the litigious spirit which the system developed has frustrated the intentions of its founders. Their idea was that the great majority of disputes would be quietly settled by informal proceedings

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before the Conciliation Boards, acting as tribunals of first instance. But the practice once attributed to the Irish of "fightin' like devils for conciliation" was so vividly followed, regardless of party or nationality, before these tribunals, that in 1900 parties were given the right of direct access to the Arbitration Court. Industrial litigation of a less vehement kind has been incessant ever since. The Court is indeed flooded with "industrial disputes," which in the old days would never have seen the light as disputes at all, and, except for the purpose of giving the Court jurisdiction, would not have seen it to-day.

After referring to the distinction between sheltered industries which are not exposed to external competition and unsheltered industries which have to compete with foreign commodities in the markets of the world, Professor Murphy points out that farming, "the most important unsheltered industry in the Dominion," though not directly affected by awards fixing wages in sheltered industries, is indirectly affected because "all workers tended, whether under the Act or not, to demand the minimum wages fixed by the Court." The farmer was accordingly "ground down between the upper millstone of the world price for commodities and capital and the nether millstone of an artificially protected wage level." This process Professor Murphy illustrated with the help of figures taken from the Canterbury Chamber of Commerce Bulletin :—

The export prices were about 48 per cent. above pre-war level, the import prices, and wholesale prices generally, about 56 per cent., and award rates and cost of living about 76 per cent., and prices in certain sheltered industries (milled agricultural products, etc.) about 91 per cent. It was thus seen that the sheltered industries were paying wages about 76 per cent. above pre-war level, and getting prices about 91 per cent. above pre-war, whereas the unsheltered industries were paying wages about 76 per cent. above pre-war, but getting only 48 per cent. above pre-war values. There could be no economic stability until these maladjustments were eliminated. While it would be incorrect to blame the arbitration system for the

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whole disparity, there was little doubt that (a) the ~~maladjustment~~ was in part caused by award rates, and (b) the readjustment is in great part hindered by award rates.

The chief remedies suggested by the professor for these defects in the existing system are the repeal of the Industrial Conciliation and Arbitration Act, the restoration to the unions of the right of collective bargaining, including the right to strike but subject to the provisions requiring a ballot, notification, etc., which are contained in the Labour Disputes Investigation Act, 1913; and the fixing by an expert tribunal of a minimum wage. This minimum wage was to be varied only at long intervals, and not to be immediately responsive to changing prices. The immediate effect of this programme would, Professor Murphy admits, be a larger volume of stoppages, but he is satisfied that the ultimate results would be beneficial.

It would make the parties more responsible (he says) since they could not shift the responsibility for industrial conditions on to the Court. It would get rid of the vexatious minutiae of regulations that are hampering industry to-day. It would restore the view that wages really depend on production, and not, as they seem to do, on the fiat of a tribunal. It would restore responsibility to the union officials, since they could no longer blame the Court for the results of their own folly. It would allow of easier and quicker adjustment of price levels and wages.

In the meantime there is more strife than ever and the uncertainties of this initial period make it unlikely that either party will be ready to give Professor Murphy's proposal a trial for a long time to come. The advantage claimed for Parliamentary government of avoiding big shocks by multiplying small ones has certainly been realised in our system of industrial arbitration. It has given a peace in our time which has not been seriously broken more than two or three times in the course of 32 years. A generation which knows no other system will hesitate to let loose the waters of strife in the hope

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that after they have had time to run off the result will be a more settled calm.

II. SINGAPORE AND LOCARNO

THE Prime Minister's stipulation on the eve of his departure for the Imperial Conference that he should in accordance with precedent be given a free hand did not imply any indecision on the part of the Government with regard to the principles to be applied to the immediate issues of naval defence. As long ago as August 15, 1922, Mr. Massey had declared in his Financial Statement that

The Dominions cannot allow such a very large proportion of the total cost of the naval defence of the Empire to be carried by the taxpayers of the United Kingdom: to do so would be grossly unfair and unpatriotic. The countries of the Empire should contribute to the defence of the Empire, naval defence particularly, in proportion to their financial ability.

In his last three budgets (1922-1925), Mr. Massey continued to advance as steadily in the direction of this ideal as the country's straitened finances would, in his judgment, justify, and in the budget for the year 1923-24 he took the important step of providing a contingent vote of £100,000 to meet part of the cost of the naval base which the British Government had decided to construct at Singapore. In the statement on the agenda of the Imperial Conference which Mr. Coates submitted to the House of Representatives on September 1,* he adopted the attitude of his predecessor on both these points. "This country," he declared, "is not yet bearing its full share of the burden of naval defence," and he concurred with the Prime Minister of Australia in regarding the Singapore base as "an indispensable necessity for the adequate defence of British possessions."

* See THE ROUND TABLE, No. 65, December 1926, pp. 221, 222.

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He desired, however, to consult the Imperial authorities about the objects to which any possible increase of naval expenditure should be applied before coming to a decision.

The Prime Minister had little to say on Imperial affairs after the comprehensive statement on the work of the Imperial Conference which he issued on the day of his return (February 14), but on April 23 he announced the decision of the Government. The eve of Anzac Day—a day which since 1922 has been a statutory Sunday and is still observed with undiminished solemnity—was the right time for an appeal to the country's patriotism and sense of Imperial responsibility. Mr. Coates explained that, like Australia, though in a smaller degree, New Zealand had been embarrassed by the change of plan about Singapore. New Zealand at that time maintained two "D" class cruisers and was contemplating a third. No additional "D" class cruiser was, however, available, larger vessels would soon be needed, and the claims of Singapore had to be met. The Government would accordingly submit the following proposals to Parliament :—

(a) The sum of £1,000,000 will be paid to His Majesty's Government in Great Britain as a contribution towards the cost of the Singapore base. This amount will not be paid as a lump sum, but will take the form of annual payments spread over the period between the present date and the date of completion of the base, estimated at seven or eight years.

(b) A third "D" class cruiser will not be maintained, but when it is necessary eventually to withdraw the two existing cruisers they will be replaced by two "B" class cruisers. These ships have a tonnage of 8,400, and the estimated annual cost of their maintenance will be £300,000 each as compared with some £230,000 for a "D" class cruiser.

(c) During the period between the present time and the date when the "B" class cruisers will be taken over, necessary alterations in the equipment and plant of the New Zealand naval base will be required for the upkeep of "B" class cruisers and will be undertaken between now and the date when the new cruisers are taken over.

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The Prime Minister added that this deviation from the policy of devoting the whole of our naval expenditure to the New Zealand Division was only temporary, and as soon as the Singapore scheme has been completed and our obligations with regard to it fully discharged, that policy will be resumed. There was really little need for this assurance, for the object of the self-reliant policy on which Mr. Coates laid particular stress, viz., "of developing in the Dominion a spirit of pride and attachment to the ideals of the present navy, and of providing a means of deepening the 'sea-sense' characteristic of the people from which we have sprung," has made little progress. The country is as proud of the British navy as ever, but it has not come to regard its own Division with the special pride and sense of responsibility that Sir James Allen had in view when he launched the scheme, and one of the reasons is that none of his successors has pushed his ideal with the zeal that Sir James himself displayed. The people seem therefore just as willing to see their money go to the Singapore base as to another cruiser, recognising that on such a matter the conclusion arrived at by their Government after consultation with the Admiralty is good enough for them. Mr. Coates's proposal has accordingly had just as good a Press as Mr. Massey's support of the Singapore scheme always had.

It was, of course, inevitable that the Labour party should be against the proposal. Their Parliamentary leader, Mr. Holland, promptly proclaimed their intention to oppose it strongly,* but the force of his opposition is discounted by the knowledge that it would have been equally strenuous against the spending of the same sum, or any sum, on a third cruiser, that the vote for the second cruiser was denounced by his party's organ as "Money for Massacre," and that no proposal that makes for the naval or military efficiency of the Dominion or the Empire has yet met with their approval.

* *The Dominion*, April 26.

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In contrast with the satisfactory manner in which the Government proposes that the country should recognise its responsibilities with regard to the Singapore base is the way in which the responsibilities of Locarno are to all appearance being ignored. In neither of the Prime Minister's statements about the Imperial Conference nor in any of his speeches since his return has Locarno been so much as mentioned.

Our lips are now forbid to speak
That once familiar word.

Before the Imperial Conference met it was generally recognised that the attitude of the Dominions to the exemption which Article 9 of the Locarno Treaty purported to give them from its obligations would be one of the crucial tests, if not the supreme test, of the Conference. To the solution of this great problem the Imperial Conference has made two contributions. It has provided a "specimen form of treaty" which obviates the invidious necessity for an exemption clause by showing that the British Empire no longer makes treaties, that its treaty-making power is now in commission between seven different countries, that each will speak for itself and for nobody else, and that, though the King's name may be used throughout, it will be in a limited and a different capacity in each case. If this view is incorrect, the reason may be that the new practice as defined by the Balfour Committee tends, in the lay mind, to produce the very "obscurity and misunderstanding" of which it accuses the old practice.

The other contribution made by the Imperial Conference to the Locarno problem was the statement "that, from the standpoint of all the Dominions and of India, there was complete approval of the manner in which the negotiations had been conducted and brought to so successful a conclusion," and the congratulations to "His Majesty's Government on its share in this successful

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contribution to the promotion of the peace of the world," Unanimous approval and congratulation, but not a single suggestion that these pleasant sentiments should be put to a practical test by the Dominions' contracting in under Article 9 and sharing with Britain the obligations of the Treaty! As long ago as November 18, 1925, Mr. Coates said that New Zealand would deem it a privilege to stand by Britain's side in this matter,* and that he would move Parliament accordingly. But, apparently in the interests of harmony at the Imperial Conference, the ratification was postponed from last session.† The Prime Minister's silence on the subject, moreover, since his return and the absence of any reference to it in the Governor-General's speech suggest that he may have picked up some similar reason for further delay at the Conference. It will be unfortunate if in such a matter the pace of the Dominions is to be the pace of the slowest, and if the least centrifugal of them is to be guided by the most individualistic. Whatever the decision of our Government may be, its attitude on the question of the Singapore base puts it beyond doubt that it does not believe that, without any preparations on the part of the Dominions, "all will be right on the night," or that the darkness of Armageddon would be appreciably relieved by the glittering generalities of the Balfour Report.

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July 1927.

* See THE ROUND TABLE, No. 62, March 1926, pp. 440-443.

† See THE ROUND TABLE, No. 65, December 1926, pp. 218-223.

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