

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

Volume XVIII

DECEMBER 1927 TO SEPTEMBER 1928

London : MACMILLAN & CO., LTD.

THE COMMONWEALTH

WHEN a race has added a truth to the sum of knowledge by which men live its history reads like a record of failures to rise to that very idea. The Children of Israel first saw that as God is one so he cannot be touched with the hand or seen with the eye. Their history, as written in the Old Testament, is a record of reversions to the worship of idols. And so with the English people. Their contribution to civilization is a practical method by which men can govern themselves. Their history is strewn with failures to realize the principle upon which that method is based. Yet as the modern world owes to Israel the conception that God is one, so it owes to England the principle of the commonwealth.

This statement calls for some qualification. The principle of the commonwealth was first realized in the city republics of Greece and Italy. The civilization born of that principle spread to the whole Mediterranean and so connected the lives of all its peoples, that a common law and a paramount government was needed to control their relations. The Græco-Roman world, failing to discover how to base that government on the principle of the commonwealth, resorted to monarchy. The result was the Empire of Rome.

To understand the principle of the commonwealth, we must try to grasp what monarchy means. It rests on the idea that as men cannot know how to order their relations to each other, or to put the interests of others before their

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own, God has given to one ruler the knowledge required for the task and an absolute authority to give effect to that knowledge. The whole duty of the subject is unquestioning obedience to the monarch. Rebellion is as the sin of witchcraft.

The principle of the commonwealth rests on the belief that men *can* by experience learn to order their mutual relations, and also to put the interests of others before their own. The Greeks and Romans were the first to create a system of government based on these principles. In town meetings the citizens of each city discussed and settled their civic relations, arrived at decisions and embodied those decisions in laws which they revered as the fruit of their own reason and conscience. These commonwealths came into being when enough citizens so loved their city as to esteem its laws above their own desires. And so they were ready to obey the law and also to enforce its observance on those who defied it.

The commonwealth based on the meeting of all its citizens was applicable only to one city. Aristotle said that no commonwealth could include more than 10,000 citizens, because that was as many as could listen to one speaker. And so when a law was needed for all the Mediterranean peoples there was no mechanism through which it could be based on the conscience and reason of all who were fit for a voice in public affairs. They resorted to monarchy and created the legend that the Emperor was divine. But the reason and conscience of the people withered for want of exercise, while the legend that God had endowed the emperors with the knowledge and authority to rule was destroyed by evident facts.

While all this was happening there appeared in Galilee a teacher who said that men were not the subjects but the children of God, and therefore brethren. He argued that human society should be organized on the principle that an infinite duty was owed by each to all. He described such a polity as the Kingdom of God, because in the Eastern

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language he used there was no word to express the idea of a commonwealth. Yet the thing which he figured was a polity including the whole family of God, guided by reason and based on love, that is to say the desire of brethren and their father to accomplish good for each other. He described this polity as a living and growing organism which generates the principle of its own vitality, as the least of the grains, which grows to a tree, in whose branches all fowls of the air can lodge. Nations from the East and the West would sit down in it. Its roots were in truth. It would grow by increasing knowledge of the truth fed by the experience of men gained in the service of each to all. It would come, he said, without observation—here a little, there a little—the work of men scarcely aware of what they were doing. His countrymen slew him before they could grasp what he meant, and western society went on its downward way to the dark ages.

In the epoch which followed those ages the light began to dawn. The commons of England, without knowing what they were doing, conceived the device of representation. They developed a system through which a whole nation could regulate the relations of each to all by laws based on the general experience, laws which a great body of citizens were ready to obey and also to enforce on those who defied them. They did what Aristotle had said could never be done. The commonwealth on a national scale was England's particular gift to the world.

The seed of this system spread to the wider field of America and there flowered in thirteen States. But these States, like the peoples of the Mediterranean, had interests common to all, for the ordering of which a general law and one government were required. The Americans solved the problem by inventing the device of federal government, a stupendous achievement. The world owes to America the knowledge how to create for one territory, however vast, a commonwealth including a great diversity of peoples.

But while all this was happening the principle of the

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commonwealth was releasing the minds of men and allowing them to acquire an ever-increasing control of physical forces. They harnessed the wind, tracked the oceans and turned to power the solar energy which forests had stored in the cellars of the earth ere human feet had trodden its floors. The principles born of English experience were thus carried to the uttermost parts of the earth. In Canada, Australia, New Zealand and Africa new nations came into being and acquired a control of all their affairs as complete as that of the British themselves. In doing so some of them owed as much to American as to English example. The problem of Ireland, centuries old, was solved on these principles. The duty of encouraging India to acquire autonomy was conceived and announced; steps to that end were deliberately taken. The same principle was accepted and avowed as the ultimate goal in tropical Africa. A polity was realized in which a group of nations, sovereign in the real sense of the word, have discarded the very idea of settling their difficult and intricate relations by force or war.

In this twentieth century the five continents and all their peoples are more closely connected than the thirteen States of America were in the eighteenth century. They are more in need of one government and law than the Mediterranean peoples in the time of Cæsar; and as Aristotle wrote that the city republic was the last word in the growth of the commonwealth, so the wisest of our time think, speak and act as if national commonwealths were the last word in civilization. A League of Nations is the utmost development that their minds can conceive. To speak of a commonwealth embracing the whole world as the goal to which we are travelling is to forfeit the serious attention of practical statesmen.

The British Empire is not such a commonwealth. It includes but a quarter of the human race. It obeys no government which is responsible in the true sense of the word to all of its members who are fit for the task. But

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if ever its several and co-equal nations achieve such a government, they first will convince the world that a true commonwealth can be founded only on interdependence—that the organization of all human society in one commonwealth is the practical and necessary goal of human endeavour, and ought to be treated as such. They will so convince the world because the nations thus uniting will not be of kindred blood or speech, but will represent the typical elements of humanity drawn not only from the races of Europe, but from a large section of Asia and Africa. Such a service, if rendered, will be rendered by all these nations in equal measure. From its nature no one of them can render it alone.

A commonwealth is the sermon on the mount reduced to political terms, a society organized on the theory that the duty which each of its members owes to the rest is beyond measure. The sovereignty of the commonwealth is the necessary outcome of that principle, whether the commonwealth be city or nation. The conflict of sovereignties will never be solved until all men are organized in one society, as Jesus of Nazareth taught. By helping that commonwealth to come the will of God can be done, and thus only. In the river of time the British Commonwealth stands, a line of unfinished piers, yet to be crowned with arches whereby mankind shall cross to “that far-off divine event, to which the whole creation moves”—and leave the bridge behind them.

GERMANY AND GENEVA

KURHAUS, BADEN, GERMANY,
September, 1927.

MY DEAR R——,

My last letter was from the *Direktor's*. My surroundings were German. There were intruders, learners like myself, but our ways and our language were for the moment sunk. We were there to take, not to give. The atmosphere was unadulterated. This place is neither German nor English. It is like an Indian hill station, an island of unreality—and a very comfortable one too—in an alien sea. The sea, it is true, laps our shoes. A German boy cleans them, German maids make our beds, German chemists supply our drugs, and German doctors measure our heartbeats. As for theirs, for all we know they might not exist; so placid and detached is our daily round. Beauty too is round us; in the forest, in the old streets, and above all in the exquisite market place, bright with flower and fruit stalls, and picturesque groups of peasants, a mass of vivid colour, half in shadow and half in sunlight, round the great red minster. We have impressions enough of an æsthetic and hygienic kind. And with it all, the charming courtesy that one has nowadays to come to South Germany to find. It gives the very word "alien" a false ring. At meals I talk to the lady in front of me of dry fly-fishing in Hampshire, to the elderly colonel behind, who comes down in the mornings, dressed as for the lawn at Cowes, of South Africa before the Boer war. There

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are some Indians in one corner of the dining-room and a German general and his wife in the other. One of the Indians—an ex-Minister from a Native State—has a scheme for a temple at Benares to all the religions of the world. The other, a dignified old Brahman, I met a few minutes ago in the town followed by his demure little wife at the conventional number of paces, he in European and she in Indian clothes. As I passed the office I caught sight of three fat tomes, the *Susbruta Samtata*, left, I was told, for the doctor! There are a sprinkling of South Americans who arrived the other day in a Hispano-Suiza driven by a French "Enery Straker"—perhaps the first swallow—both picked up in Paris on the way; and a Spanish Contessa, but nothing that matters. The place is ours. For the rest, a little treatment, a little tennis, a little talking, a little walking, a little reading, a good deal of eating and then at ten o'clock sharp, for those who can do it, sleep until the sun, himself so remarkably English in appearance—in his habits, indeed, too this summer—peers over the Roskopf into our bedroom windows and we again present our stomachs to the stethoscope. No wonder after a few weeks when, with rejuvenated insides, we take our sleepers back to England, we feel that all's well too with the world.

But is it? Certainly when Stresemann came down on the side of the angels at Geneva the other day, it seemed more than ever so. Surely here was confirmation that Locarno had done the trick once for all. Wotan has since rumbled, but you can imagine the effect of the speech. Briand's was twice the length, but it takes longer to say nothing—"an inferior edition of 'the maiden's prayer,'" Pertinax called it, but then Pertinax is his enemy, and the tone was the thing that counted. As for us, we were in the dock: I will, however, come to that later. Stresemann filled the stage. I found Geneva full of the speech; its very unexpectedness took people's breath away, and at the same time it left his opponents'

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sails flapping. He not only accepted, but welcomed the Poles' revised motion, and he announced that Germany would sign the Hague optional clause,* which so far has been signed by no other great Power. He told the Press afterwards that his delegation, whose attitude in the various committees has also made a most favourable impression—it is perhaps the strongest at Geneva this autumn—was representative of German opinion. That may be, but his words, I am sure, came as at least as much of a surprise to his own people as to the rest of us. In this corner of Germany I have for twelve months watched the mood change from exaggerated expectation to exaggerated pessimism. Sentiment was clearly hardening in France, and in the French Press there seemed to German onlookers little to choose in tone between "left" and "right." The climax came with the resumption of Poincaré's happy Sunday afternoons. Briand was believed to mean well, but his batteries were masked and he was a sick man. The franc had put his chief in the saddle again for external as well as internal purposes, and he looked as if you could not kill him with a hatchet. I have no idea what hopes were held out at Locarno or later, but the ten thousand reduction in the Rhineland garrison seemed a drop in the bucket here after two years' waiting. I noticed a change at the *Direktor's* as soon as I got back in June.

* *i.e.* The optional clause of the Statutes of the Permanent Court of International Justice, so called because it does not become binding on members of the League (and the United States) unless they declare that they recognise it as compulsory. Any who do are bound to accept the jurisdiction of the Court in all classes of legal disputes concerning

- (a) the interpretation of a treaty;
- (b) any question of international law;
- (c) the existence of a pact which if established would constitute a breach of an international obligation;
- (d) the nature or extent of the reparation to be made for the breach of an international obligation.

Seventeen States have signed and ratified the clause. It was decided at the last Imperial Conference that neither Great Britain nor any of the Dominions would sign the optional clause without further consultation. (See THE ROUND TABLE, No. 66, March, 1927, p. 443.)

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They were as kind as ever, but the old outspokenness had gone. If the eternal question came up my host would quietly remark, "Oh! let's keep off politics," and the subject would drop. And reticence meant something, for the German is nothing if not frank—the Poles say brutally so. Anyhow, there it was. You yourself know K——'s keenness on reconciliation. Well, even he was beginning to lose heart. I was, therefore, prepared for a sensation at Geneva, and it came, though not in the form I expected, a threat of resignation from Stresemann if he could not get more to show for his policy. It was suggested in the *Observer* as long ago as May that Briand and Chamberlain knew that it would come to that if no arrangement was made about leaving the Rhineland. Instead, Stresemann did the big thing. He again held out the olive branch.

The result was electric. A close observer told me that the moral leadership of the Assembly—once ours—was now his for the asking. The big Powers had cleared the way for him by the hole-in-the-corner methods I told you of a year ago and the unpopularity we earned by them.* Personally, I should welcome such a development. It is perhaps the quickest way to get German sentiment wholehearted for the League. For you must not take the attitude of the Germans at Geneva as typical any more than Briand's. That is the danger of such speeches. In reality, the Germans at home have still to be won. The value of the League has yet to be proved to them. We must assist Stresemann. Nevertheless, progress has been made. Nothing has struck me more than the amount of space now given by the papers here to Geneva. Stresemann's countrymen were, indeed, half carried off their feet by the effect he produced. The very paradox helped. The least imaginative could realise that Germany would have lost face if her representative had gone to the League a-begging. Frau R—— pouted when I asked her what

* See THE ROUND TABLE, No. 65, December, 1926. p. 49.

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she thought of the speech, but the faintness of her damn was perhaps the highest tribute it received. The Germans, in a word, were proud of their Stresemann. Many people think that Lloyd George could have swung the British public either way in 1918. The other day it looked as if the German outlook might at a coup be got on to a permanently higher plane. Could one want a clearer proof that there is no such dead set as the French imagine? At its lowest, the speech was a master move in the game; at its highest it was consummate statesmanship, a real *acte*, as Briand put it, far more than mere words. And he got, in a sense, the best of both worlds. He left the Rhineland, and indeed all detail, severely alone, contenting himself with repeating, in a few impressive words, his solemn warning of a year ago; disarmament will be the acid test of the League. But the case for now extending the process to the ex-allies could not have been better put than it was by the veteran Hungarian, Count Apponyi, to whom its fuller statement was left. "Arbitration, security, disarmament" is a French bill of fare. The last two courses always come up in reversed order on central European menus. Have they not already piled their arms? That is their answer to "security" talk. In the Treaty itself, they remind us, the clauses which forced the Central Empires to disarm were introduced by words which put beyond doubt that they were "to render possible the initiation of a general limitation of the armaments of all nations." And did not the Locarno Powers also undertake "to give their sincere co-operation to the work relating to disarmament already undertaken by the League of Nations, and to seek the realisation thereof in a general agreement?" Everyone in the audience, however, knew well enough the duty which Article 8 of the Covenant imposes on us. Chickens have, it was realised, a way of coming home to roost, whether they are hatched at Versailles or elsewhere. The old man's thrust got home. Then, again, the Polish motion came up with the sting

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conveniently extracted. At the same time, there was nothing to prevent Stresemann rubbing in any particular point he wanted with even greater effect at report stage. The Germans seemed indeed, as a friend remarked to me, to be showing all the qualities that were so conspicuous by their absence in the old régime. Then Hindenburg spoke.

Yours ever,

BADEN, GERMANY,

September, 1927.

MY DEAR R——,

The anticlimax after the Hindenburg speech was immediate. The original Tannenberg retrieved a German failure in the West: this one seemed expressly timed to spoil a German success there. It was not that the old man said anything new. Everybody knows by this time what the Germans think about war guilt. I have never met one who admits it. Many of them would put the thing less absolutely than their President, but differences of opinion turned this time less on substance than on opportuneness. That, indeed, was what mattered. The President's words were bound, coming when they did, to counteract the effect of Stresemann's. Stresemann's were a sedative, his were a stimulant. At the lowest, they were certain to lead to a slanging match. The combative side was roused and, though I do not for a moment believe that the old gentleman was got at—he owes his great position to a character above that sort of thing—his pronouncement came as a godsend to a section which is always on the look out for troubled waters to fish in. You could see that at Count Westarp's meeting afterwards. In France, where Stresemann's speech had made an impression, as well as in Poland—for his assurance was taken to mean that Germany renounces any idea of force either in the East or in the West—the effect of Tannenberg was bound

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to be even more unfortunate. It looked like the first step in a thought-out campaign against the Treaty. People were aghast. Are not the moral clauses, they asked, its lynch-pin? It seemed, at the least, like another try-on to get out of reparations. French fears certainly saw in it far more than the natural tendency of an old soldier to let himself go on the scene of his triumph. It was an official utterance by the head of the German nation.

And Hindenburg did undoubtedly speak his people's mind as well as his own. Frau R—— was quite aggressive when I called there. "And what does timeliness matter?" she exclaimed. "It was the truth, and it ought to be known." But it was not, as I see it, in spite of the Cabinet's *ex post facto* declaration—they could hardly repudiate the speech—a deliberate *démarche*, only an outburst. You have not got a sulky disposition, but most people know the odd turns a suppressed sense of injury may lead to. A trifle will set it off. Nerve storms break like a bolt from the blue. I have sometimes, talking with a German friend, been surprised by a sudden spasm in his eyes. It comes and is gone like a squall in the tropics, and the reason is always the same. For Germany still has a bee in her bonnet. Locarno relieved the inferiority complex, but it was only scotched, not killed. It has fastened on to the "moral clauses"—for the Germans are as convinced of their innocence as we are of ours—and to the visible signs, like the occupation of German territory, which still mark their inequality. It was the stigma that made the old Field Marshal blurt out his repudiation, and the same cause accounts, I feel sure, for earlier outbursts, for von Kardoff's in the Reichstag, and for Herr Loebe's at Paris in August, the last under the beard of M. Poincaré himself. They all of them said aloud what their countrymen were thinking, but that does not show any deadly design against the new order of things, in the Rhineland, in Austria, or elsewhere. And in any case, these explosions, even when they come at such a cruelly unfortunate moment as the

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Tannenberg one, may prove a blessing in disguise if they serve as a safety valve for pent-up feeling. Their real significance is as symptoms, and symptoms have a value of their own for doctors who know how to make use of them. Anyhow, the ill effects will pass.

But I must get back to Geneva. I expected a dull visit. I found it thrilling. The restlessness of the small nations had borne fruit. There was a real revolt. There were, of course, deeper causes—the failure to get on with disarmament had thrown people back on to pre-Locarno ideas—but the revolt was behind the Dutch attempt to warm up the Protocol, and it also, they tell me, lost poor Belgium her seat on the Council. France's backing for once was fatal. Hotel meetings for the great are now taboo. There was, however, more than this. Since I have been in Germany I have grown more and more convinced that the League is our best hope of peace, but one cannot shut one's eyes to the make-believe in its atmosphere. This time I found a change. Chamberlain when I got there was the best abused man in Europe. His speech was, I hear, received in stony silence. It seemed to his hearers another of those cold douches which Geneva has learnt to expect from us. The Treaty of Mutual Assistance, the Protocol, and now this, their latest effort, had, they bitterly reflected, all gone by the board. He got on his feet, moreover, with the dead weight of the abortive naval conference on his shoulders. Disarmament at sea was to have been the starting point for disarmament on land. Cecil had just resigned. We were distinctly under a cloud. I can say nothing about the tone or temper of the speech—I did not hear it—but whatever its defects, it had done two things. Possibly what put his audience's back up most was its aloofness. The speaker seemed to be withdrawing, Achilles like, to wrap himself in the mantle of the British Empire. But if his words nettled them, they did what nothing else has yet succeeded in doing. They put the breath of life into the Assembly's nostrils. It was no longer a mere sounding

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board for platitudes and compliments. The second effect explains this. It had lifted a corner of the curtain that hid reality. The Continent has always found it hard to understand the British Empire. The slippery side of our amphibious character seems the uppermost one to them, and the nickname that Napoleon gave us is never out of their minds. We are at the same time European and what C—— used to call oceanic. In vulgar language, they don't know whether to class us as fish, flesh, fowl or good red herring. We have, I believe, quite as much idealism as any of them—perhaps more—but it doesn't flow into an obvious channel which coincides with our interests, as the Protocol, for instance, does with France's. We put forward alternatively—at least so it seems to our critics—the side that suits our book best. At one moment we are a single entity, at the next our mysterious unity starts fading away like the Cheshire Cat before the eyes of the astonished foreigner. Nor, oddly enough, did the Balfour Report dispel this bewilderment. Like that of the creeds we repeat in church, its value seemed to depend upon some mystic quality in the faithful. The Treaty of Versailles itself adds to the mystification. If a delegate turns up the Covenant, he will find no "Great Britain" among its signatories, though the Dominions all figure separately. Our members are described as "The British Empire, (and then inset) Canada, Australia, South Africa, New Zealand, India." The Irish Free State, of course, came later. What, he will naturally wonder, does "The British Empire" mean? In the Assembly he sees our various delegations, not sitting together but—full members as they are—scattered about throughout the hall, wherever alphabetical order happens to have placed them. On the other hand, the whole lot of us, Dominions included, have until the present session had no one to represent us on the Council except the delegate from Great Britain who occupies one of the permanent seats allotted under Article 4 to "the Principal Allied and Associated Powers." Canada is now on

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as well—having obtained one of the elected seats—but I don't know that that will make our domestic arrangements any easier to grasp. The Empire is, at all events, coming to be looked upon as our stock excuse. We gave it when we refused to sign the optional clause, and that is one of the reasons we are distrusted. For people don't believe that it is really the Empire at all, but simply our sea power which would be weakened if our right to intercept ships in time of war were affected, the very thing, as some of them realise, that at the naval conference stiffened the attitude of the Americans who have never forgotten the way in which we held up their commerce in the earlier years of the war. There was a rumour one day that one of the Dominions was ready to sign the optional clause. I don't know if their delegates are more or less responsive than our own to the ideal side. When public opinion across the seas was not so alive to what is in the wind here they perhaps took a less pronounced line at Geneva; but those days have passed. There are permanent factors which will always make people who live at the other side of the world slow to commit themselves in advance to grand schemes involving automatic interference in Europe. No amount of sympathy could make it otherwise, and the League will never become a real world organism till this truth is grasped. Chamberlain helped to make it clear. We did Locarno off our own bat, but he meant to leave no doubt—at least that is how I interpret his words—that, as far as he is concerned, the British Empire, when it moves, will in future move together or not at all in things that really matter. This seems to me to be right. Our Commonwealth could hold together on no other terms. It will be a pity if Ramsay MacDonald insists on making a party question of the Protocol.*

I was surprised, after what people had been saying about

* The leader of the French Socialists, M. Léon Blum, has declared himself against the Protocol in an article in *Le Populaire*. (See the *Manchester Guardian*, October 12, 1927.)

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us, to find Canada on the Council, but her election seems to me the very best thing that could have happened to a Dominion whose failing, if she has one, is, like her great neighbour's, a tendency to introversion. No doubt, those who voted for her were anxious to get a representative from non-Latin America, especially from North America—of the 55 States which compose the League, no less than fifteen are Latin-American—her delegation, too, has made an excellent impression; but I hope that her success also showed that there is still plenty of respect for our British system underneath the bitterness of the moment. The election was welcomed by the *Frankfurter Zeitung* on the interesting ground that Canada has at least shown that she knows how to deal with a minority problem. The Germans would also, I hear, just as soon have someone on the Council whose eyes are not dimmed by the misty air of Europe.

Yours ever,

BADEN, GERMANY.

September, 1927.

MY DEAR R—,

Chamberlain's speech cleared the air, but its effect was negative. It leaves us where we were. He was ready to subscribe to the Finn scheme for helping victims of aggression with money, and he made it clear that we would carry out our obligations under the Covenant. "Back to the Covenant" was, indeed, the keynote of his speech, and his assurance no doubt brought comfort to the States which owe their existence to the Treaty of Versailles. These people look on the sanction clauses as their sheet-anchor, and the light way most of us take them upsets them. There is, indeed, a proposal on foot, I see, to tighten them up. But—and I believe we both agree with him in this—Locarno was as far as we could go in the "security" direction. Certainly there could be no more

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special guarantees of frontiers. We have taken enough hay on our forks—many think more than enough. It was now, he said straight out, somebody else's turn.

Should we then just mark time? That would, I think, be a pity. There is a danger, I know, of being carried too far by a natural wish not to seem to hang back when the rest of Europe is straining at the leash, but there are other reasons for doing something. There is a real risk of reaction if we simply rest on our oars. Discouragement might put the clock back. We shall some day be asked what *we* did after the Great War, and our children are no longer Peterkins to be put off with the old fatalistic gag:

For things like this you know must be
After a famous victory.

Disarmament remains the burning question, and the speeches show that it cannot be shelved.

One trouble is, of course, that the Continent and we do not, and probably never will, see eye to eye. It is all to the good that this is now realised. Vain hopes would only revive the old *perfidie Albion* feeling. After all, it was inevitable that we should differ. A shadowy line on the map, at most a river or a mountain range, separates them from one another. They are like a heap of spillikins: disturbance anywhere means disturbance everywhere. It would affect us too, but we worry less. For the Channel lulls our nerves and the Empire distracts our attention. Our heart is in it and its interests are not always the same as Europe's. Bitter experience in their case is gradually driving home the truth, in spite of their scraps, that, for good or ill, they are all in the same boat, whereas we have only one leg in it and our hearts rarely. The schemes they hatch are therefore comprehensive; ours are as naturally piece-meal. They would have no gaps from the outset; we believe in the inevitability of gradualness—each corner should, we think, deal with its own bit of trouble. Our plan is a mosaic. In a word, they are fundamentalists

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and we are evolutionists. They all of them want to rope us in to-day, but the time may come when this incompatibility may start Europe, in despair, organising on her own account without us—one already sees signs of such a tendency. But our divergent viewpoints are by no means the only obstacle. Any disarmament scheme has enormous difficulties to overcome—it is not a simple case of the League shirking. Nothing has such a paralysing effect as fear, and fear has hitherto blocked the way. It is a fear, too, that is only too intelligible if one looks backwards. France and her allies naturally shrink from jettisoning a military predominance won at such a cost. They feel that it is unfair to ask them to take too much on trust, and they have no use for any insurance policy which fails to cover all the risks. But even if France could be satisfied—and some think that she would not dare to disarm even if the Protocol had gone through—Russia would still be there. Could any scale be fixed with such a huge unknown quantity in the background? Would she be trusted even if she joined in our efforts to arrive at a scheme? It was inevitable that the “security” side should come to dominate the whole problem. The Treaty of Mutual Assistance and the Protocol were both framed to meet the doubts of our Continental friends. They were rejected because they did not satisfy our own. Then came Locarno—the evolutionist plan. It at once improved the atmosphere and the League returned with renewed hope to disarmament. But the old skeleton proved still to be in the cupboard. The feeling of insecurity has, indeed, of late got worse; people positively shudder at the gaps in our mosaic. In our own corner, too, our guarantee apparently counts for less in France itself. The preliminary disarmament conference found itself once more in a *cul de sac*. That is why Geneva is off again on the “security” tack, though this time the idea is rather to see if the gaps in the mosaic cannot be filled, than to attempt water-tight schemes on the old model. Whether the League can square the circle

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still remains to be seen. There I must anyhow leave the matter.

On the arbitration side, the group plan favoured by the Norwegians seems the best line of advance, and it may fit in with Chamberlain's regional suggestion. It would not, of course, do for the pacts to be confined to States which already run in couples—that would be suspiciously like alliances—but it is a distinct advantage that, under this plan, we can each of us choose our own *vis à vis*. At present we have no general arbitration arrangement with anyone, for we were only guarantors at Locarno, but whatever the feeling may be about “all in” arrangements with the Continent, many of us would welcome one with the United States—we nearly got it before the war. But—and it is a big but—we must not shut our eyes to the fact that such an arrangement will certainly bring us up against the old freedom of the seas bogey. It is amusing, isn't it, the way we each of us pick our fancy for the race? “Security” carries the French money, “disarmament” the German, and here is an “arbitration” colt likely to be carrying ours before very long, all of course strictly under “National” Hunt rules. It may or may not take the world much further; but it is, at all events, a step.

The real difficulty, however, at the present time, as I see it, is different. We are talking of the sort of building we propose to put up before we have any firm ground to build on. It is no use laying foundations in a quagmire, particularly for the ambitious structures most people at Geneva have in mind. The ground must first be got ready, and that means that there must not be too glaring a difference of outlook between the various peoples. Something more has to be done to reconcile the losers in the war to the existing order of things. We need their whole-hearted support. There is, of course, often wonderful unanimity at Geneva; but you cannot take everything there at its face value. When one comes to motives, it is another story. There must surely be further approxima-

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French and German friends, trouble anywhere could be localised. But if it found the two estranged, there would be a temptation to turn it to account, and there are, as you know, people always on the look out for a chance to persuade Germany to try to get back what she has lost by force. They have, moreover, an alternative to point to. They have always looked East. Theirs is the wine that turns to flame in the cup. It is perfectly true that there is to-day more risk of an explosion south than north of the Alps, but the thing that really matters is not whose hand strikes the match, but the material which the conflagration will have to feed upon when it starts. And even before it comes to that, unrest leads to people taking sides. We may get the Albanian question out of the way and Serbs, Italians and Bulgarians may lie down together, but to make sure of peace the central European veld must be made fireproof. And the future of the League depends more than ever upon our holding together, on whichever side we fought ten years ago. America remains aloof; contempt for Geneva is hardly veiled in Italy; and Russia still lurks in the background hoping for trouble, with an eye always on Germany. Another war, and goodbye to the Europe that we know. What has so far been accomplished is at best a start, something to build upon. If we mark time there is sure to be a slide back—one has, indeed, already set in. It is fatal to hesitate between two completely inconsistent positions. Locarno started a new spirit and you can't mix it with the old one. However, I have said all this before.

You may say that, if there has been a check, Germany is to blame as well as France, and it is perfectly true. If Poincaré exasperated the Germans by starting his Sunday talks again, it was one of their own Ministers, Hergt, who set him off—you remember those provocative speeches of his along the Polish frontier. The undisguised contempt Germans feel for the Poles is one of the complications in a situation already full of delicacy. Stresemann's re-

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assurance the other day was badly needed. Again, Jaspar and Barthou may have taken up the Tannenberg challenge rather hotly, but Poincaré has this time been milder than anyone expected. He is even, people say, restraining his own people. If only we could get a truce of God for these graveyard orations. The general public in both countries is, I am sure, sick to death of squabbling, but peace is a still small voice and one only hears the extremists. What they say, moreover, matters, for though it has little effect on the masses, whose besetting sin is class, not international hate, it catches the ear of the well-to-do who in every country are the repository of national pride. There have been incidents too—you remember Professor Förster's statements—which have naturally increased French anxiety. But I am not concerned with the apportionment of the blame, only with cutting a vicious circle. What we have to get at is the disease of which these things are symptomatic, and the first step, I am sure, is to reach the German's heart as well as his intellect.

Yours ever,

BADEN, GERMANY.

October, 1927.

MY DEAR R—,

I have put you to the trouble of reading an unconscionable number of letters. I must now come to the point. How is the process of moral disarmament to be completed? For we won't make much progress with any other sort till it is, and there is still tension. There is no earthly use in going into the question of war guilt—history will decide which of us is right on that. But we need not look very far afield for an irritant that can be tackled. There are still 60,000 foreign troops in Germany. This was the main burden of two of the outbursts I have mentioned. At Paris last month Herr Loebe, the President of the Reichstag, put it at the meeting of the Inter-Parlia-

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mentary Union in this way. "If only France said to us," he pleaded, "'From January 1, 1928, there will not be a single French soldier on German soil,' it would be of immeasurable service to the whole of humanity." January is, of course, too soon. The French have, as the Germans know, to get their back frontier in order, but if they could bring themselves to name a date, say two years hence, and we were to undertake to be out of the Rhineland by then, people in France would, I believe, be surprised at the change that would result in German feeling. The declaration would have to come soon, for every year that gets us nearer to 1935 will reduce the value of the gesture. I would, for reasons I will come to in a moment, sooner see the occupation ended by a bargain than not at all, but if a *quid pro quo* is asked, one can't expect a moral effect as well. In any case, is there any material gain that would make up for the psychological one? A complete reconciliation would open up a new world. The future of the League would be assured. But there would be other results as well. The prospects of peace are, if I am right, still bound up with the fortunes of democracy in Germany, not because democracy is weak in war—it proved stronger than any other system in the late one—but because it is strong for peace. We shall all understand each other and work together better if we have the same system. It makes for friendship. And a reconciliation would help German democracy in several ways. For one thing, it would sap the vigour of certain anti-democratic elements which live on international hate, and strengthen the hands of the Germans who want to carry out their engagements. They must have some results to show for their policy. As things have been in the past, if they venture to suggest that the extremist picture has another side to it, they are too often looked upon as unpatriotic. But above everything else, the party system on which the working of responsible government depends would, at long last, get a chance. You know what a handicap a dominating external problem

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18. It colours every other issue, and prevents division on natural lines. The wonder is that German democracy is still such a hardy plant. A stranger could hardly realise what it has had to contend with. History, geography, philosophy, religion itself, seemed to be against it. Unlike puritanism which, whatever its drawbacks, at least encouraged political independence in the individual, Lutheranism has always stood for political docility. The Christian could keep his soul free, but he should serve the State without question in temporal matters.* What a foundation for Hegelian theory! Think too of the conditions under which the new system started! Yet, the old order has already been put leagues behind. Few would care to go back to autocracy to-day, and every year that passes makes it more impossible. The other day on a walk I came across a little monument in the forest to a few soldiers who fell in the troubles of 1848. I now realise the vitality of the spirit which was then crushed for the time being.

There is, however, another side to the problem. Is the hesitation between evacuation straight away and staying on till 1935? If it is, surely no one would have any doubts. It would obviously be better to go and get thanks for going; but even if we elected to stay our time out, it would, I agree, at worst, mean the loss of a fine psychological opportunity, and the risk of Franco-German relations deteriorating between now and 1935. It is a real risk, for incidents like the Rouzier case are sure to happen from time to time.

But will the Rhineland really be clear by 1935? What I am afraid of is that when it comes to the point the French will not be able to bring themselves to go. And the point will come, not in 1935 as is generally imagined, but in 1930, which is the date named in the Treaty for the evacuation of Coblenz. Coblenz, as a glance at the map will show, is a key position. From that corner of the Rhineland the French could with ease at the first appearance of

*See *Les Etats-Unis d'Aujourd'hui*, by A. Siegfried, p. 32. (Armand Colin, Paris.)

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danger cut Germany in two simply by joining hands with their Czech allies. What military adviser would give up such a vantage ground? One can imagine the feelings too of France's protégés. Before the recent session of the League there was, as you may have noticed, talk of using the Rhineland as a lever to get the Germans to undertake not to attempt to change the Eastern frontier even by peaceable means, as they did at Locarno in the case of Alsace and Lorraine. There was a rumour that M. Poincaré meant to exact something of the kind, and M. de Jouvenel definitely suggested a deal in *L'Europe Nouvelle*. In the event, the only thing that happened was Stresemann's voluntary reassurance to the Poles.

So much for the temptation. What, then, about the law? Here again, if a reason is wanted for staying on, it is easy to see where it would be found. Put briefly, the Treaty fixes the duration of the occupation at fifteen years. If, however, its provisions should be faithfully carried out, Cologne was to be evacuated after five years—this, of course, has been done—Coblenz after ten, and the rest (Mainz and Kehl) after fifteen. But “if at that date the guarantees against unprovoked aggression are not considered sufficient by the Allied and Associated Governments, the evacuation of the occupying troops may be delayed to the extent regarded as necessary for the purpose of obtaining the required guarantees.” A fourth provision allows the allies, either during or after the fifteen years, to reoccupy evacuated territory, if Germany refuses to observe the whole or part of her Reparation obligations. As against this, Germany is given the right of having the occupation brought to an end immediately if she “complies with all the undertakings resulting from the present Treaty,”* a concession which if, as some say, it means the payment in full of reparation—a sum never yet fixed—cannot be regarded as of much practical use.

* For these provisions, see Articles 428 to 431, inclusive, of the Treaty of Versailles.

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These, then, are the two pegs upon which a reason for staying on might be hung, security and réparations, our old friends of pre-Ruhr days. As regards the first, the Germans say that all the guarantees that could reasonably be required have already been given. They gave up any idea of recovering Alsace-Lorraine for ever at Locarno, and although they did not part with the right to bring up the Eastern question later, the effect of the arbitration pact with Poland was to rule out a forcible solution. We have since had Stresemann's reassurance this month at Geneva. The guarantee in the West is, moreover, endorsed by Great Britain. We refused to extend our guarantee to the East, but that is not their “pidgin.” It is not an easy contention to meet. But I don't mind very much who has the best of the law. What I am concerned with is how to get peace on a permanent footing, and there are considerations which make me feel that even if the Treaty gave us the right to stay on, it would be a fatal blunder to do so. I will, however, come back to that.

I must for the moment pass to the other peg, reparations. Here too there are clouds on the horizon, as the Agent-General for Reparation Payments has made clear. Hitherto Germany has had to find comparatively small annuities. The big jump came this financial year; during it she has to pay nearly £100 million, as against only £61 million last year, and the annual figure will go up for good to £125 million in 1928-29. The position, as I understand it, is as follows. A breakdown might come either through the budget or difficulties of transfer, and though no one can doubt the economic progress that Germany has made—you can see that by the way unemployment has gone down—neither the budget nor the balance of trade is at this moment satisfactory. There was a deficit in the budget of £42,500,000 for 1926-27, and another is quite on the cards this year. As regards the trade balance, an import surplus averaging £60 million a year has to be turned into an export surplus of £100 to £120 million (I have taken

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these figures from Keynes—you will remember his article in the *Nation*) if the Germans are going to pay the 1928-29 annuity in any other way than by borrowing. They have, of course, borrowed all that they have hitherto paid. The export surplus too would necessarily consist of goods like coal, iron, steel and textiles which directly compete with our own, and, I suppose, to some extent with other creditor nations' goods as well. It is impossible to believe that the Germans will risk getting into queer street by letting a breakdown come through their fault, especially through the budget. That would seriously complicate the political situation. I see, however, that the Agent-General considers the budget problem soluble. The financial position is difficult, not because revenue has not come up to expectations, but because, in Keynes' words, of "the growth of expenditure and the failure to reorganise the financial relations of the Reich to the States and Communes." These relations at present seem directly to encourage extravagance in both. You will have seen Herr Schacht's warning against private people and municipalities borrowing so much. Even the Reich, I see, wants to spend more. But I am getting out of my depth, and you already know all about that side of the question.

I am concerned only with the effect of a breakdown, or even the fear of one, on the Rhineland question. What the Dawes Report intended if the Germans fail to raise the money, as distinct from the question of transfer, I do not know. The Treaty of Versailles allows us to stay on—even to reoccupy Cologne—if "Germany refuses to observe the whole or part of her obligations . . . with regard to reparation." What the words, "refuses to observe," exactly mean, I will leave it to the lawyers to say. I am again thinking of the practical and not of the legal question. For what is the good of a perfect title to a *damnosa hereditas*? Suppose the right to stay on falls to us, should we use it? More than this, should we put off evacuation now on the chance of the Germans refusing to

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observe their reparation obligations? Would the game be worth the candle? For there are powers which, like some double-edged weapons, are apt to hurt the man who holds them. This one puts a premium on lingering on till the last possible moment, to make sure of the cash, and the "security" nightmare will still be there at the end to stop an evacuation even in 1935. The temptation to stay on will, indeed, be greater than ever then, because Germany will be so much stronger. But security in this sense is a will-o'-the-wisp, for it is only a general staff "security." Who was the old Greek who said that if you don't destroy your enemy you must make friends with him? Real security lies in reconciliation, the only alternative to the policy of force. There is nothing between. Force was, I know, discredited at Locarno, but it is easy to slip back into it again without quite realising what one is doing, and that seems to me to be our danger. We can't, however, expect to get what we want without running risks. It would be very nice if the old Franco-German quarrel could be made up and at the same time a big stick kept in the Rhineland ready for squalls, but with all the schemes that have been hatched since the war no one has yet hit upon anything that enables people both to have their cake and to eat it. Personally, I am convinced that the sooner occupied territory is evacuated, the better for all concerned. For, let there be no mistake, if when the time comes, the troops stay on indefinitely, sentiment will be poisoned. It means war some day.

Can anything then be done? At the moment clearly not. But a good many things are due to happen this next year. Our own general election is not likely to take place so soon, but both the French and the Germans are having theirs, and the French election is in May. Next November again, there will be a presidential election in America. Whether these events will make things easier or not it is hard to say. The only prediction I have heard is that Stresemann will remain German Foreign Minister, and

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that the Left is going to win in France. What will happen to Poincaré and Briand is, however, a totally different question. Many think that the former will himself go left. But whatever the composition of her next Government, France obviously cannot touch the Rhineland problem till it is in the saddle. Delay may not, however, be all to the bad if the Dawes scheme comes up for investigation next year, for that in itself would help to clear the air. I wish the whole question of international debt could be reconsidered, but that is too much to hope for.

Delay, then, is clearly inevitable, but it should be as short as circumstances will permit. The very doubt whether we mean ultimately to leave the Rhineland is bound to have an unsettling effect on Franco-German relations, and 1930 will soon be upon us. Rumours and articles such as I have mentioned give rise to inevitable anxiety, but besides, there is the patent fact, that France has not even yet begun to fortify her back line. To quote M. de Jouvenel: "*Il est bien significatif, notre retard à fortifier notre frontière définitive. Nous nous croyons dispensés de la réflexion et de l'effort par cette espèce d'occupation paresseuse qui ne règle rien. Nous attendons 1935. Or, tout le secret est précisément de ne pas attendre 1935, c'est-à-dire le moment où nous serons le plus faibles, pour établir solidement la paix qui, si elle n'est pas assise avant 1935, ne le sera plus.*" That is the position in a nutshell. The only divergence is that M. de Jouvenel would end a dangerous situation in a different way to myself.

You may call my view a prejudiced one, and it is. But it is not prejudiced in the sense of being either pro-German or pro-French. I have spent a good deal of time during the last ten years in both countries, and I sympathise with each of them. If ever there was a case of the sins of the fathers being visited upon the children it is this. Their difficulty is inherited. I believe that evacuation is in the interests of both of them. But my real prejudice in this matter is pro-British. And surely I have a right to speak. For the Treaty of Locarno makes the business of the other two

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parties to it our business. If trouble comes it will, just as in 1914, not only be theirs but ours and all three of us are equally vitally concerned to forestall it while there is still time.

Yours ever,

FURTHER REFLECTIONS ON THE INDUSTRIAL SITUATION

NOTHING is more striking in the innumerable public pronouncements on our industrial position and prospects than the fact that no two authorities appear to hold even approximately the same view. They range from boisterous optimism to a gloom black as Egypt's night. No doubt experts will always differ, particularly if they are amateurs. Opinions, too, even on economic questions, are often influenced by irrelevant emotions. It is natural that a Government should see nothing but good in the achievements and tendencies of its term of office, however vital, insignificant, or disastrous its own contribution towards them may have been. It is inevitable that an Opposition should be harshly critical, mouthing its prodigious prophecies of a golden age to come. Reasonable beings make allowance for such human weaknesses. But no amount of correction of this kind for errors in the recording instrument will produce a statement which could be taken as broadly authoritative. Nor is the difficulty confined to Great Britain, even though in our case the future may appear to be more uncertain. In fact, it is only necessary to glance through the articles from foreign correspondents in a review such as the *Economist* to realise that the position of many of our principal competitors is felt in their own countries to be almost as obscure as our own. There are croakers even in America. German reconstruction can point to many brilliant achievements

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which have not suffered from inadequate advertisement ; but it has also encountered formidable difficulties, and the process of recreating the capital resources of the country has set in motion forces that are still imperfectly understood. The financial and economic future remains to a great extent conjectural. If we ask whether the financial recovery of France is in a fair way to being assured or whether the industrial expansion of recent years rests on a stable foundation, it would be rash to expect a decisive or unanimous answer.

There are times when it is safe to assume that, if doctors disagree, the reason lies less in their ignorance than in the obscurity of the symptoms. No one is likely to dispute the assertion that economic and industrial conditions have been exceptionally difficult since the war. We are dealing with problems of extraordinary complexity and novelty. The war threw the entire machinery of international trade out of gear, and what was far more serious, it introduced into commercial questions a factor which for generations had for all practical purposes been inactive—the nightmare of exchange fluctuations. It is commonly believed that there are at least a dozen persons in the world who understand all the moods and vagaries of a currency, but the man in the street sometimes wonders how far even they are charlatans. The manufacturer exhausts himself in the effort to make an article and sell it in competition with a foreigner whose costs are no more comparable with his own than Magyar is with Russian, and for this very reason that a franc is no longer a franc, but whatever thinking makes it. It is fair to ask whether, amidst so much shifting sand, there is any firm ground ; on what premises industry is to contrive its own reorganisation ; whether Governments have any rôle to play. And if these questions can be answered, how far the tendencies of the day accord with its needs, as the answer seems to reveal them.

The first premise might well be that we are living in a

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new world. We continue to make comparisons with the prices and standards and conditions of the years immediately before the war. We might with advantage substitute a comparison with the years before the flood. Look for a moment at the changes which a few years have brought. There is the rise of the United States to heights from which it dominates the financial structure of every other nation. We have seen the map of Europe torn up and remade on principles which, however admirable, took no account of trade or commerce. Economic units, which were the laborious growth of generations, have been destroyed and in their place we have a number of small States seeking to shelter behind their tariff walls industries, planned on the Imperial scale of other days. Even in the British Commonwealth, the Dominions, which in 1914 were still in the main consumers of imported goods, have become producers in their own right. Germany has been broken in war and bankrupt in peace and has, survived both disasters. France has made great and, on the whole, successful efforts to develop her resources and extend her industrial growth in every direction.

From every other aspect the novel features of to-day are impressed on us. The industrial countries command a far more complete and perfect equipment for production than ever before. Mechanisation is universal, electric power ubiquitous. The inventive genius of man has never reaped so rich a harvest as in recent years. We have seen unimagined improvements in means of communication, the rise of the age of oil, the discovery of a new staple fabric in artificial silk. On all sides there is change, more rapid and far-reaching perhaps than ever before. In such a world it is idle to judge economic problems by the standards of 1914 or of any other year from an earlier epoch. When our environment changes almost beyond recognition, it is time for us to think of changing our ideas.

No remedy for our industrial troubles has been more widely canvassed or more bitterly disputed than pro-

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tection, but it would hardly be unfair to say that the controversy over protection is still conducted on antediluvian principles. Liberals are still free traders for the quite inadequate reason that they were free traders in 1906. Conservatives are still in the main protectionists because they see no reason to modify views they have long held. There are glimmerings of doubt in Labour but hardly more. No comprehensive attempt has yet been made to think out a fiscal policy in terms, not of Cobden or Chamberlain, but of this post-war world. Instead, the battle has been waged round the absurdities of safeguarding—which, if sound, should be applied not to gloves and press-buttons, but to the steel or woollen trades; and if unsound, is not worth discussing. The unreality of the old arguments is at once apparent if they are put to a critical analysis. We have been told for a generation that our strong suit is quality—our products are unrivalled in the world's markets, we can afford higher costs because we can obtain on our merits higher prices, and so on. What are the facts? Modern methods of production have tended everywhere to subordinate quality to quantity, or in other words to cheapness and to standardisation. Concurrently with this process the power to manufacture the special product, the command of fine workmanship is being universalised. There is no more delicate product of engineering skill than the Diesel engine. It is significant of our new world that every maker of the Diesel engine in Great Britain is or has been a licensee of a foreign firm.

On all grounds there is in our view everything to be said in favour of a full inquiry into the present case for or against a general protective tariff. Any such inquiry would naturally embrace the fiscal relations of this country with the Dominions, and would thus examine whether free trade within the Empire is desirable and to what extent it is practicable. It would also, of course, take into account the report of the recent World Economic Conference, and any action that may be taken upon it by foreign

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countries. The suggestion of an investigation of this kind may be met with mingled scorn and derision. Commissions have been for so long the inevitable refuge of any Government in a difficulty that they have become the butt of every humorist in the land. It will be said that protection is frankly a party question, and that any commission will be certain to divide on party lines. But if we are so hidebound in our prejudices as to be incapable of an impartial view on a matter not of political principle but of practical economic expediency, the prospects of the industrial future are clearly deplorable. Not only protection but every other major industrial problem—the relations of labour and capital, or the grouping of industries in larger units—will defy solution for just so long as prejudice or tradition have a deciding voice. The orthodox free trader will object to an inquiry on other grounds. He is mastered not by prejudice but by faith, and so long as with the blasts of his trumpet he can dislodge a few courses from those walls of Jericho which encircle our neighbours, he regards it as a crime to proclaim a truce. Possibly by the side of these serene and undoubting Crusaders there may be found not a few of those “wistful agnostics,” whom Bishop Barnes has made famous in another sphere. Not being convinced either that free trade in the long run is a tenable policy or that protection is a safe one, they ask only that men wiser than themselves should make a fresh survey of the ground and build up for them some reasoned foundations of belief.

If we turn to another aspect of our problems, the relations between industry and finance will well repay examination. It has long been fashionable in certain circles to decry the City. For years before the war the pessimist or the xenophobe regaled us with their diatribes against the inhuman financiers, who were eager to finance the industry of every country but their own. We were urged to remodel our banking system and copy the methods of Germany or Belgium. The City was pressed to insist that the proceeds

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of every foreign loan were spent, so far as they could be spent outside the borrowing country, with the manufacturers of Great Britain. The City did nothing of the kind, but continued on its course, faithful to its traditions. In those days the indictment failed, because the City did in fact by its own methods, which were not and could not be expected to be German methods, find whatever capital was necessary for new enterprises worthy of support.

It is doubtful whether a candid observer could give the same certificate to-day. General investment conditions in recent years have encouraged playing for safety. With the credit of the German State on a 6½ or even a 7 per cent. basis and that of almost every other foreign Government outside the United States inflated proportionally, the investor has wallowed in what he was led to believe were gilt-edged securities. Ordinary shares have been taboo unless their speculative attractions were overwhelming. We have now reached a point when it is probably easier to obtain capital by a share issue for a venture which is undeniably a gamble (provided only that the odds can be obscured) than for a new public utility which on every precedent will return a steady 10 per cent. to anyone who is prepared to wait three years. This is not on the face of it a healthy condition. It is disastrous for industry and demoralising for the City, since it favours the unscrupulous issuing house, which asks of a prospectus only that it should not be palpably fraudulent, against the concern with a reputation to lose.

It was to counteract these conditions and to facilitate the financing of construction enterprises that the Coalition Government, in a moment of imaginative courage, devised the Trade Facilities Act and the principle of a Government guarantee of loan capital. This, like other excursions of the State in the promotion of remunerative development, did not long survive the persistent pressure of the traditionalists. The political thought of the moment prefers to limit the functions of the State to the routine of admini-

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stration with the signing of blank cheques for what are euphemistically called social services. The Act expired, unhonoured and unsung, but it deserves an epitaph. As in every other experiment, those who were responsible for directing its application had to discover pitfalls for themselves, and learnt how to avoid them, and it is unfortunate that the experiment was not allowed to continue for long after an appropriate technique had been perfected. Only those who had practical experience of its utility are in a position to appreciate the difficulties which have been placed in the way of constructive enterprise through its abrogation. Parliament with characteristic cynicism again boxed the compass when, six months after applauding the Chancellor's announcement that the Trade Facilities Act would not be renewed, it authorised the Treasury to guarantee loan issues of the new Central Electricity Board to the amount of 33½ million pounds.

It is not our intention in this brief review to suggest how industry and finance can be brought closer together, or to consider whether the State can legitimately make any further contribution to that end. The purpose of these paragraphs is a more modest one. It is to give reasons for thinking that there is a lack of co-ordination, and that finance does not in fact to-day supplement and promote industrial development as in practice it was able to do before the war. The conditions which have brought about this change have created a new problem for the specialist, and there are no clear signs of any serious effort to solve it.

In the relations between capital and labour the omens are more hopeful. For years past those relations have been the despair of every reasonable person. We appeared to have drifted into a cycle of embittered disputes. Falling prices with a series of lock-outs followed rising prices with a series of strikes. Every trade union and every association of employers seemed lost in the narrowest conception of its immediate sectional interests. A national or even an industrial point of view was excluded. The extremist on

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both sides was in the ascendant, and with whatever misgivings, the masses felt powerless to do anything but follow his lead. There is every reason to believe that since the general strike the plain man has come more and more into his own. In such gatherings as the Trades Union Congress the extremists have been jettisoned. Responsible leaders have discarded heroics and have given rein to their native common sense. Representative unions have discovered a common interest with employers in the problems of their industries, and have shown their willingness to discuss those problems with an open mind. On these lines there is hope for the future. Nothing is more likely to enforce a general recognition of the fundamental novelty of our present industrial problems, nothing can do more to break down old party divisions on economic questions than the steady application, industry by industry, of the calm and constructive thought of all those engaged in it to its difficulties.

The State of the Various Classes

I. THE STATE OF THE VARIOUS CLASSES

The Communists

TO begin with, we must realise what a Russian Communist is. The principles of Communism, or rather of Bolshevism*, as its Russian version, with its worship of materialism and suppression of individualism, is usually called in this country, are to-day a matter of common knowledge, but the people who have been trying to put these principles into practice are less easily understood. Most of us judge others by ourselves. Communists, however, cannot be measured by accepted standards.

The Russian Communist party has nearly a million members, and, broadly speaking, they fall into three groups, the old-timers, the newcomers, and the Jews. The latter may be either old-timers or newcomers. Most of the leaders spent anything up to thirty years of their lives in secret conspiracy against the Tsar, and this long period of subterranean activity inevitably developed certain characteristics—bitterness, arbitrariness, obstinacy, cruelty, cunning and, last but not least, an ignorance of the practical side of life. Any way of fighting Tsarism was considered legitimate, and morality in the sense that we understand the word, went at an early stage to the wall. The standard became a relative one. Everything was and is still judged by its effect on the fortunes of Communism. Nor did prosperity when it suddenly came have a healing effect. The minds of these men were already hardened. If to these qualities one adds a strong will, an absence of scruple, a determination to take no chances, and a personal courage

* For the meaning of the term, Bolshevik, which was derived from the word, "bolshi" and means "the majority" to distinguish it from the other branch of the Social Democratic party, who were called "Mensheviks," meaning "minority," in 1903-4, see *The Round Table*, No. 34, March, 1919, p. 265. In Russia the Bolsheviks now always call themselves Communists.

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THIS November a great celebration is taking place in Moscow. The revolution actually began in March 1917, but the Kerensky régime proved to be only an interlude. It is just ten years since it was supplanted by the Bolsheviks, and the old Russia vanished in blood and flames. But although its fury has abated, the revolution has still to run its course; the new Russia has not yet arisen from the ashes. Lenin himself did not claim that the system he established was the ultimate goal, only a stage on the way to it, and even so he had to retrace his steps; capitalist methods have of necessity been largely revived. It is beyond the scope of this article to go into the theoretical side, and it is certainly too early to draw any final conclusions about the effects of the Communist experiment upon the Russian character, to both the good and bad in which it made an appeal. A few details about the kind of life people are leading under the new system may, however, have an interest, on this, its tenth anniversary, and first the classes into which Russian society is now divided must be described.

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beyond question, coupled with an often fanatical sincerity, it will be realised that the Communist machine has a formidable heart. These old-timers go by the name of "The Old Guard." They are the new aristocracy which rules Russia.

Next take the Jews. They are the brains of the Party, but their political instability has often been a source of weakness to it. The trouble is that for the most part they are not Communists from love, but from personal motives, revenge or, not infrequently, the hope of gain. Under the Tsar they were badly treated by the people as well as by the Government, for Russians of all classes have an antipathy to Jews which showed itself in a variety of ways. They had to put up with all kinds of humiliations and disabilities. Small wonder then if they support the only party which preaches absolute racial equality. It remains to describe the third and by far the largest group. The "newcomers" belong to many races and a large number of them have a doubtful past. They constitute the rank and file and their motive for joining the Party was as often as not an interested one. The old-timers are perfectly aware of this and treat them accordingly. They are rarely given any responsible post.

It will be evident that in such a party there is plenty of room for dissension. Its members, however, all know what disruption would mean, and a common sense of danger holds them together. Less than a million in number and for the most part with little or no education, they have to keep 140 million people in subjection, a task which compels discipline. And iron discipline prevails. Each member of the Party has to swear blindly to obey its orders, without regard to consequences, and every one of them is trained to the use of firearms. Such, in a word, is the organisation which has the life of every Russian at its mercy to-day.

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The Educated Classes

Life is, however, one thing, character another, and it is no easy task to remodel the social framework of a community. It is certainly one that requires time, a truth which the Bolsheviks are beginning to realise. Notwithstanding the drastic character of their methods, they continually find themselves nonplussed by the tenacity of the old order. It refuses to conform and though it may for the time being be suppressed, it keeps coming up again and, alongside and linked up to it, a new bourgeoisie is at the same time springing up.

The rule of the Bolsheviks has lowered the standard of pretty well everything, but it was their aim completely to destroy the whole structure of Russian society, and in that they have failed. A nation's civilisation is the growth of centuries. It has its roots deep in the nature of the people and its adaptation to their peculiarities and needs is the result of a slow and laborious process. It cannot be overthrown by theories alone, however excellent, and violent methods only defeat themselves. Thus it has come about that class distinctions, far from being obliterated, still live on. Being, indeed, no longer based, even in part upon wealth as they used to be, but only upon culture and intellectual qualities—no one nowadays aims at display, rather the opposite—they have actually taken on a new lease of life. The remnants of the old educated classes form to-day what one might call a walled off section, almost a caste. The upper class in the old days used to present an unedifying spectacle with its follies, its intrigues, its selfishness and its intemperance. The revolution has purged it of its more conspicuous faults. But it has done more than that. It forced its members, both at their work and in their homes, to associate, often on intimate terms, with social inferiors, formerly their servants and then their masters. For years on end there was no escape from the anguish which incompatibility

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inevitably produced. It was not a question of wounded pride—pride was never a Russian weakness—but the effect of this unforgettable experience has been to cement the survivors into a compact, tolerant and disciplined group. It has also taught them to work, and they are, in consequence, becoming a factor which cannot be left out of account. Most of them have become subordinate government officials, or, to use the new stock term—“official” being redolent of Tsarism is anathema—“Soviet servants.” The State is a jack of all trades and the sort of work on which a member of the old middle class happens to be employed is a matter of chance, but as long as he gets enough pay to keep body and soul together, it is all the same to him. He doesn’t care whether it is in the Finance Department, the Bureau of Statistics, the Department of Agriculture, or a trading concern. His main object in life is to keep his job and after that if possible “to better himself.” With that his ambition comes to an end. The Russians are a naturally gifted race, and the energy and the wiles to which a brain worker in a government office will resort to get a rise of salary, or a transfer to a better paid post are amazing. The waste of time would also be heart-rending were it not that this wire pulling has to be done out of work hours. There is certainly little opportunity during them, for his nose is held tight to the grindstone. His work may be useless, but there is plenty of it and it is not his place to criticise. On the contrary he pays the Party lip service, but it has no delusions about his attitude. It knows it is prompted simply by the instinct of self-preservation, and it trusts him no further than it can see him. It has no reason for sparing the old educated classes, and its deliberate aim is to get the most it can out of them.

For brain workers, except employees in the railway and transport services who have just gone back to an eight hour day—in anticipation, people believe, of an impending general increase—the Communist working day is six and a half hours. It lasts from 9.0 a.m. to 3.30 p.m. in winter

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and from 8.0 a.m. to 2.30 p.m. in summer. Light refreshments may be taken at noon provided that work is not interrupted. If you are late in the morning, even if it is only a minute, the penalty is a reprimand for the first offence, a warning for the second, and dismissal for the third. In practice, however, these penalties are only imposed on the “bourgeois”; the “proletarian” is treated leniently and the Communist goes scot free.

All employees, whether in Soviet or private employ, are insured against illness. None the less, the educated Soviet servant goes in dread of falling sick. Everything he does is looked upon with suspicion, and inability to work is often put down to a lack of good will, even to “counter-revolutionariness.” He has to appear before a medical board, and if they do not pass him sick he is open to the charge of malingering. At best, he knows that the unavoidable disturbance caused to the routine of the office by his absence will annoy his chief, but worst of all is the fear of losing his job should he be often or long away. He may in that event easily find himself superseded when he gets back. So, with anxiety to goad him he struggles on often at the cost of grave injury to his health.

In the office there is what is known as the “wall newspaper,” a news-sheet which, as its name implies, is posted on the notice board or wall in the larger institutions. Its object is to depict their inner life, and a great scourge it often is. Its contributors are themselves employees, and their articles are anonymous. The wall newspaper at times exposes some abuse or other and it also discusses matters of interest to the employees; to that extent it serves a useful purpose, but it caters directly for class or party spirit, and it enables the most degraded elements on the staff to vent their spite on their betters with complete impunity. No better way indeed could possibly have been devised of encouraging what schoolboys call “sneaking.”

At 3.30 p.m. sharp, though he may only have a single figure to add to complete a balance sheet, the Soviet brain

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worker throws down his pen and crowds with the rest of the staff to the door. In the morning there is less of a squash, as employees begin to trickle in as early as 8.30 a.m. As no excuse is taken for being late from the educated worker, he is in a state of perpetual anxiety lest his worn out watch or the tram should let him down. As a precaution, he allows himself time to walk to the office. Weaklings and women, moreover, may be squeezed out of the overcrowded morning trams. It is different at the end of the day. Everyone then rushes off at the same time, with a hubbub and confusion that can easily be imagined. Overtime is forbidden by the labour code—one of the few laws in which every citizen willingly acquiesces. After his prolonged fast, moreover—for the midday refreshment is only a snack—everybody is in a hurry to get home to dinner which Russians usually have at 4.0 p.m.

But it must not be imagined that when he gets home the Soviet servant's labours are over. Several days a week he has to bolt his food and hurry off to some meeting or other. As attendance is, in point of fact, obligatory, these meetings are really so much extra work, the only difference being that he is paid for what he does at the office, whereas he has himself to pay for the privilege of spending his spare time in this uncongenial way. Now and then the subject may be something to do with his regular work, but usually it is a trade union meeting, or a sitting of a "voluntary" association like the "Society in aid of Aviation and Chemical Warfare," or the "Society for Exterminating Illiteracy," or "Aiding Foreign Revolutions," etc., etc., and he has to give something to all of them. He may think it as well too to be sometimes seen at public meetings staged by the Communist nucleus of the institution for which he works, or he may try to "acquire merit" with his superiors by rubbing up his "political grammar" (the current name for the theory of communism), or by learning to sing the "International," or again, having wriggled into a job for which he has no qualifications, he may feel it prudent to master its

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rudiments, if there are suitable classes available. Or again, some new act of aggression on the part of Great Britain against the workmen's and peasants' State may render it necessary for him to go and register a fiery protest, and when British coalminers, who are far better off than himself, strike he has to insist on contributing to their support. In short, a member of the old educated class must to-day be an accomplished diplomat.

But, it may be asked, is there no off time? There are both "days of rest" (Sundays and Church holidays) and "holidays" (revolutionary festivals). On two of the holidays, May day and November 7 (the anniversary of the revolution) he marches about in processions. At worst, however, this only costs him boot leather or possibly a soaking. These functions were, moreover, at one time not so bad as names were noted at the start, and people could take the first chance of sloping off home. But this defect has been put right. There is now, much to everybody's disgust, a second roll-call at the end. Then every employee gets a fortnight's holiday in the summer. The Soviet servant usually spends his at home. As he has no money, his only alternative is, if there is room, to go to his trade union rest house in the country, or on the outskirts of the larger towns. The better classes, however, generally prefer to stay at home, for there is no rest for them like a short respite from the barrack-like atmosphere which permeates the rest house as well as the office, and although there are some good rest houses others are of very poor quality.

Educated women in Russia have for years enjoyed a more independent position than their western sisters, and the revolution has enabled more of them to earn their own living. They now form a considerable part of the staff in every government office, but they are chiefly typists and seldom rise to responsible positions, for Russian women are not good at office work. The proportion of married women employees has also increased to a remarkable extent. This

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is natural, for with only one breadwinner it is impossible for a family to make ends meet. With two, there will still be a salary to live on, even if one of the couple is out of work. Last, but by no means least, now that one is only allowed cramped quarters, it is something, with all its drawbacks, to have an office to go to if only for the sake of a little variety. As regards wages, the sexes are treated alike. Actually, men earn more because they fill the higher posts, and these command larger salaries.

In addition to the great body of Soviet servants there are a small number of educated people in liberal professions and trade. These do not come off so badly; but medical men alone have held their own all through. This is easily intelligible, as the Communists, who are curiously enough often particularly timid patients, soon realised that doctors' skill and the use to which they put it is beyond control. They were spared in the Terror, except when they had taken an active part against the revolution. Their chief grievance to-day is that they are woefully underpaid. Most of them hold some official post, either for the sake of the privileges that it brings, or because a refusal to do public work gets one a bad name with the Party. But they generally have a consulting room at home as well, which brings in three or four times as much as their emoluments, and enables them to live decently. The lawyers are nowadays an insignificant body, but most of them too manage to rub along as their services cannot be entirely dispensed with, for it is not a suitable profession for an illiterate "proletarian." They are viewed, however, with great suspicion, and a tight rein is kept on them. To practise, a lawyer must belong to the College of Legal Defenders, as barristers are now called, and the Party can strike the name of any offending member off the rolls. Political themes have to be handled warily, and a lawyer has to control his tongue. It is often indeed impossible for a private person to find one to act in a case where a Communist or a Soviet institution is concerned.

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The Soviet brain worker would feel his work less of a strain if he had a comfortable home to go back to in the evenings, but this is not the case. He is allowed from 70 to 100 square feet of floor space (not counting the kitchen), according to the town in which he lives. As houses and flats of this size are rare, several families have usually to share a dwelling, and with the best will in the world, friction is unavoidable. With one room to eat and sleep in, and often to cook in as well, there is no such thing as privacy or comfort. Practically no one keeps a servant, and the household drudgery falls entirely on the family. This takes up a great deal of time, and shopping runs away with more, for it is hard to find what one wants on account of the shortage and poor quality of the goods in the shops. It may take a couple of days to obtain some small necessity, and one is fortunate even then. Many things one needs are not to be had for love or money, especially if they come from abroad.

The Soviet servant generally finds when he has managed to feed and clothe himself that his money has all gone. He will, nevertheless, often go without some necessary to be able to go to the cinema. If the pictures are to his liking, he will, however, be in luck, for the Party selects them. But whatever his feelings, it is something to get away from himself and his miserable lot for an hour or two. The picture halls are always packed and a stranger would wonder where the money comes from for a mere amusement. But the fact is that the cinema is not really a mere amusement, but, under existing conditions, just as much a necessity as food for educated Russians. It often saves a mental breakdown.

The Russians were always addicted to parties, but social entertaining is now a thing of the past. You would not care to receive guests in one small bedroom, even if you had the money. There is hardly ever a piano, or even a gramophone, and although dancing is no longer forbidden, it is naturally out of the question. But more than anything

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else there is the dread of friendly gatherings exciting Communist suspicions. Joy in life has departed for the Russian intellectual.

The Workman

If the revolution brought nothing but loss to the middle class, in the case of the workman it has both given something and taken something away. The cost of living is two or three times as great, though wages are no higher, often indeed lower, than they used to be, and his old weapon, the strike, is in practice no longer available. The idea that they would all get rich men's houses to live in has long ago evaporated. Their housing conditions are, indeed, worse than before the war. But against these disadvantages they can set one decided gain. Their self-respect is no longer wounded as it used to be. Manual labour is now a recognised and honourable occupation. If anything indeed its importance is exaggerated. The labourer has at all events ceased to look upon it as degrading. He is even made to feel that it raises him in the estimation of his fellows. He is called "citizen" like everyone else, and this welcome change helps to reconcile him to sordid surroundings. Night work too is, whenever possible, prohibited, and members of trade unions get tickets at a reduced price for entertainments. As regards hours there is now a statutory eight hour day for manual workers,* but they too have endless meetings to attend, so that the privilege is often illusory. They don't work nearly as well as they used to, though there is a movement on foot, as the result of the unsatisfactory state of production, to tighten things up. An inadequate output is not, however, always the workman's fault. It is often due to recurring stoppage in the factories. As regards health and unemployment insurance, the conditions are the same for manual as for office workers and, although there are defects in the system that a Western

* The Soviet Government has recently announced that a seven hour day is to be arranged in the next few years (see the *Morning Post*, October 17).

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workman would not put up with for a moment, it is beyond all comparison better than in the old days, when there was no State insurance at all, except on the Government railways, and friendly societies were not countenanced. Unfortunately, now that the first enthusiasm is wearing off, and the men are getting to understand the working of the different schemes better, abuses are on the increase. There is more malingering and fraudulent claims are commoner. One sees more drunken men than ever, too, in the streets.

The Peasants

Communism gave the peasant his land but it reduced him to beggary. It is true that he is no longer openly plundered as in the early days of the revolution, but the milder expedients now in use, heavier dues to the State and inadequate prices, have in a lesser degree the same effect. Taxation kills enterprise and puts a premium on sloth. His produce fetches as much on an average as it did before the war, but the peasant himself has to pay two or three times as much for his boots, clothes, iron, matches and sugar, and even so cannot get nearly all that he wants. There are too few farming implements and machines and they are also very expensive. If you want a machine you have now to pay an instalment at the time you give the order, instead of on delivery, or even after the first harvest, as used to be the case in the old private dealer days. As a result, the peasant is going down hill and discontent is on the increase. At home he is watched on every side. Besides Communists, anonymous "village correspondents" pry into every corner of his life, and when it suits them to do so, they expose his actions in some "wall newspaper" or in the local rag. Scandal has always been the bane of village life, but when encouraged by the authorities it becomes intolerable. Every now and then a "village correspondent" is murdered, and a peasant executed as an example.

II. ECONOMIC AND GENERAL

Trade and Industry

THINGS of the spirit have no place in the Bolshevik creed. The only thing that matters is material well-being, and whatever does not contribute to it is useless lumber. It is therefore natural that industry should come first with the present régime. It is practically entirely in the hands of the State, which means the Party, or rather its Trusts. The workmen who are nowadays, in theory at all events, partners in the common wealth are asked to put up with poor wages and a low standard of living, in order to build up the industry of the country; the peasants are told that their prosperity depends on its progress, and their interests are ruthlessly subordinated to this end. Townspeople are warned that they cannot expect better conditions until industry is firmly established. In a word, everybody has to suffer for the sake of its future. Statistics are issued to show that it is making incredible progress, the output was quite recently announced to have reached 104 per cent. of pre-war production—itsself insignificant as compared with that of other Western countries—and industrial production has undeniably increased during the last few years. But people are not impressed by figures, for they know the facts. Whatever the total production really amounts to, there are not nearly enough manufactured goods even to keep pace with the miserable purchasing power of the population. There is a shortage of textiles, footwear, hardware and technical equipment. The products of Soviet mills are, it is true, sold in Shanghai, Harbin and Persia far below cost price, but that does not alter the position at home, where one still finds long queues outside the dry goods stores waiting for a cloth ration to be rushed from the loom to the counter. The shortage is made worse by a defective system of distribution. That is, however, only half the

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mischievous. The poor quality of the goods and their high cost are an even greater burden.

Russia has never been looked upon as a manufacturing country, but before the war there were at least a large number of flourishing industries, especially textile factories. Cotton prints—the chief article of home consumption—were of high quality and cheap enough to hold their own against foreign competition, even if there had been no protection. Russian leather also had a well merited reputation. Russian sheet iron, which was extensively used for roofing, was cheap and good; Russian rolling stock left little to be desired, and Russian yards built first class warships. Under Soviet industry it is a very different story. The new railway locomotives are proving less reliable than the pre-war ones; the textiles do not bear comparison with what was formerly produced; the leather crumbles; and even the famous galoshes often last only a month or so, instead of a season. And so the story continues. This drop in quality is largely due to poor materials. Finish and workmanship are no longer expected. Yet, with the drop in quality the cost has risen. It is, moreover, easy to understand why. The writer has already referred to the spells of enforced idleness due to the non-arrival of fuel or raw material. Sometimes too, mistakes in estimating demand have led to over-production in cases where the commodity is not of prime necessity. The stoppage may last a few hours or several weeks, but the workmen, as is only right, draw their pay the whole time, and this is then added to the selling price, which the consumer has to pay. New factories are from time to time erected, or old ones restored, but others are all the time falling into disrepair, or put out of gear by the raids which are made on serviceable machinery to re-equip similar works elsewhere. Wear and tear continue to overtake renewals and the process of attrition tends to increase.

There are many causes for the unsatisfactory state of Soviet industry, but the most obvious one is mismanage-

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ment, and that is a direct consequence of policy. Bolsheviks regard industry, especially heavy industry, as one of the "commanding heights" of socialism, and it is a cardinal principle with them that Communists should be at the head of the most important undertakings. Yet, his political views are often about the Communist's only qualification. The result is a great deal of incompetence. There are, of course, a number of old time specialists, engineers and others, engaged in and about industrial concerns, and it is men of this stamp who have kept things going; but they do not often have the actual control of the management.

Trade, of course, is different, and here a considerable part is still played by the individual, although as a small capitalist, he only exists on sufferance. Directly he has outlived his usefulness, which means as soon as the State and the co-operative concerns are in a position to take his place, he is marked down for extinction. Wholesale trade is almost entirely in the hands of the State; foreign trade and the internal branches connected with it are government monopolies, though an enormous smuggling business has grown up alongside of it. There are a host of prohibitions and restrictions to stop a private merchant engaging in wholesale trade. In the higher Soviet trading organisations, Jews predominate, not because they are better business men, but because there is a better chance of getting rich in them. There are obviously more opportunities for illicit gain in a concern which handles goods than in one, say, which handles statistics. It is not that Russians are blind to these advantages, but the Jew got in first and he is now strongly entrenched. This, no doubt, partly accounts for the fact that there are so many Jews carrying on a flourishing business in Russia as private traders. They are the only people, indeed, who seem to have any money. Soviet trading shows few more signs of efficiency than Soviet manufacture. Huge staffs perform badly what a comparatively small private office would do adequately. Every-

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thing is supposed to be done in accordance with the Communist system of plans. Officials trade in articles of which they often hardly know the name. Bad goods are purchased, good stuff is allowed to go bad, waste is the order of the day, and crisis follows crisis as one wave of the sea follows another. The unfortunate consumer has, of course to pay for all the blunders. Where there is no free competition the monopolist can unload inferior commodities upon the public and charge what he likes. The basis being unreal, the state of profit and loss worries nobody. For the staple products, mainly agricultural, which figure in the list of Soviet exports, the State organisation frequently pays the producers considerably more than they realise abroad, or in other words, these products cost them more than they fetch, but the difference can always be made up by charging an extra amount on corresponding imports, or by other forms of taxation. The stuff may be badly wanted in Russia itself, but they must sell out of the country in order to get foreign currency and credit to pay for their imports and other commitments abroad, including propaganda. With the prices of some commodities above their intrinsic value, of others below it, and no free market, it is easy to realise the confusion. Armies of officials are engaged in controlling the trading officials and in regulating prices by decree, but for every one they adjust, many others are disturbed. It is for all the world like a quicksilver puzzle. It may be that the Communists will eventually prove the possibility of co-ordinating the value of everything to a nicety by decree instead of allowing the law of supply and demand free play, but so far their experiment has proved a signal failure.

Retail trading is not in such a bad way as wholesale, because part of it, say, 25 per cent., is still in private hands. The existence of the private shopkeeper acts as a stimulus to the co-operative or State store, and he is proportionately disliked by them; but in spite of every handicap he still gives his customers more satisfaction than they do. They meet with greater civility and less dilatoriness. They can

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also count upon finding what they want (if he is allowed to stock it), and they are not obliged to take what the store wants to foist upon them. No wonder that co-operative and State shops are anxious to get rid of the private shop-keeper. He is a standing reproach to them; and yet he is taxed and discriminated against as an "exploiter." Unless he happens to be a baker, he can only carry on his business for eight hours a day, usually from 8 to 12 and 2 to 6 p.m., and not at all on holidays, whereas a co-operative society may keep special shops open till 11 at night and is not obliged to close on holidays.

Housing

But the most acute problem of all, from the standpoint of the ordinary Russian, is the town housing problem. It overshadows and embitters existence. It is easy to understand why houses are scarce. For the last ten years few or no new ones worthy of the name have been built by people, and many have fallen into ruin, while at the same time the numbers of government offices and of the population* have both been on the up grade. It is, none the less, hard to see (except perhaps in the case of Moscow) why living space should be so limited when formerly there was plenty of accommodation. It is not merely because the working classes, so intolerably cramped in the old days, have spread out into the better districts, for they still live packed like sardines in their old hovels, and there was an influx of peasants into the big towns even before the war. Eight people have now to live where two lived in the old days. The Communists who took possession of the best houses, often turning out their owners for the purpose, are the only people who have profited by the change. The ingenuity shown by desperate people in their efforts to find quarters is astonishing. Perjury, lying and swindling are freely employed—anything is looked upon as fair for such

*The population is estimated to be increasing at the rate of two millions a year, and peasants stream into the towns.

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an end—and a large part of a Soviet citizen's time is taken up in the search, or in trying to keep his accommodation when it has once been found. For you can only hope to be left in peace if you live a long way out, or in a house that is unfit for use. As an individual, you have no chance, so Soviet servants usually prefer to act through the institutions for which they work. They tell their Communist chief that their housing conditions, or the distance at which they live are such as to impair their efficiency, and since he is sure to be looking out for better quarters himself, he will most likely fall in with the suggestion that a house should be bought and "tied" to the institution. A building will then be found and bought, the old inmates will be bundled out, and the director and as many of his subordinates as it will take will instal themselves in it. A considerable portion of the cost will fall upon the institution, for the rents the staff pay are low, being fixed according to their salaries. But even if the transaction represents a financial loss, the institution really gains, because the employees, having secured the priceless boon of quarters, put their backs into their work, knowing that if they should be discharged they would lose them. It is, of course, only concerns with funds under their control that can do this sort of thing.

The Party has made some attempts to improve the situation. Laws bearing hardly on house owners have been amended, restrictions have been relaxed and taxation reduced below the confiscation level, but to little purpose. If proprietors were not forced by decree to repair their houses, they would tumble down. Hardly any new ones, except wooden huts just large enough to house a single family, too small anyhow to allow a stranger to be planted upon it, have been erected privately in the towns. Meanwhile, the confiscated houses have been going to rack and ruin. The scale of rents fixed by decree for tenants of the employee type has always been below the economic level, and the accruing income has never covered the cost of repairs. Last year there was a revision of the rent

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schedule, but it did not go far enough, for any considerable increase would have entailed a revision of the scale of wages all over the country. Rents therefore remain uneconomic in spite of the huge rates which a mere handful of bourgeois have to pay. The Government is putting up a few houses in Moscow and one or two other towns, but they are a mere drop in the ocean. The problem is aggravated, moreover, by the scarcity, dearness and bad quality of building materials and the dearth of skilled labour.

Public Health

Housing leads us naturally to public health. Here again, though the Party has adopted most of the principles which govern public health administration in other countries, their application is very faulty. To use a Russian expression, medical aid "limps on all four feet." The basic cause is again lack of funds, but there are also other factors. Most of the necessary drugs and instruments have to be imported through the cumbersome machinery of the State Planning Commission and the Commissariat for Foreign Trade. It may be months before sanction is got, and when it is the demand has to be cut down almost beyond recognition owing to the scarcity of foreign currency. Expensive drugs have usually to be struck out of the list. After the amended schedule reaches the Commissariat of Foreign Trade it may be weeks or months before delivery. Even then the quality and description are often wrong: the prices are invariably inflated. In one hospital the cystoscope was out of commission for months for want of an electric bulb. When a smallpox epidemic broke out in the district there was no lymph to be had and hundreds died. No wonder medical attendants lose heart under such circumstances. Their salaries too are miserable. Insured patients stream in the whole time, and the skilled staff at the dispensaries is so inadequate that they have often to wait hours before they can be attended to. The dentists hardly ever treat a tooth in which the nerve has to be

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killed. There is no time, so they simply extract. The dental drills are usually worn out and filling material of bad quality. Even the range of forceps is often inadequate.

It may be worth while to mention one or two interesting new departures. In order to put an end to secret abortion, abortions have been legalised and operations are now performed at women's hospitals. At the same time, propaganda is being carried on against this practice by means of lectures, and the cinematograph. An intensive campaign is also being waged against venereal disease which is rife everywhere. Treatment is free, indeed obligatory. But an effort is being made not only to cure but to prevent this scourge, and it has the hearty support of the medical profession. Wilfully to infect another person is now a legal offence and the infected person may say whom he or she suspects. If such persons prove to be suffering from venereal disease which must have been known to them, they can be sent to prison and subjected there to compulsory treatment. Indeed, treatment may be prescribed even if there was no knowledge, and knowledge is always presumed in the case of a prostitute. Besides this, house to house visits are regularly carried out and any inmate may be compulsorily treated. The application of regulations of this kind may, of course, and often does, cause great trouble—it may even lead to the break up of homes—but far less than might be supposed, and hitherto the good results have largely outweighed the bad.

Education

No account of the plight of the different classes in Russia would be complete without some reference to education, for the future Russia will take its colour from the young. What have the Bolsheviks done in this all important field? In the first place, they have made a determined assault on illiteracy, which under the Tzar was said to be as high as 80 per cent. Education was one of the first reforms to which Lenin turned his mind. He knew that the success

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of his system depended on it, and no trouble has been spared in the effort to spread it, all kinds of methods of a most interesting kind being tried. It proved easier, however, to break up the old effete system than to build up a new one. Opinions radically differ with regard to results, as they do about so many things in Russia. Education is at the moment in a state of rapid evolution, but masses of children have, at all events, already learnt to read and write, as compared with the old days.

In the meantime, the difficulties that have to be surmounted are huge. Children are still crowded out of the schools, although more than one shift is the rule throughout the country. The chronic lack of funds hampers education like everything else in Russia. Text books and equipment are short as well as accommodation, and the teachers are underpaid. In the villages conditions are even worse. The teacher's lot is there, indeed, one long fight with adversity. Naturally the teaching also suffers. Besides the schools that provide a general education a certain number of trade and technical schools have been started—the aim of all Bolshevik education is, indeed, practical activity and to encourage manual work. There are also Party schools which teach Communism, but these can hardly be counted as educational establishments. The Communists have, at all events, at last realised that no State can prosper which refuses educational facilities to the class which in most countries supplies so much of the brain power. Till comparatively recently "bourgeois" children were refused admission to the schools; the lads could not continue their studies after leaving secondary schools, and students were thrown out of the universities. Nemesis came quickly. Russia is to-day faced with a disastrous want of trained specialists. Entrance examinations have now been restored at the universities, and "bourgeois" origin is no longer a fatal bar, though it usually entails heavy fees. Natural ability is again on the way to become the test, though it will take time to repair the damage already done. For

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several years "political grammar" was the chief subject in the school course. That aberration has not yet gone, but it is less pronounced, and it is to be hoped that true learning will soon come by its own again.

Then there is physical training, and the credit for introducing it into the Russian schools belongs to the Communist. Games and gymnastics are becoming increasingly popular, and there is nothing to prevent Russia in time turning out first class athletes. Outside the schools, too, a large number of "circles" of physical culture have been formed with excellent results. Possibly one of the reasons for success in this direction is that there has been no attempt to mix up politics with sport. The "class struggle" does not poison the comradeship of the playground. Its devotees find physical culture a genuine recreation both for mind and body.

But the most important question of all still remains. How far is the school atmosphere permeated with Communism? The Jesuits are reputed to have said that if you get the child early enough you can make what you like of him. Events have brought this opportunity to the Bolsheviks. There is now a generation growing up which has never seen anything else but Bolshevism. Disappointed with the results obtained among adults, the Party was naturally quick to turn its attention to the young and it has undoubtedly had a large measure of success with them. For it has had the field entirely to itself. The cramped discomfort of home life too helps, for it makes children more amenable to outside influences. The teachers again are carefully selected and special lesson books inculcating class hatred and other Communist doctrines about social, religious and moral subjects are in use. Self-interest also comes into the matter even at this stage, for any child who wishes to get on must belong to the Young Pioneers, a Communist organisation corresponding to the Boy Scouts, and in their ranks his plastic mind is impregnated with Communist ideas, which, notwithstanding

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the light form in which they are presented, take deep root at this tender age. The Pioneers, moreover, enjoy special privileges such as free excursions, but in any case it might be awkward both for the child and his parents if he refused to join. They are also the stepping stone to another organisation, the Young Communists. But though every child is encouraged to become a Pioneer, candidates for the junior Party organisation are selected by the Party with extreme care, and there are not many Young Communists among the school children.

III. CONCLUSION

AN article of this kind can, of course, only touch the fringe of its subject. There are other problems such as the position of religion and the Church, the attitude towards sex and marriage, the condition of homeless children, the administration of justice, the Red army, the secret service with the innocent sounding name, the "State Political Department," commonly known as the G.P.U., and last but not least—for though all power is concentrated in the hands of a single party or rather of a handful of its members, the Soviet system claims to be a democratic one—the franchise and the way it is worked. All of these subjects have for want of space to be left untouched. One question, however, is sure to be asked. What are the prospects of Bolshevik rule lasting? No one can at the moment answer that question. From the economic standpoint a critical time must undoubtedly be approaching. The peasants, who constitute some 85 per cent. of the population, are necessarily the basis of the whole system. How long will they continue to produce the corn which is essential for the purposes of the Bolsheviks, if they cannot get what they want with the proceeds? Then the Soviet Government has borrowed money in the shape of short loans or credits, and in a year or two a considerable part of it will, they say, have to be repaid. Will these credits be renewed? Yet far larger credits are in any case impera-

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tively needed not only to renew worn-out factories and railways, which were seized without compensation in the early days of the revolution, and to build new ones, but also for development work of every kind. For Russia is for economic purposes a new country, and as thirsty for capital as the United States was 100 years ago.

Under the surface no doubt dissatisfaction is growing politically. The remnants of the old upper classes are small but the workmen and even the peasants are developing more independence of character under the Bolsheviks. The renewal of the executions shows that the authorities are themselves by no means free from anxiety. There is another symptom, too, which counts for something, a reviving sense of humour. There is even an Opposition. Hitherto, it is true, it has only taken the form of a split inside the Party itself, but it makes one think of the old saying about the house divided against itself. Nevertheless, it would be a mistake to attach too much importance to these things. The conditions are radically different from our own. Russians are long suffering to an extent that is inconceivable to ourselves. Their passivity comes from centuries of tyranny. Whatever may eventually happen it is safe to say, however, that it will not take the form of a return to the old régime. There is no wish to go back, but even if there were it would be impossible. The revolution has gone too deep into the bones of the people for that. The writer's view is that, unless, of course, Russia should be involved in another foreign war, the change is more likely to be gradual than catastrophic. Possibly it will take the form of a broadening of the base of the pyramid as the crumbling process which has already attacked the apex continues. At the moment, at all events, the fact remains that there is no rival in sight. Notwithstanding their differences among themselves, and although they have been obliged to forsake many of the Communist ideals with which they started, the Bolsheviks in this, the tenth year of their reign still hold the field unchallenged.

AMERICAN PREOCCUPATIONS

I

THE summer is over. In most parts of the country, it was wet and disappointing. But many questions are settled for the nonce. Bobby Jones has triumphed, William Tilden could not. Jack Dempsey bade fair to come back but failed. The laurels of international polo are still for the New World. The New York Yankees won the World's Series of professional baseball. There is nothing left for the autumn except the more diverse enthusiasms and divided loyalties that call for touch-downs and toss hats over goal posts when victory has at last rewarded the just cause. But that is college football. And one cannot care very deeply unless in one of the competing institutions one has become a bachelor of arts. Then winter will come and the "luxury magazines" which have been featuring socially prominent Americans sitting about the Lido in bathing suits will turn to featuring socially prominent Americans sitting about Palm Beach in bathing suits. It may be frivolous and trivial to write of these things. But it is no more frivolous and trivial than to think of them, and to millions of Americans they are of unflinching interest. They have "news value." Have sport and contests and life at the great air news value because people are interested in them or are people interested in them because they have news value? Does public opinion create or is it created? Has it altered

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essentially since they sat about the towers of windy Ilium to talk about the beauty of a socially prominent girl from Sparta?

Nothing is more interesting in this populous and affluent country than to watch the swift succession of popular favourites and popular pastimes. Those who think or essay to think in terms of peoples and institutions and national worth may inquire what it can all signify. What interpretation must one give to the fact that a hundred million or more people in this continent are having more leisure than they ever did before or than anybody ever did before? What signifies this dazzle of nickel radiators in the noonday sun, this extravagant hunger for going somewhere or other much more rapidly than anyone would have thought of going to the same place a generation ago? What does it mean that Mr. Henry Ford's cheap standardised automobile has confessedly been the loser in its competition with the more costly and diversified products of the General Motors Corporation? His Model T which revolutionised transportation as definitely as industry was revolutionised in the last century will soon be no more. To-day the fervid wheels of luxurious and high-powered touring cars collect the dust that used to fly over "tin lizzies." Only there is less dust. There have been so many bond issues for highways and what used to be dust is concrete.

What does it signify morally that so many millions of people are going to the "movies" to experience life passively and vicariously? To see the most beautiful women in the world display the most exalted passions in the most exquisite and expensive clothes? To see adventure and hazard in the jungles of Northern Siam? What does it signify, on the other hand, that the producers have decided to produce some pictures at least more economically?

The appraisal of moral values in America has achieved the dimensions of a popular pastime. That may be an excellent thing. Certainly the nation has never before

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been so self-conscious. Yet these appraisals must not be taken too seriously. The most experienced moralists and commentators are likely to go a little astray. The darkly censorious, the eulogists of time enacted do no better than the acclaimers of open plumbing and the fatuous enthusiasts for all things contemporary. Symptoms, apparently quite unfailing symptoms, of social and moral decadence are discernible side by side with conspicuous indications of moral vitality and sanity. And neither the good nor the evil nor the blend of good with evil can be termed distinctively American.

On the twentieth day of May a wholly unknown and quite commonplace young American of Swedish descent rose from the ground of Long Island just outside New York into the hazy and uncertain air of early morning. He was in a monoplane all alone. He had flown thither alone from San Diego, California, three thousand miles across country. In thirty-three hours from New York he settled down into the flying field of Le Bourget, the airport of Paris, a town where he "knew very few people." Lord Byron awoke to find himself famous. Charles Lindbergh was immortal before he could get to bed. He captivated the imagination of his countrymen as no one and nothing had done since the war. What did his achievement signify socially and morally and in the long book of history yet unwritten? What did its reaction upon the world's opinion signify in the same sense?

Lindbergh's flight was only the overture to the summer's aviation programme. Americans were conscious of the trans-Atlantic flights of Chamberlain and Levine and Richard Evelyn Byrd, and then became a little bewildered by men who flew to Hawaii and up and down South America and across the South Atlantic and around the world. They mourned the silent and unknown deaths of Coli and Nungesser and other westbound voyagers from Europe. They mourned the less fortunate who went East from our shore but never arrived. Almost every day the headlines

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spoke of someone who "hopped off" into this medium of air no longer new but yet become surprisingly viable and popular. Chambers of Commerce have bestirred themselves in the creation of airports; there has been a great impetus to the manufacture and sale of airplanes and airplane motors. Commercial aviation, which has lagged a long way behind commercial aviation in European countries, is claiming more and more of public attention. While we have been a little free with the epithet "Columbus of the air," it is plain that these men have given an immense impetus to a new form of transportation with social possibilities still quite unmeasured.

While one observes the emergence of new personalities and new social forces in surveying American life, one is struck most forcibly by a signal and tragic failure to cope with other forces as old and crude and inimical as time. The waters of the Mississippi river basin, which catches up the rainfall of twenty-one of the forty-eight States, swelled this spring to the highest levels since 1844. And in view of the extent to which population and property values have increased since 1844 the mere comparison of flood levels becomes insignificant. The flood of 1927 is unparalleled in its destructive effect. The flooded area of 10,000 square miles was as great as that of some of the States; the threatened area was three times the flooded area. Submerged lands stretched for a thousand miles along the Mississippi valley in a belt from five to forty miles wide. The tributary streams contributed their quota of destruction. The Yazoo, the Arkansas, the Red, the Ohio, and the Missouri, were all in flood. Estimates of the homeless range from 300,000 to 700,000 people. The damage to property has run into untold millions of dollars. The city of New Orleans, that great entrepôt of commerce in the Gulf of Mexico, seemed for a while to be threatened with annihilation. Statisticians computed the flow in some of the lower reaches of the river at three million cubic feet per second or fourteen times that of Niagara Falls.

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The relief and sanitary work entailed by this calamity have been scarcely less vast than the calamity. The American Red Cross and other relief and philanthropic organisations have been taxed to their very utmost. Mr. Herbert Hoover, Secretary of Commerce, the "weary titan" of Belgian Relief and the American Food Administration, whose benevolent energies had done so much for Europe, has borne a splendid part in the organisation of flood relief. Sent to the flooded area by President Coolidge, he bent his fine executive talents to the great undertaking. His labours have endeared him directly to the people of the afflicted areas and indirectly to the nation as a whole. The homeless were moved into camps and refuge areas. No less than 350,000 were vaccinated against typhoid, 110,000 against small-pox. Actual deaths were kept below 300. Vast precautions have been taken against malaria. It is amazing that no pestilence or epidemic has arisen in the flooded region. The damage is property damage almost entirely. In Arkansas, Mississippi, and Louisiana, the States most affected, Mr. Hoover has stimulated the appointment of rehabilitation commissions to arrange for easy credits. These commissions succeed to the emergency work of relief organisations. The Federal Government has aided with seed for the crops.

There was a widespread suggestion of an extra session of Congress to deal with flood remedies and flood prevention. But it met with scant favour. Cynical persons said boldly that Congress would do more harm than the flood. Mr. Hoover rebuked them with some asperity by saying, "No politics or partisan has ever stood in the way of prompt action by Congress in the face of a pressing American need." Nevertheless the great problem raised by the flood is one not of relief but of prevention. To the extent that the efficiency of the relief is creditable to the American Government and people, the destruction wrought by the flood is a reproach. With all the millions spent upon works of protection, they have proved quite

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inadequate. The demand has arisen that this shall be indeed the flood to end floods. Whether it will be remains to be seen. In 1922 federal aid appropriated \$60,000,000 to be spent over a ten-year period for levees. There is some debate as to the most effective method of flood prevention. Mr. Hoover advocates higher and wider levees, a spillway to the Gulf of Mexico to protect New Orleans, and a possible spillway toward the Arkansas flood and storage basins. This programme calls for fifteen or twenty millions a year in excess of present appropriations. Other authorities advocate vast storage basins at the headwaters of the Mississippi and its greater tributaries, but the difficulty of creating such basins is that they involve flowage projects comparable in area to the lands flooded this year, and this in many cases in populous communities. Clearly the whole problem of river control and flood prevention is the most direct and stimulating challenge to the farsightedness and efficiency of popular government.

II

ON the second day of August, Mr. Calvin Coolidge made a statement which has outstripped in celebrity all his previous public utterances. He said, "I do not choose to run for President in 1928."

This statement made without exegesis or enlargement started all the mills of political calculation into a rush of activity. Did the President mean what he said or was it a mere incantation to exorcise the demon of the third term? Apart from the supposed intent of the speaker, of what meaning were the words normally capable? In the vernacular of his native Vermont, does "I do not choose to" mean "I won't"? In other words, was Mr. Coolidge saying to his party "I will under no circumstances be a candidate for renomination and re-election," or was he saying "I have had my allotted span in the White House,

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I have no claim or taste to inhabit it longer. If I am to inhabit it, it must be only upon your conscription, by your acclaim " ?

For people at large and for political leaders, the problem has exercised a peculiar fascination. The President himself, who must be well aware of the provokingly Delphic quality of his words, presumably chosen with deliberation, has not thought fit to give any assistance to the political interpreters, amateur or professional. The prevailing sentiment seems to be that Mr. Coolidge will run if " drafted " by his party but not otherwise. That is, that he will not enter any competition in the national convention, but will accept a unanimous nomination. They point out that if the President had meant to make an unequivocal refusal of further tenure of office, he would have made it in unequivocal terms. Or, having left an ambiguous impression, as he undoubtedly has, he would supplement it to-day by an unambiguous refusal. Others urge, however, that this rather restricted interpretation of the President's statement is inconsistent with the rugged honesty and forthrightness of the President's character, that it imputes to him a subtlety of phrase which would be scarcely creditable. And then they go on to the question: If not Coolidge, who ?

Republican leaders could certainly not afford to admit that Calvin Coolidge was their only " presidential timber." It would not be politic and it would not be true. The party possesses plenty of men not inferior to the President in personal character, executive ability, and even in political experience. But very few probably in that mysterious quality known as political availability. For with all the defection in the West, President Coolidge probably has as strong a grip on the franchises of the nation as any President has ever had. If he were to run again there would be no dissension in the party as between Conservatives and Progressives, East and West, Wets and Drys. Coolidge would run on his record. His record would be his platform and

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his platform would be his record. To be sure, there would be a national platform with " planks " feverishly thrust in and left out at the last hours of the national convention, but no one would be much concerned about it. Politically speaking, it would scarcely be influential.

• But if Coolidge actually does not run ? There would be the agrarian party sponsoring Ex-Governor Lowden of Illinois or Vice-President Charles G. Dawes. There would be the Progressive element interested in Senator Borah, who would have to be rated very low in the availability scale, or Senator Norris, who could not be rated much higher. There would be people like Senator Nye insisting that the next President should personify the great West, and there would be others who would doubtless desire some other point of the compass no less great to be equally well personified. Mr. Charles E. Hughes, the candidate of 1916, who has had a distinguished public career since he met defeat at the hands of Mr. Woodrow Wilson, has said forthrightly that he would not be a candidate. Mr. Mellon, whose capacity as Secretary of the Treasury has been universally praised, would probably be thought too close to the great banking and financial interests to be a popular political figure. Mr. Hoover is not credited with a particularly captivating political manner or presence, but he would scarcely be denied to have the talents becoming a great office, and his work in the Department of Commerce, particularly in connection with flood relief, would go far to make up for a not very audible speaking voice. Undoubtedly he would have the confidence of the business and industrial interests of the country, and his nativity in California would give him prestige in the far West hitherto unrepresented in the White House. Mr. Hoover is already credited with being the favourite in administration circles and perhaps he is. But it were a rash man who would gamble very heavily to-day upon his nomination or that of any other man. So unpredictable are political developments and so intangible political availability.

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So much for the Republicans. What of the Democrats?

To the year 1924 the Democratic party does not point with pride. In that year its delegates met in New York City on the second day of July and for three hot, tedious, exhausting and embittering weeks they struggled to nominate a candidate to oppose Calvin Coolidge, Republican, and Robert M. La Follette, Progressive, for President of the United States. By long tradition the Democratic National Convention has been afflicted with the so-called two-thirds rule which requires its nominees for President and Vice-President to have obtained the votes of two-thirds of the delegates of the several States in National Convention assembled. The Convention of 1924 resolved itself into a struggle between two factions of the Democratic party, the McAdoo faction faithful to William G. McAdoo of California, the son-in-law of Woodrow Wilson, the foster son of the West, and Alfred Emanuel Smith, then and now the Governor of the State of New York. How that battle, made possible, in fact inevitable, by the two-thirds rule, wore on to the one hundred and third ballot and ended, as such stubborn contests always must, in the choice of a third candidate, is no part of the present story. That John W. Davis, the Democratic nominee, was a distinguished and notable public figure, "the highest type of American citizen," no one will deny. That he was a great popular leader few will to-day contend. Mr. Davis is quite unlikely to be a dominant figure in the Convention which meets next spring with the task of rehabilitating the dejected and disjected members of a great and very essential national party.

A letter recently written by Mr. McAdoo to a follower in Kentucky has been given publicity. In the interests of party harmony, Mr. McAdoo says he will not be a candidate in 1928. If this letter represents more than a political gesture, and probably it does, another figure of the 1924 Convention is stricken from the golden roll of political possibilities. Senator Oscar Underwood of Alabama, a

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man of character and ability, who had a very respectable following in 1924, is now retired from political life and will scarcely be considered. There remain galaxies of the less conspicuous, patines of gold less bright: Senator Jim Reed of Missouri, whose repute is for oratory and aspiration; Senator Bruce of Maryland, distinguished above all else for abominating prohibition; Governor Ritchie of Maryland, another abominator; E. T. Meredith of Iowa, Secretary of Agriculture under President Wilson; Senator Carter Glass of Virginia, a former Secretary of the Treasury; Cordell Hull, a former chairman of the Democratic National Committee. Above all these one figure is now outstanding, that of the same Alfred Emanuel Smith, four times elected Governor of the State of New York, known to his countrymen as "Al" Smith.

Whatever the future may hold for him or his party, one must recognise in Al Smith an authentic political figure, the first Democrat in a generation to have all the elements and earmarks of genius for political leadership. Who is this man Smith? What are his credentials for the greatest popularly elective office in the world? What is the nature of his hold upon his fellow men? What ulterior significance attaches to his political prominence?

Al Smith was born on the thirtieth day of December in the year 1873 in a tenement house in South Street on the lower East side of New York. The Brooklyn Bridge now casts its patterned shadow on the rooftops above the four rooms where the Governor of New York first saw the light. One must go to the East end of London to find in England such a cradle for future statesmanship. Al's grandparents came from Ireland in the hungry '40s. His father and mother were born on Water Street on the East side of New York. His father, a truckman, died when Al was fourteen years old. After that his mother set up a candy store or sweet shop in a basement of Dover Street. Al was a newsboy at twelve, a truck chaser at fifteen when he left school, an office boy in an oil factory at seventeen. At nineteen

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he started work as salesman and assistant bookkeeper for a fish dealer in the Fulton Fish Market. At this job he put in thirteen-hour days which began at four in the morning. And so on for many years.

One speaks the truth and explains much in saying that Al Smith has a typically Irish taste and capacity for politics. But if he were only a bright Irish politician, he would not be the significant figure of his party to-day. The early days of poverty hardened him. His youthful contact with great masses of polyglot working people gave him the common touch, the instinct for humanity and human interests, that so many men, even so many politicians, lack, and so many, many more too obviously simulate. A sound maternal upbringing and St. James's parochial school in Oliver Street gave him a working code of morals and his academic education. More affluent parents and more pretentious institutions of learning have done far worse for young men. It may be that Americans are too prone to grow sentimental over poverty and adversity and humble origins. The picture of young Lincoln straining his eyes to read the Bible in the firelight of the log cabin is a favourite in American homes. But the more sentimental they are, the more the figure of Al Smith appeals. As Lincoln personified the frontier and embodied the spirit of its pioneers, so Al Smith personifies the American city with its great amalgam of populations, lends hope to the ambitions of humble people, calls attention to their latent, unguessed capacities. His lowly birth has put into his hands that most deadly of political weapons—a song. "The Sidewalks of New York" is the national anthem of his disciples. It rocked the Democratic Convention of 1924. It brought to his party in that untoward year deadlock and disaster. What magic may it wreak in 1928?

But there is more to Al Smith than the East side. There is more than his acquaintance with the boys in Ward Four, more than the political training he got from Tom Foley, the ward leader, and the complicated, efficient, far-reaching organisation of Tammany Hall. He went to the New

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York State Assembly (Legislature) in Albany in 1903. His career there was like the parliamentary career of many men who have made their mark in British politics. He sat for several years, was alert, studied and held his tongue. Tom Foley said with pride that Al Smith was "too smart to be a morning glory." He was interested not merely in politics but in government. He worked. He read and studied indefatigably. In 1911 he became majority leader of his party. In 1913 he was speaker of the Assembly. In the New York Constitutional Convention of 1915 Elihu Root, the dean of all American public men, a severely partisan Republican, called Al Smith "of all the men in the Convention the best informed man on the business of the State of New York." After that Convention public recognition accrued to him. In 1918 he was elected Governor of New York. He was defeated in the Republican landslide of President Harding's election in 1920. He came back in 1922, and has held the executive power ever since, his political hold on the greatest State of the Union unshaken.

Republican abuse has enhanced his prestige and aggrandised his influence. The glamorous name of Theodore Roosevelt and political talents inherited from so worthy a sire serve only to emphasise his mastery of the New York electorate. The junior Roosevelt when he ran against Al Smith in 1926 but dulled his spear against that tried and well-forged shield. Measured in demonstrated capacity for getting votes, measured in the moral and personal qualities that make political leadership, in the capacity that a few men have to captivate the imagination of a nation, Al Smith is the greatest figure his party has had since—well, for a very long time. He has outgrown South Street, outgrown the Fourth Ward, outgrown Tammany Hall. He seems on the point of outgrowing the State of New York. And yet he is spiritually faithful to them all. His precise, energetic, imaginative mind has transcended political boundaries without estranging political associations. His

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following is nowhere more ardent than among the upper strata of society, yet he is untainted by prosperity and admiration. He and Calvin Coolidge are the outstanding politicians of America. They are the protagonists in the next episode of American politics. Whatever happens, whoever bears the title, whoever plans or intrigues or manoeuvres, these are the two personalities that signify nationally, that tight-mouthed, shrewd, cautious, repressed child of Plymouth, Vermont, and the expansive son of Erin from the sidewalks of New York.

What are the defects of Al Smith's great political qualities? In a national sense two: Religion and "wetness." To understand these defects is to understand the whole trend and force of public opinion in the United States—which nobody does. Al Smith is a Roman Catholic. In vast areas of the South and West, in inconspicuous corners of the East, to be a Roman Catholic is to be in league with the forces of destruction. Is not loyalty to the Papacy treason to America? How may a man serve two masters? This peculiar vicar of God, personifying God, infallible in the Vatican, is he not using his minions, men like this Smith, to seduce free peoples into new and false allegiances? There exist in America the Knights of the Ku Klux Klan, governed by an Imperial Wizard, led by Dragons and Kleagles, holding Klonclaves in Klaverns, parading in hoods and white sheets which cost the members ten dollars apiece. They are quite sure about this fell design of the Papacy. They are sure of things as only ignorant people can be sure of anything. They are going to keep America Protestant and white and one hundred per cent. It may involve flogging a few harmless negroes in Alabama and Florida; it may involve a political murder or two and a little embezzlement and defalcation here and there, even the humiliation of being detected in the same, as in Indiana. But, by the living and strictly Protestant God, America is going to be pure and white and one hundred per cent.! Is the Ku Klux Klan going

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to stand for Roman Catholic Al? No sir, not for a minute.

The Ku Klux Klan started in the South and infested the North only gradually, but in some States like Indiana it attained an incredibly firm hold on party machinery. By itself and as an organisation it is waning; its influence in 1928 may well be negligible. But as a symptom of prejudice, intolerance and superstition, it is highly significant. The South, the cradle of the Klan movement, is still solidly Democratic. Can this Southern Democracy reconcile itself to a Roman Catholic in our chief magistracy? Will the spirit of Dayton, Tennessee, with all its implications accept the sidewalks of New York with all its implications?

To be sure the Constitution of the United States provides that "No religious test shall be required as a qualification to any office or public trust under the United States." But that does not mean that religious prejudice in America expired in the eighteenth century. The question is, will the Democrats in convention assembled ignore religious prejudice and nominate next June the man who is unquestionably their outstanding leader? Or will they play safe and pick if not a dark horse at least some more shadowy figure to whom great virtues and great glories may be attributed overnight by a zealous band of stump speakers and editors and party organisers?

If it were only religion with Al Smith, it would be one thing, but it is more than that. He is "wet." He does not believe in the sanctity of prohibition. He doesn't even believe in the moral soundness or social expediency of prohibition. To vast bodies of Democrats as to vast bodies of Republicans all over the United States, total abstinence from liquor is virtue and virtue is total abstinence from liquor. The only morality is the morality of the white ribbon; the only immorality is that of the cup that cheers. Just what Al Smith would do about prohibition if he were in the White House no one knows. Even his

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political gifts exalted by the influence of a great office would scarcely be expected to repeal a constitutional amendment. A man of his political wisdom would never essay such a task. Nevertheless he is branded "wet" and must bear the odium of the stigma. And that odium like the odium of his religion is heaviest in the South. So that as the cleavage in the Republican ranks is between East and West over the economic question of agriculture, the cleavage in the Democratic party is between North and South over issues of creed and conduct.

The Klan is said just now to be leaning toward Jim Reed, who is also recovering caste in Missouri. He was somewhat out of favour among orthodox Democrats in 1920 for his outspoken attack upon Woodrow Wilson and the League of Nations. But it is scarcely conceivable that he would win the support of the delegations from the populous Eastern States whose votes are so important. The signs point now to Al Smith. His prestige is gaining; his strength is gaining. And yet the Democratic party has nearly always gone wrong. Its leaders have bickered, compromised when it was too late, made wrong choices, ignored golden opportunities. In 1924 with the Republicans offering Coolidge as a comparatively untried candidate, with the wave of "Coolidge prosperity" still unforeseen, and the grossest corruption in public office disclosed in the Republican Cabinet, the Democrats lost an unrivalled opportunity. It will not recur this year. There is nothing in sight at present to seduce the country from its almost habitual mood of Republicanism. Perhaps for that very reason the Democrats will act with wisdom. It may be only when the Republicans are weak that providence assists their party with Democratic folly. Prosperity is with the party in power and for four years the country has enjoyed unprecedented material prosperity. Of course all individuals have not been prosperous. Some of the farmers have been notably unprosperous. Others who have been prosperous either forget that they have or believe

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that they haven't. But these are exceptional groups. By and large, people are fairly contented and contentment works for the *status quo*. There appears to be too little discontent to support a third party movement of any consequence. The late Senator La Follette's party of protest in 1924 was so striking a failure that it has not furnished any encouragement for a further diversion next year. The struggle will be rather in the Republican Convention itself to "put over" a progressive candidate. The hero of this sortie would probably be Senator Norris. But at the moment it offers small promise.

At the moment, in fact, it all seems quite predictable. Mr. Smith will be nominated. Mr. Coolidge will be "drafted" by acclaim of the Convention. The Republicans will win. Yes, ye gods of chance, there are your targets.

United States of America.

October 25, 1927.

THE REFORMS AND HINDU-MOSLEM BITTERNESS

NO excuse is needed for writing about the Hindu-Mahomedan situation in India to-day, for it is not too much to say that the old inter-communal antagonism at present fills almost the whole picture of Indian public life. Since the last number of *THE ROUND TABLE* appeared, very few weeks have gone by without an open clash between members of the two communities, and all but one or two of the provinces have been the scene of inter-communal troubles. During the last three months they have been worst in the United Provinces. It is not the intention of the writer to give any detailed account of these riots, for one outbreak is very like another, both in its immediate cause and in its effects. The melancholy catalogue is, moreover, already sufficiently familiar to those who take any interest in Indian affairs. A mere statement of the number of riots and of the casualties sustained in them testifies with all the emphasis that is needed to their disruptive effects, and to the loss and human suffering which they entail. During the last twelve weeks there have been seventeen riots—to count only affairs in which people were actually killed or wounded. The number of smaller affrays and quarrels is legion. In the course of these seventeen riots, about 70 persons were killed, and roughly 400 more or less seriously injured. In his address to the members of the Council of State and the Legislative Assembly on August 29, Lord Irwin

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pointed out that during the previous 18 months, the toll taken by riots had been between 250 and 300 killed and over 2,500 injured. The casualties for the last three months are, therefore, well above the average if one takes the period to which Lord Irwin referred, and this, in its turn, was a period in which inter-communal strife probably exceeded anything that had ever before been seen in India since the beginning of British rule there.

But it is not only to these spectacular manifestations that we must look if we wish to gauge the extent to which Hindu-Mahomedan antagonism injures and poisons the life of the whole country. It crops up in everything: in appointments to offices, whether under the Government, municipalities or other local bodies, or private firms; it is found in debates and divisions in the different legislatures, and in newspaper opinion; in some cases, even success or failure in university and school examinations turns on it; all these things show the same all-pervading influence and the same dominant motive. Thought on the subject of a further constitutional advance for India is deeply coloured by communal bias, and the only vital grouping in Indian politics at the present moment is into Hindus and Mahomedans. The Simla session of the Legislative Assembly, which ended on September 20, made this abundantly clear. A decision of the Punjab High Court in the so-called Rangila Rasul case had, it will be remembered, revealed a certain gap in the criminal law of India. In response to a request from influential Moslem and Hindu quarters, the Government of India introduced a Bill to make such scurrilous attacks on the religion of any class of His Majesty's subjects a penal offence. The debate on this Bill in the Legislative Assembly revealed a complete cleavage of opinion between Hindu and Moslem members, the latter (including the Swarajist Moslems) solidly supporting the Bill, while the former just as solidly opposed it. A very slight acquaintance with the brisk discussions which are now proceeding in the Indian Press

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about the Statutory Commission leaves no doubt that the spokesmen of the two communities are just as diametrically opposed to each other on important constitutional points, particularly on the question of what the structure of the electoral system is to be. The accounts which appear from time to time of the proceedings of representative meetings, both Hindu and Moslem, show, moreover, that this divergence of opinion is not confined to the newspapers. It permeates the whole of the two communities.

No doubt most of these things are intelligible enough to English readers, but it is doubtful if people at home realise how deep the ancient feud has gone, and what a hold it now has on the minds of those whom it affects. The murders are by no means all committed in hot blood. Some of them reveal a shocking cruelty. Arson and looting are not infrequent concomitants of communal riots at the present time, whilst isolated crimes, not committed during the excitement of the moment, sometimes show an almost incredible savagery. Two or three weeks ago, for example, a Hindu wayfarer was walking peaceably down a street, when he met two Mahomedans who, simply because he was a Hindu and alone, attacked him. One of his assailants struck him with a stick, whilst the second stabbed him with fatal effect. The Nagpur riots, which broke out at the beginning of September, had one feature in common with the terrible Kohat riots of three years ago, namely: the evacuation of their homes by many members of the minority community. In this case it was the Mahomedans who left. At Lahore, the home of the now notorious Rajpal, the author of the *Rangila Rasul* pamphlet, three cowardly crimes have recently given rise to acute apprehension among the local Hindus, and embittered Hindu-Mahomedan relations all over the country. The first was the attempted murder of Rajpal himself by a Mahomedan on September 26. The second was a murderous attack, on October 9, by an Afghan on a well-known Arya Samajist missionary who was sitting peacefully outside

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Rajpal's bookshop. Happily, the attempt failed, but the unfortunate missionary received two severe wounds, whilst a couple of Hindu neighbours who tried to arrest his assailant were also wounded. The third crime was the murder, on October 10, of a harmless Hindu pedlar, who was stabbed to death on his way home after his day's work.

These remarks, inadequate though they are, will help to convey something of the breadth and depth of the bitterness which now divides so many of the members of India's two historic communities. It would be waste of time to ask what is the cause of this or that riot, or what gives rise to one or other of the crimes which nowadays occur with such distressing frequency. One might as well ask what causes the rick to catch fire when the hay is packed in damp. There are certain predisposing causes behind all these manifestations of inter-communal hate. They arise out of a state of mind, a jumpiness of the nerves; out of fears, ambitions, and other emotions which possibly have their root in old traditions and past history, but are nourished and forced to the surface by existing circumstances; particularly, it may be, in anticipation, as it were, of the struggle for power between the two communities that would unquestionably follow the withdrawal of British power from India. This factor in the present phase of the Hindu-Mahomedan problem is no doubt familiar to those who take an informed interest in Indian affairs, but it cannot be repeated too often or stressed too strongly. It is a vitally important, perhaps at the moment and for some time to come the most important, factor in the wider problem of India's political future. The majority of Hindu-Mahomedan riots now either begin with the playing of music by Hindu processions in the neighbourhood of a mosque, or else spring out of disputes over the slaughter of cows by Mahomedans. Both these causes may be classed as religious, but it would be a mistake to assume that the riots are, therefore, solely due to religious bigotry. If that were all, both the music and the cow-

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slaughter could be arranged, as both communities used always to arrange them up to a few years ago, in such a way as to avoid any breach of the peace. Religious intolerance is, however, now only a single element in a wider animosity which embraces economic and political rivalry as well. The history of the recent "Unity Conference," which will shortly be described, clearly shows that these religious or pseudo-religious causes of quarrel are but the stalking horses for the real trouble—the struggle for political power.

The situation is grave. What, then, are the authorities doing to cope with it? Their immediate duty is plain. It is to use all the means in their power to maintain peace and to prevent the occurrence of these suicidal outbreaks, which can lead to nothing except suffering and bereavement, and which invariably prepare the ground for further disasters of a similar nature. No impartial student would say that the authorities have failed in this primary duty. There is practically no account of the precautions taken to prevent a breach of the peace on the occasion of any religious celebration or public gathering, however rabidly anti-Government the newspaper may be, which does not impress the reader with a sense of the almost excessive caution shown by the authorities. But, it may be asked, if this is so, why are there so many riots? The answer is plain enough. There may be only 500 policemen in a district between three and four thousand square miles in extent, whilst a town of six or eight thousand, or even more, inhabitants will, in the ordinary way, be policed by 20 men of the regular police force at the most. A city containing a quarter of a million people will be lucky if its police number 300, and it must be remembered that even these are by no means all available for beats and protective duties. They have also to cope with the multifarious forms of work which all fall on the police in India. It will, therefore, be realised that great stretches of the countryside must normally go without any protection, whilst in the towns and cities, where the riots usually occur, the numbers

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of police available are insufficient to make sure of peace. Imagine a procession on its way through the narrow, twisting, crowded lanes and gullies of an Indian town. There may be one policeman to a hundred processionists, and these crowded and hemmed in by vast throngs of sight-seers. An insult is shouted, a blow is struck, or a stone thrown. Immediately, without rhyme or reason, Hindus and Mahomedans are at each other's throats. The madness spreads and, after the fighting crowds have been dispersed, individual ruffians carry on the fell work, waylaying unfortunates in dark or secluded places, where they either stab or club them to death. After a time the police, by dint of considerable labour and energy, get individual savagery under control, and the town relapses into an uneasy calm until the next occasion. Such, nowadays, is the technique of the average inter-communal riot. Many are prevented by the vigilance and precautions of the authorities, but where the will to riot exists, the occasion, of course, will always be found, just as it will in London, Chicago or Paris, or, indeed, anywhere else in the world.

The prevention and suppression of actual disorder represent only the first of the Government's duties in this respect. A second and higher duty is to get at the root causes of the trouble, for that is the only way it can be ended. It is, of course, easy to say this, but when the reader remembers what we have shown to be the real cause, he will see that the Government of India's task is one that baffles the utmost resources of statesmanship. If the root causes were purely religious, the task would be infinitely easier, for it would not be difficult to get the heads of the two communities all over India to realise the suicidal folly of these bloody outbreaks and the degradation they bring to true religion. The religious differences, the quarrels over the playing of music in the neighbourhood of mosques, and the vexed question of cow-killing have always existed, but in the old days before the reforms they comparatively rarely led to trouble because they could be adjusted

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in a spirit of give and take. Now, however, as we have seen, disputes of this kind are but symptoms of a wider and far deeper rivalry. Some of the writers on this subject, both Indian and others, are fond of comparing the Hindu-Moslem struggle with the old quarrels between Roman Catholics and Protestants in England and Ireland. In reality it is a far greater and more formidable trouble. It is of the same order as the old rivalry between Ulster and Catholic Ireland, a rivalry in which differences of religion are complicated by differences of race, tradition, and *ethos*. No amount of agreement on the subject of the playing of music and the slaughtering of cows could reach the heart of a problem which is attended by such conditions. Such agreements, if they were loyally and generously carried out, would, of course, do much to promote a friendly atmosphere, in which the real problem could be tackled with more hope of success. But here the vicious circle comes in. While political rivalry continues to poison inter-communal relations, what chance is there of such agreements being either made or kept? In the first considerable speech which he made in India—at Simla on July 17, 1926—Lord Irwin, with a sure perception of its implications, went to the root of the problem. He showed clearly its destructive effects on the nascent nationalism of India and discussed its political aspect, particularly the side which is concerned with separate communal electorates. He went into the question of a round table conference of all who are interested in the settlement of Hindu-Moslem problems, and a powerful part of his speech dealt with the duty that falls on leading men in the two communities during this period of discontent. But it was the closing passages which appealed with most force to the imagination of India. He finished with an eloquent and moving appeal for a change of soul in the name of religion itself. The present development, he warned his audience, “could only end in the infliction of a mortal wound upon human character, upon India, and upon the cause

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of that religion in whose guise it was allowed to masquerade.”

Lord Irwin's appeal produced a deep effect on the minds of the more respectable and responsible members of both the Hindu and the Mahomedan community. For a time there was a lull, and he followed up his speech about a month later with some remarks in his inaugural address to the central Legislature. He affirmed the determination of the authorities to hold the balance impartially between both communities, and to use all their resources to prevent riotous and criminal outbreaks. The Legislative Assembly itself, in this same session, discussed a resolution which called upon the Governor-General in Council to undertake immediate legislation to regulate the performance of religious celebrations in India, and an amendment to the Code of Criminal Procedure, by which provincial Governments were empowered to search for and confiscate all publications calculated to promote feelings of hatred and ill-will between different subjects of His Majesty, was introduced by the Government and accepted by the Assembly. The debate on this resolution showed, however, that the members of the Legislative Assembly realised that the time was not ripe for the proposed legislation, or for a round table conference which was suggested in an amendment to the resolution. In the end, therefore, both the original resolution and the amendment were withdrawn with the unanimous consent of the House.

Since that time the tale of riots has continued, and, unfortunately, the relations between the two communities have become steadily worse. The story of the attempt which certain representative Mahomedans made in Delhi last March to find a basis for discussion on the great political issue was told in the last number of this Review. Since then, however, two events of first-class importance have occurred. The first was Lord Irwin's offer to the Council of State and the Legislative Assembly on August 29 to preside over a representative Conference if the respon-

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sible leaders of the great communities should represent to him that they thought it would serve a useful purpose. The speech in which he made this offer was devoted entirely to the Hindu-Moslem question, and it made an appeal to the moral consciousness of India which could not be disregarded. The existing situation was considered to be so serious that the Viceroy himself was prepared to undertake the onerous and delicate task of leading the representatives of the two great communities of India in an attempt to find a way by which their strife could be calmed and the wounds healed which were rapidly destroying all hope of the growth of a united Indian nation.

The effect of this appeal appears at first sight to have been singularly disappointing. Part of the Indian Press welcomed His Excellency's offer, but another part was inclined to be sceptical. From the leaders of the two communities primarily concerned there has hitherto been no open response. But, a few days after the speech, a Hindu-Moslem Conference, afterwards known as the "Unity Conference," opened at Simla under the presidency of Mr. Jinnah. It was attended by some of the leading Hindu and Mahomedan members of the Indian Legislature and by a few private persons belonging to the two communities. The Conference does not seem to have opened in an atmosphere of hope, and, in fact, it is no secret that some of the leaders on both sides were from the beginning doubtful of its value. In the first place the Conference never attempted to tackle what everybody knew to be the real root of the trouble, namely: the quarrel over the question of political power and privilege, which, for the present, centres in the question of whether the separate communal electorate is to be retained or abolished and succeeded by a joint electorate in which candidates will be chosen by both Hindu and Mahomedan voters. The omission to come to grips with this problem made the Conference unreal, and the discussion of the two questions which were actually considered—the playing of

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music in the neighbourhood of mosques and cow slaughter—largely artificial. With few exceptions, those who were present showed no burning desire for a settlement, even of these two questions, for, with the root trouble looming in the background, too difficult and dangerous to be even approached, it was clear that no settlement could be reached. The Conference, therefore, broke up without accomplishing anything, and since its dispersal one or two representative Mahomedan meetings, notably the meeting of the United Provinces Moslem League last week, have made it clear that the overwhelming bulk of Mahomedan opinion stands fast on the principle of separate electorates, and is unlikely to give way in the near future. That is the present situation. The Unity Conference and certain public recriminations which have taken place with regard to it, have put it beyond doubt that the rioting and other crimes are only symptoms of the deeper trouble.

What, then, is the next move to be? Frankly there is no alternative now to the Viceroy's offer. And there are already signs that certain leaders in both communities are turning their thoughts to the suggested Conference. At present it seems likely—and it is greatly to be hoped—that opinion will grow in favour of it. For an outbreak greater and more tragic than any that has so far been witnessed might at any time take place, and both the Government and the really sincere leaders of the people are at one in their earnest desire to do everything within their power to avoid such a calamity. Let us hope, then, that Lord Irwin's suggestion will be adopted, and that the Conference will prove to be the beginning of better times for the two great Indian communities.

India.

October, 1927.

HONOLULU

I. THE ORIGIN OF THE CONFERENCE

THE Institute of Pacific Relations held its second Conference in Honolulu last July, when ten national groups from Australia, Canada, China, Britain, Hawaii, Japan, Korea, New Zealand, the Philippine Islands and the United States met to discuss questions of common interest to the peoples that live around the Pacific Ocean. The movement which gave birth to the first Conference, held in 1925, originated with a group of private persons, interested mainly in missionary and Y.M.C.A. work in the Orient and in the islands of the Pacific; but, long before the preparations were completed, the organisers of the project realised that it was impossible to treat religious and secular questions in water-tight compartments, and thus the scope of the proposed Conference was extended far beyond its original compass. With this broadening of its purpose came the need for different types of personnel, including political, economic and scientific experts. And, when the time came to issue invitations to the various countries concerned, the original composition of the central committee—a more or less self-constituted body—had changed from one which was predominantly Y.M.C.A. to one which was both more neutral and more representative of all Pacific interests.

We are not here concerned with the programme of the 1925 Conference, nor with all its results; but there were

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three aspects of it which attracted attention at the time and which influenced the Conference of 1927. The first of these was that, while the general purpose of the Conference was clear enough, its success in the future would depend upon a much clearer conception of its function. Many who took part in the Honolulu discussions of 1925, while satisfied that the Conference had served a useful purpose, none the less feared that it might lose its value in aimless talk unless it were given a task to perform more definite and more continuous than mere round-table conferences (no matter how valuable) every two years. The inconclusive nature of some of the discussions in 1925 showed how wide were the gaps in the knowledge of those present, even of those whose business it was to know. Hence arose a demand for accurate information which could only be satisfied by research. A research secretary was therefore appointed, and the Institute thus began to crystallise its purpose with the results which will be seen when we come to the account, presented below, of the achievements of 1927.

The second aspect which the Conference of 1925 brought clearly to light was the provisional character of the Institute itself. A constitution of a flexible but definite character was necessary in order to make the Institute a self-governing body, with an explicit purpose and responsible officers. One of the principal results of the Conference of 1927 was the creation of such a constitution which now awaits the ratification of the several national groups that compose the Institute of Pacific Relations.

The third point was the absence of persons from Great Britain from the first Conference. Originally, only countries actually bordering on the Pacific Ocean were invited to send members to the Institute; but the discussions of 1925 soon revealed the fact that the fourth wheel of the Honolulu coach was missing as long as British members were absent. Important questions, *e.g.*, opium, mandates, foreign relations of China, could not be adequately reviewed

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without a more or less authoritative exposition of British policy and interests, and that exposition could be given only by British citizens. Moreover, the members representing the three Dominions—Australia, Canada and New Zealand—took the view that, since the British Commonwealth held so large a stake in the Pacific Ocean, it was necessary for Great Britain to take part in the Conference. Their desire was made known, and the Conference authorities decided to issue an invitation to Great Britain to send a national group to the Conference of 1927. The Royal Institute of International Affairs received the invitation in the course of 1926, and the Council resolved to accept it. Under clause five of its charter, the Royal Institute “shall not express an opinion on any aspect of International Affairs” and, therefore, the responsibility of the Institute began and ended with the decision to make Chatham House the rendezvous for the British Honolulu group.

This group was formed early in 1927 and applied itself throughout the spring and summer to the study of the principal subjects in the Honolulu programme. The first form of that programme provided for the discussion of certain subjects, on a somewhat theoretical plan, during the first week, and left the second week to fill itself. After considering the nature of the programme and the relative importance of the various subjects that might, or would arise for discussion at Honolulu, the British group concluded that the Chinese question, in all its aspects, must take the front of the stage and that therefore the problem of China was more important than any other single subject. This decision led to the preparation of a brief historical monograph on “China and Foreign Powers”^{*} and to a study, as intensive as the time permitted, of those aspects of the Chinese question which were most prominent in the public mind. From February to the middle of June

^{*} *China and Foreign Powers*, by Sir A. F. Whyte, K.C.S.I. (Oxford University Press. 2s. 6d.)

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the group met frequently at Chatham House and, from time to time, had the advantage of close discussion on most Chinese subjects with experienced administrators, missionaries, merchants and travellers recently returned from the Far East. Thus prepared, but also conscious of many gaps in their knowledge, the British group set sail from Southampton in the Canadian Pacific steamship *Montroyal* on June 16. In Canada they were entertained with true Canadian hospitality and enjoyed the inestimable advantage of travelling all the way from Ottawa, *via* Vancouver and San Francisco, in company with the members of the Canadian Honolulu group. At Montreal, Ottawa, Winnipeg and Vancouver the two groups met to discuss with leading Canadians in these four places the project, already in favour throughout Canada, of forming a Canadian Institute of International Affairs which will be the sister body in the Dominion to the Royal Institute in London. As a result of these discussions the proposal began to take definite shape, and probably before these pages appear in print the Canadian Institute will be in being. In San Francisco, by the courtesy of the British Consul-General, the combined Canadian and British groups, about thirty strong, met a company of distinguished San Franciscans, interested in foreign affairs, at dinner in the Bohemian Club; and on board the steamship *Matsonia*, the following day, they found some thirty or more of the American Honolulu group setting sail with them for Hawaii. The next six days were well spent in a useful exchange of views regarding the purpose and prospects of the Conference; and on July 12 the *Matsonia* rounded Diamond Head.

Honolulu

II. "HONOLULU"

HONOLULU, the capital of the Territory of the Hawaiian Islands—*Na lei o Hawaii*, the Wreath of Islands—is a place by itself. An American city, yet not American, it enjoys the fruits of American vigour and enterprise, yet retains a quality of its own which makes it a peculiarly fitting place for an international meeting, albeit too Anglo-Saxon, perhaps, to remain the permanent home of the Conference. Six days steaming from California, ten from Yokohama, twelve from Auckland, it is a convenient rendezvous for people coming from all parts of the Pacific Ocean. And the hospitality of its citizens is not the least of its many attractions. It offers, moreover, a study in the "melting-pot" as interesting as any in the world: for here many races meet and mix to produce results which, though still incomplete, may yet exercise a profound influence on the solution of the race problem.

Nature in Honolulu does not invite you to take anything *au sérieux*; and the most distinguished member of the Conference once reminded his colleagues, at a moment when the strain of constant discussion was growing great, that the eleventh Commandment, written in the laughter of the ripples of Waikiki, enjoins mankind "not to take itself too damned seriously!" The spirit of Honolulu banishes controversy; and bids the traveller make his peace with the world, under starry skies.

Not for long, however, were the members of the Conference allowed to yield themselves to the pleasant indolence that besets the newcomer. They were firmly told to forswear delights and live laborious days. And laborious they were indeed, those fifteen days of the Honolulu Conference! The first four were spent in re-fashioning the programme, allotting the limited time to a wide range of subjects, and in getting to know one another. Roughly

"Honolulu"

speaking, the Conference was divided into four round tables of about twenty-five persons apiece, which met for at least three, sometimes five hours each day: and the principal subjects discussed were China, emigration and immigration, population and food supply, missions, international education, communications, foreign investment, mandates, the industrialisation of the Orient, and diplomatic relations in the Pacific. Three whole days and parts of other days were devoted to China or to matters closely connected with the Chinese situation; and in addition to the more formal meetings of the round tables, the hours of leisure were largely spent in following up these discussions with intensive talk of a candid and intimate character, particularly on the relations between the Treaty Powers and China.

At the outset the note of co-operation was struck by the leaders of all the groups; and the opening ceremony, a luncheon given by the Hawaiian members in the Royal Hawaiian Hotel, gave the leaders of the American, Chinese, Japanese and British groups the opportunity of pledging themselves to promote the true function of the Institute of Pacific Relations, which is to seek the facts out of which all policy is born and to endeavour to interpret them without attempting to formulate the conclusions in policy. To the fulfilment of that function every group contributed, eschewing propaganda, and offering cordial co-operation to its fellows. None spoke as official: for the Conference is independent of all Governments and parties; none claimed to be representative; but all the members participated with a real sense of responsibility and with a desire to find the truth.

Now, if the account of "Honolulu" were to stop there, it might well be said that the Conference was no more than a House of Talk from which nothing permanent or constructive could emerge. That it is intended to be something more is evident: for busy men and women do not traverse continents and oceans merely to engage in pleasant and

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infructuous conversations. That this intention to make it something more was successful is equally evident, in view of the care taken to give the Institute of Pacific Relations a permanent character in a constitution and of the plans made for the future. This article does not take the form of a report of the Conference, and therefore omits much of its proceedings, but it will attempt, in the following pages, to answer the questions, "What is the international significance of 'Honolulu,'" and "what purpose is the Institute to serve?"

In the first place, there is a distinction to be drawn between the Institute and the Conference, for the latter is but one function of the former. The Conference is an essential part, some would say the necessary point of departure, in a process over which the Institute must stand as guide and controller; but the contribution which the Conference can make to the study of Pacific problems, in the actual days of its meeting, is limited to the impetus which it can give to the disinterested and dispassionate study of the facts. That this is not the sole function of the Conference we shall see in a moment; but, since no conference can assemble, sift, and interpret the material of its own discussions, it follows that "Honolulu" cannot be stated in terms of conference alone. Once this was realised—it was present to some minds in 1925 and took definite form in 1927—the Institute assumed a definite character, embracing the whole process by which conference promotes research, and research in its turn fructifies conference. In a word, the Institute, having launched the Conference, had to take measures to provide effective continuity between one Conference and another in such a manner that the area of co-ordinated knowledge should be continuously increased by expert study, and that each successive Conference should mark definite stages in the search for truth. Not only is it the business of the Conference to familiarise its members with the general character of Pacific problems, but also to permeate their minds

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with the idea that the surest way out of the difficulties which beset peoples and races is to be found in that dispassionate study of the facts which is now seen to be the main purpose of the Institute.

The constitution of the Institute of Pacific Relations, signed at Honolulu by the ten group leaders on July 29, defines its purpose as:—"to study the conditions of the Pacific peoples with a view to the improvement of their mutual relations." The Institute is composed of national groups, each representing a sovereign nation, or self-governing unit, and each responsible within its own borders for the selection of the group attending the Conferences at Honolulu (or elsewhere) and for the prosecution of research under the co-ordinated plan of the whole Institute. Each national group elects a member to serve on the Pacific Council, which is the executive authority of the Institute; and the national group, in its turn, is created by the process most appropriate to the country to which it belongs. The President of the Institute is Dr. Ray Lyman Wilbur, President of Leland Stanford University in California, and the secretariat is placed in Honolulu. The further details of the organisation are irrelevant here.*

III. THE SIGNIFICANCE OF "HONOLULU"

LET us now return to the question, what is the significance of "Honolulu"? For in endeavouring to find the answer we shall best appreciate the relative importance of the Institute as a whole, and of the Conference in particular.

1. Honolulu is a place of *personal contact*, where the Conference brings together people of different races in an atmosphere of goodwill. This function alone made the

* Details can be obtained from the Royal Institute of International Affairs, 10, St. James's Square, London, or from the Institute of Pacific Relations, Honolulu, T.H., U.S.A.

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meetings in 1927 memorable and fruitful. On the Campus of Punahou College (the earliest High School west of the Mississippi River) men and women of standing in ten different countries found a congenial arena for social intercourse and quickly made friendships which may have greater influence on the future relations of their peoples than any of them could guess. Coming together for the purpose of knowing one another, having no axe to grind, they found common ground before ever they were plunged in the discussion of those controversies which divide their nations; and when they entered such discussions subsequently, they could approach the most difficult subjects, each secure in the knowledge of the other's good faith. Now, there are wise men of the world who are wont to dismiss such exercises as mere "hot air" and "uplift." Theirs is the lesser worldly wisdom, and all their sharp severity leaves Hawaiian withers unwrung. Honolulu has, doubtless, an "uplift" of its own, and it would not go far without it; but the emotional force described by that expressive American word is only contemptible when it is purposeless. In Honolulu it has and achieves a purpose.

The purpose served by this personal contact last July was evident to all on the Punahou Campus. It was revealed, first of all, in the formation of new friendships between men and women whose Governments are often in conflict; and through those friendships each could reveal to the other the true springs of the national ideas which he might be said to represent. The Japanese could thus read Australian policy, not in the light of his own irritation, but in the new knowledge of Australian ideals. The British group began to discover that things which were plain as daylight in London were seen, if seen at all, in a cloudy twilight of distrust in Nanking. And a witty American woman said that the Americans and the British needed an interpreter because they both spoke the same language! Moreover, before the Conference was many days old one of the Chinese group confessed that he was *now* at last convinced of the *bona*

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fides of England. If Honolulu convinced him, may not a continuation of the same process bring home to even more important men in China itself the plain fact that England means well by China. So, "uplift," having brought the scattered tribes of men together, is justified of her children.

There is a danger, no doubt, that a facile optimism may conjure away difficulties which only the slow reform of time can remove; and this danger was both present and seen in Honolulu. None the less the Conference was not open to the charge of shirking its problems, nor was there any general disposition to assume that the mere wish could make reality. The "unattained but deep-desired beauty" of permanent peace was the ideal, but there was not a single member at Honolulu who did not know that the road to that goal is long.

2. Honolulu is a *clearing house of ideas* and, in serving that useful purpose, it also leads to a clearer *definition of the problems of the Pacific*. Each national group has to make sure what its own ideas are, and this process of self-examination sometimes leads to surprising results. It prevents the individual member of a group from thinking in terms of his own political prejudices, and it compels each group, as a whole, to think in terms which, in part, are other than those of an exclusive national interest. When the national idea is thus formulated, it is placed in juxtaposition with the ideas of other nations in a manner which is not possible except in a place like Honolulu where nations come in close contact. This process reveals the fact that it is the circulation and the conflict of ideas which create the problems of the Pacific; and the continuation of the process sets the ideas revolving round one another like colours in a kaleidoscope. Turn the kaleidoscope in one direction and the whole problem is seen in one aspect, with the particles definitely related to each other and to the whole pattern. Turn the instrument once more and a new relation appears, with a new pattern defining the problem. Thus, at this

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initial stage "Honolulu" is the kaleidoscope of the Pacific.

Now, it is notorious that the first obstacle to be overcome in any conflict of interests, and especially in international affairs, is the problem of defining the issue. Many a negotiation breaks down because the parties cannot agree on what they are disagreeing about; and any process which can contribute in any way to define international issues before they are made the subject of diplomatic action serves a concrete purpose. "Honolulu" has nothing whatever to do with diplomacy; nor is it, as some would say, an enterprise in "unofficial diplomacy"; but it can pave the way for subsequent official action, if any Government is wise enough to study its results, by defining international problems in the Pacific in such a way that well-disposed negotiators can at least approach their solution in the light of established facts, sifted and interpreted beforehand by those who have no axe to grind.

3. As the clearing house gets to work, and as the problem in hand grows more definite, the pattern begins to reveal certain patches in which conflicting ideas coincide; and there is established the possibility of a *common factor of agreement*. From this initial minimum of agreement between conflicting ideas some progress can be made in further discussion; but the debate does not proceed far before we discover that one of the obstacles to further agreement is ignorance. The facts are not known, or only grasped in a perfunctory manner; and without the facts the material for discussion fails. The debate then retraces its steps to the point where agreement ceased, and it is found that the original common factor of agreement owed its existence to a foundation of fact, accepted and known, by both sides. Here conference ceases; but, by showing where fresh facts are needed, it points the way for research and thus prepares for the resumption of discussion when the necessary information is ready.

This, it may be said, is "all very fine and large": pretty

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in theory, but only a theory. The answer is that the process is exactly what has been done in Honolulu. It is a method which applies equally to economic, scientific and political subjects; and the point in the above story where conference adjourns to make way for research is precisely the point where "Honolulu" adjourned.

4. Research is therefore a major function of the Institute of Pacific Relations. The Institute is not, however, equipped for research, and the investigations needed are, in any event, so extensive and varied that they cannot be made by any central staff. The need is to mobilise the best available experts, to co-ordinate existing activities before creating new ones and to keep the investigators in different countries and in different fields of knowledge in touch with one another and in line with the central purpose of the Institute. A preliminary review of the whole field was made in Honolulu in July, and it will be followed by a more detailed examination of the resources available and of the immediate projects in Pacific countries by the Research Secretary. Several well-endowed foundations have already been approached, and the universities in particular offer the most promising source of assistance. It is recognised at the outset that there is no uniform way of treating the different questions that have already been discussed at Honolulu and that, therefore, the technique will vary with the nature of the subjects.

IV. PEACE IN THE PACIFIC

THE Honolulu Institute is concerned with Pacific relations which show their most important manifestations in the political sphere. It is essential, then, to understand the part which the Pacific plays in the arena of world affairs. Is there, in fact, a community of interests in the basin of the Pacific? Or again, are the politics of the Pacific linked with those of Asia, and, in turn, of Europe in such a

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way as to preclude any settlement on a purely Pacific basis? The question is no idle rhetoric, for apart from the domestic situation in China (in itself a problem with a world-wide impact), there are only a few questions in Pacific politics which do not, in fact, concern one or other of the European Powers. It is idle to discuss naval disarmament in the Pacific as if it were an isolated question, though it might be possible to initiate a Pacific limitation carrying further the principles of the Washington Treaty with a view to their eventual application to the whole world. Other Pacific problems touch Russia, and as we know to our cost, what touches Russia touches Europe.

Now, it has become a commonplace in recent times to say that the future of peace and war lies in the Pacific. Viewing the entire world scene, however, it would be truer to say that whereas Europe has hitherto been the centre of the world and still remains its most important political area, the Eastern Hemisphere has emerged to challenge the predominance of the West, and that the world of international affairs now revolves upon the two poles of orient and occident. The polar simile is here used to convey the idea that if these two areas are in fact poles apart, they are not isolated, and they can be—nay, must be—regarded as decisive factors, influencing each other in the equilibrium of the whole. By their action and reaction the future growth of the entire globe may largely be decided.

Here, the United States of America, in virtue of its geographical position, its immense resources, and its potential political power, and the British Commonwealth, in virtue of its world-wide character, stand in a position of peculiar influence and responsibility. These two, above all other nations, can influence and are influenced by every current that passes between the two poles of East and West, and therefore the policy pursued by their Governments, either independently or in co-operation, may well prove to be the decisive factor in establishing a true equilibrium. In

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laying down this preliminary axiom we are only concerned with the *whole* international situation, and the position assigned to Britain and America does not imply any derogation whatsoever from the sovereign importance within their own sphere of the political action of China and Japan. It is none the less incontrovertible that the peoples of America and the British Commonwealth stand in a position of responsibility which they cannot evade.

When we examine the means by which this responsibility can be discharged, we find that the organisation of peace in the Pacific lacks some of the instruments which Europe possesses. This is due, in part, to the deliberate refusal of the United States to join the League of Nations, for as long as the United States abstains the League cannot act effectively in many Pacific questions. This does not mean that, if China were to place any problem arising out of her relation to the Treaty Powers before the League, Geneva would be powerless. Far from it! But it does mean that the approach to some of the most important problems cannot be made through the League. There remains as the chief foundation of the structure of peace in the Pacific Ocean the Four Power Treaty signed at Washington in 1922. The foundation is slender; and when we are asked to approve of the policy which brought the Anglo-Japanese Alliance to an end and put the new quadruped in its place, we may indeed approve, but with the proviso that the Four Power Treaty must be judged by its results. It will be justified only if the four signatories can pursue together a constructive policy of peace.

The nature of this policy is too large a subject to be treated in the space available here. It is significant, however, that the discussions at Honolulu made it clear that instructed minds in all countries realise the inadequacy of the present instruments of peace in the Pacific and are ready to study how they may be improved. This result in itself shows how close to reality "Honolulu" moves; and during the next two years the impetus given in this direction should.

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set discussion in motion in all Pacific countries with the aim of exploring all possibilities.

From all this it might appear that "Honolulu" is chiefly an arena of political and economic debate. The circumstances of 1927 inevitably pushed such subjects as China and immigration, not to speak of others, into the foreground; but such is not the sole purpose of the Institute. Many of its members believe that no small part of its usefulness in the future will lie in the field of culture. There are not many opportunities in the modern world for bringing the civilisations of East and West in contact without also bringing them into conflict. The task of interpretation, which must precede understanding, is but feebly discharged; and Great Britain especially is poorly equipped with the means to discharge it. It ought to be an acknowledged part of the duty of the British Honolulu group to take steps to meet this need.

Somewhere in the Pacific.

August 1927.

INDIA : POLITICAL AND CONSTITUTIONAL

I. THE INDIAN RESERVE BANK

A STUDY of the Indian newspapers shows that at present three main topics are engrossing their attention. These topics are: first, the composition of the forthcoming Statutory Commission to enquire into the working of the present system of government; secondly, Hindu-Moslem dissensions; and thirdly, the problem presented by the formation of a reserve bank for India. This latter topic will be dealt with first, because it presents certain features of peculiar interest and importance which it is very necessary should be fully recognised by people in England. The Royal Commission on Indian Currency and Finance recommended the formation of a reserve bank for India and proposed that the capital of the bank should be obtained by subscriptions from private shareholders. The governing board of the bank, according to their proposals, should number 15, of whom one was to be a government official without a vote. The remaining 14 were to be directors, of whom 5, including the governor and the deputy governor, would be nominated by the Government of India, whilst the other 9 would be chosen by the shareholders. These proposals were incorporated in a Bill which was presented to the Legislative Assembly last March and by that body referred to a Joint Select Committee of the two Houses of the Indian Legislature. The Joint Committee met at the end of May and the beginning

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of June in Bombay, and in the second half of July in Calcutta, to consider the Bill. As a result of their consideration, a majority in the Committee developed two main points of difference from the Government's proposals. One of these points related to the decision of the majority to introduce into the Indian currency system the conception of a full value gold coin, but this need not engage our attention since public interest is now concentrated on the other point of difference, that which referred to the composition of the directorate of the bank. At the first meeting of the Joint Committee it was decided by a majority that all the capital of the bank should be subscribed by the Government of India. They proved unshakable in this decision throughout the subsequent meetings in Bombay. When the sittings were resumed in Calcutta in July, it was found that the majority still adhered to the decision taken earlier in Bombay. The shareholders were thus eliminated and, therefore, some other constituency or constituencies had to be devised to elect the members of the governing board. Accordingly the majority adopted the following scheme, which was incorporated in the Bill and put before the Legislative Assembly on August 29. Four members of the board, including the governor and the deputy governor, were to be nominated by the Government of India, three were to be elected by the elected members of the central legislature, three elected by the elected members of the provincial legislatures, two each by the Federation of the Indian Chambers of Commerce and the Associated Chambers of Commerce, and one by the provincial co-operative banks. It is quite clear that a directorate framed on these lines would endanger that complete independence which is so necessary for the proper functioning of such an institution as a reserve bank and would, in fact, expose it to political influences. Sir Basil Blackett from the first made it quite clear that he was not prepared to give his assent to this scheme and that he would drop the Bank Bill rather than bring into being a reserve bank whose policy might be made

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the subject of a political struggle. In the speech on August 29 in which he moved that the Bill be taken into consideration by the Assembly, he put these issues squarely before the House and propounded a plan which, he claimed, combined the original plan of share capital with the best points in the various alternative schemes. This plan adopted the principle that the governing board of the bank should be predominantly Indian whilst not excluding that European co-operation which can obviously be of immense value in the development of Indian banking. The small shareholder was brought in by the reduction of the nominal value of each share from Rs. 500 to Rs. 100 and provision was made for preference to be given to shareholders domiciled or ordinarily resident in India. The voting power of large shareholders was strictly limited so as to preserve as far as possible the democratic character of the electorate. Lastly, instead of the proposal contained in the original Bill, that nine shareholder directors should be nominated by the Government for the first board, this new plan proposed that only five should be so nominated and that two should be allotted to the Federation of Indian Chambers of Commerce and two to the Associated Chambers. It was further proposed that three directors should be nominated by the Government as before, so that particular localities or interests, which otherwise would have been inadequately represented or even not represented at all, might be properly represented.

It soon became clear, however, that this new plan, far though it went towards meeting legitimate objections to the provisions of the original Bill, would involve and encounter strong opposition from certain sections of the House and that the idea of a State bank still commanded considerable support. It is, of course, impossible to say what would have happened had the scheme adopted by the majority of the Joint Select Committee and this new plan been put to the vote. Opinion inside the Assembly was agreed that the majority, either for the one scheme or the other, would have

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been a very narrow one, that much heat would have been engendered during the struggle, and that the bank thus brought into being would have been the object of suspicion and resentment on the part of important sections of Indian opinion. Sir Basil Blackett, therefore, intervened in the discussion on the third day of the debate and announced that the Government was willing to make a concession in the matter of the shareholders if a really satisfactory substitute for them could be found. He referred to an amendment to the Bill which had been put down in the name of the acting leader of the Swaraj party, Mr. Srinivasa Iyengar, an amendment which proposed a system of electoral colleges in place of the shareholders' electorate. Sir Basil Blackett said that this amendment appealed to him personally and that the Government was willing to accept its solution in principle, although, of course, at this stage of the proceedings it did not bind itself to any particular details. He told the House that the Government of India was prepared to give up the shareholders and accept a State bank provided that by this concession, the importance of which he fully emphasised, it would be able to secure a Bill acceptable both to itself and to the vast majority of the House. He also made it clear that the Government of India favoured the principle of a majority of elected Indians on the board of directors. The reasons which led the Government of India to make this concession in the matter of the shareholders are clear enough to all who were in close touch with the movements of opinion in the Legislative Assembly throughout the discussion on the Bill. Except for an almost negligible minority, every member enthusiastically supported the proposal to institute an Indian reserve bank, for the results which would follow in the shape of the transfer of the control over Indian currency policy from Whitehall to the Reserve Bank were fully appreciated. Moreover, it was clear that members of the Assembly coming from other provinces than Bombay had at last determined to rebel against what can only be

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described as the undue influence which Bombay interests have exerted over currency and financial matters generally in this country for some time past. These other members undoubtedly felt strongly that the shareholder scheme involved the danger that the control of the Reserve Bank might fall into the hands of the moneyed interests in one or two great financial centres in India and that foreigners also might be able to exercise an undue amount of control. Therefore, although they were thoroughly in favour of a reserve bank, many of them were equally determined not to have a bank with share capital. Had the Government of India persisted with the shareholder scheme it is hardly open to doubt that an embittered struggle would have resulted which might have revived some of the passions raised by the struggle over the rupee ratio last spring, and led to a determined and protracted opposition on the part of influential sections of opinion in India to the new bank. It was in these circumstances, then, that the Government of India agreed to abandon the shareholder scheme.

The acceptance of the principle of a State bank by the Government of India left the question of the form of the electorate for the board of directors once more open. Brisk constitution mongering ensued and certain of the Mahomedan members put forward a scheme which included the nomination of two Mahomedans, *qua* Mahomedans, to the board. Sir Basil Blackett, however, rejected this as being hardly, if at all, less mischievous than the other proposals which would have brought the bank under political influences. Mr. Srinivasa Iyengar's scheme of electoral colleges continued to hold the field after other rival solutions had been disposed of, and it was this scheme which provided a starting point for the so-called "stockholder" scheme, which Sir Basil Blackett in the end put before the leading members of all parties in the Assembly. Briefly, Mr. Srinivasa Iyengar's scheme was as follows. For the purpose of electing six directors, the Governor-General in Council was to group the provinces into as many con-

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stituencies as he thought fit, for the purpose of the formation by election of electoral colleges, each consisting of not less than 50 persons. The persons qualified to vote at an election for an electoral college were to be the Council of State voters in any province included in the constituency for which the electoral college was to be constituted, and in those provinces where there was no Council of State constituency, the payment of a certain sum in land revenue or income-tax, or present or former membership of one or other of the legislative bodies; or the incumbency, past or present, of certain offices in universities, local self-governing bodies or provincial co-operative banks, was to qualify. This scheme, of course, is not free from the feature against which the Government of India from the first had set its face—namely, that the directorate of the bank might be chosen on political grounds. The principle of electoral colleges, however, did seem to offer a way out of the difficulty, and, building on this principle, Sir Basil Blackett evolved a scheme which is now known as the stockholder scheme. The details are as follows: The Reserve Bank was to be a State bank and the Government of India was to own all its capital. The Government might issue 5 per cent. Government of India Reserve Bank Stock at par in amounts of Rs. 100 and multiples thereof, the latter not to be over Rs. 10,000, to an aggregate amount not exceeding the authorised capital of the bank. A register of the Reserve Bank stockholders was to be maintained at the headquarters of each of the eight major provinces and at Delhi, and stockholders were to be registered in the register of the province in which they were domiciled or ordinarily resident or in which they had their principal place of business, at their option. No stockholder, however, was to be registered in more than one register. No one person could have more than Rs. 10,000 worth of stock registered in his name and no stock could be registered in the name of any person who was not domiciled or ordinarily resident in India. The stockholders on each register were to elect sixty trustees for

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the Reserve Bank stockholders for the province in which the register was situate, subject to the proviso that no trustee was to be elected unless there were at least 1,000 individual stockholders on the register. Each stockholder was to have one vote only, irrespective of the amount of his holding. The sixty persons who received most votes were to be regarded as having been elected. Elections were to be held triennially and casual vacancies were not to be filled up. The trustees, having been thus elected, were then to elect one director to the board of the bank. Under the stockholder scheme the board of the bank was to consist of one governor, two deputy governors (one not voting), three directors elected by the Associated Chambers of Commerce, two directors elected by the Federation of the Indian Chambers of Commerce, one director elected by the provincial co-operative banks, ten directors elected by the trustees and four directors nominated by the Governor-General in Council. Other provisions dealt with the period of office of the governor and the deputy governors and of the directors elected by the Chambers of Commerce and by the provincial co-operative banks. These, however, together with the various other conditions, need not concern us here.

The reception accorded to this scheme was extremely gratifying. Certainly a few voices were raised at first against its somewhat elaborate provisions and it was naturally opposed by the few irreconcilables who did not want a reserve bank on any conditions whatever. But it is not too much to say that when the stockholder scheme had been considered, it found general acceptance on all sides of the House. As far as skilled observers could see, the Swaraj party was solid in support of it, and the Nationalist and Independent parties all but unanimous in its favour, and there was every prospect of its passing through the Legislative Assembly by acclamation. There was a quite extraordinary sense of buoyancy in the atmosphere, and members of long standing have assured the writer that

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they have never before seen such a cordial feeling between the Government and the Opposition benches. The debate on the Bill had been adjourned for a few days in order to give an opportunity for agreement and the discussion was to have been resumed on Monday, September 12. On Thursday, the 8th, however, Sir Basil Blackett, as leader of the House, read out the order of business for the next week and it was noticed that no time had been allotted for further discussion of the Reserve Bank Bill. Sir Basil himself drew attention to this and said that it was necessary that any scheme which was adopted should only be adopted after the very fullest consideration. In these circumstances, he concluded, the Government had regretfully come to the conclusion that the best course in the interests of all concerned was not to proceed with the Bill at present. He was at once bombarded with questions asking whether he had adopted this procedure at the orders of the Secretary of State, and whether he meant merely to postpone the Bill or to drop it altogether. Sir Basil refused to make any further statement, and Mr. Srinivasa Iyengar, the acting leader of the Congress party, after strongly protesting against the way in which he and his party had been treated after they had done their best to co-operate with the Government, walked out of the House with all his followers. The next move was the tabling of a motion of adjournment of the House to discuss "the affront offered to the Legislative Assembly by the Government in withdrawing this session the Gold Standard and Reserve Bank Bill before the Assembly had had an opportunity of discussing the remaining clauses of the Bill." The motion for adjournment was moved on September 13 by a young Swarajist, who stated at the very outset that he was moving the motion because he wanted "the House to support the Finance Member in any action that he might take in order that this Bill should be brought before the House." The speeches that were made in support of the motion on all sides of the House were generally in the same tone. The keenest resentment was

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expressed at the postponement of the discussion and it was assumed generally that the action of the Government of India had been dictated from London. A significant incident occurred during the speech of Pandit Madan Mohan Malaviya, who is one of the two or three members who do not want the Reserve Bank except on certain terms to which the Government of India cannot possibly agree. The Pandit suggested that the Bill should be allowed to lie where it was. At once cries of "no, no," arose all over the House and nowhere were they more emphatic than on the Swarajist benches. A keen edge was given to the resentment felt at the postponement of the Bill, because this was the first occasion on which many members of the Opposition, both in the Swarajist and the Nationalist party ranks, had co-operated with the Government. Behind this feeling was the knowledge that, except in the case of the few members who had been opposing the Bill for personal reasons, the opposition to the original proposals of the Government had been perfectly genuine, being prompted partly by fears and suspicions which may or may not have been justified, and partly by a real desire to safeguard the interests of the masses against possible exploitation by powerful groups of Indian capitalists. Again, although the Government of India had made a very great concession in abandoning the shareholder scheme, the Opposition felt that they too had made one of considerable magnitude in deciding against allowing the legislatures to elect directly to the board of directors. Only those who have closely studied the proceedings of the Legislative Assembly during the past three years and who know something of the personalities in the present Assembly can appreciate how great a concession this was. In any case, one concession had been met by another, and it is impossible to deny that the Swarajists and other sections of the Opposition had really made an effort to meet the Government and to get the Reserve Bank Bill on to the Statute Book in a shape acceptable both to the Government and to themselves.

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Opinions expressed by the most respectable Indian newspapers and by leading members of all parties in the Legislative Assembly since the postponement of the Reserve Bank Bill have made it clear that enthusiasm for the bank itself has not diminished in the slightest degree. Indeed the demand for it appears to be growing in strength. The postponement has had, at any rate, one useful result. It has shown Indian opinion what importance the Government of India and the Home Government attach to this measure, and thereby Indians are able to understand more clearly than ever the part which will be played in the economic life of their country by the Reserve Bank when it comes into existence. There are reasons to believe that this will strengthen the hands of those who wish to see the last remnants of the danger of political influence on the bank removed, and may induce the Assembly, when the time comes to renew the discussion, to reconsider its decision to allow its members to be elected to the board of directors by whatever constituency may be decided upon. However this may be, there is no doubt that the events which have been described have strengthened the demand in India for a reserve bank.

The belief that the action of the Government of India in postponing further discussion of the Bank Bill was dictated from London seems likely to raise a constitutional issue of some importance. Already in fiscal matters a convention has been established that when the Government of India and the Indian legislature are in agreement their decision shall prevail. Naturally the demand is being made that a similar convention shall be established in others, especially in financial matters. The events connected with the Reserve Bank Bill have undoubtedly given point to this demand, which is not less likely to grow into a strong agitation. Feeling in this country is very keen on this subject, and unless some satisfactory solution of what might quite reasonably be called the existing crisis over the Bank Bill is reached, resentment and disap-

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pointment will not fail to express themselves in a demand for financial as well as for fiscal autonomy for India. The overwhelming bulk of opinion here favours the adoption of the stockholder scheme as a solution, if necessary, with certain amendments and additional safeguards to reassure those who still fear that the Reserve Bank may be dragged into politics. An examination of the debates which have taken place in the Legislative Assembly on the Bank Bill will show that the Government of India has from the first refused to accept any scheme which would leave it open for political influence to enter into the affairs of the bank. The same examination will also show that in the end the Opposition came round to the Government's point of view, and, as has been already said, if additional safeguards are necessary they will be supplied. It is true that the bank under the stockholder scheme will be a State bank and therefore not in accordance with the canons of central banking propriety laid down by the League of Nations. But it is impossible to say that the provision of Rs. 50 millions worth of share capital, as was proposed in the original Government scheme, would give the shareholders a living interest in the management of the bank. Rs. 50 million are less than £4 million, a negligible sum as compared with what the working capital of the bank will be. It would have been better, of course, had the Assembly been able to adopt the shareholder bank, which is the theoretically correct one, but the stockholder scheme is also sound both from the banking and the political points of view. In regard to what passed in the Legislative Assembly it is not easy to understand how the impression gained currency in England that the Government of India had given way to those who wanted to make the Reserve Bank a toy of the politicians. It cannot be too often or too emphatically repeated that Indian business and political opinion is solid in its demand for a reserve bank and that it is less inclined now than it was a short time ago to quarrel about labels. There is little reason to doubt that the stock-

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holder scheme, suitably modified, wherever necessary, in details, would pass through the Legislature without trouble. The alternative of having no bank at all is not to be faced with equanimity, for it would mean increased suspicion and distrust of the influence of London in Indian affairs and, it is to be feared, also a constitutional agitation which need not arise, and which would have repercussions on all the activities of the Government of India, and on Indian politics generally.

II. THE STATUTORY COMMISSION

THE second great topic of discussion in India at present is the Hindu-Mahomedan situation, but this forms the subject of a separate article.* The third is the Statutory Commission. The newspapers are full of forecasts of its composition, and messages and travellers from England have recently given currency to the belief that it will be an entirely parliamentary commission and contain no Indian members. The newspapers, and certain of the political leaders have, therefore, been discussing the attitude which ought to be adopted towards the Commission if the reports of its composition turn out to be true. Almost unanimously they have nothing better to offer than the old sterile doctrine of non-co-operation. Most of the newspapers and the politicians whose opinions have so far been made public recommend a boycott of the Commission. At present it is not very easy to estimate what weight ought to be attached to these opinions. It is true that they have been expressed by politicians of all parties from the Swarajists to the Moderates, but it is to be noticed so far that these opinions are exclusively Hindu. No representative Mahomedan has hitherto expressed himself in favour of boycotting the Commission, even if it is to be composed as rumour asserts. It would, of

* See page 80.

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course, be a very serious thing if all or even very large numbers of those who belong to the various sections of political opinion among the Hindus were to boycott the Commission, and such a contingency is not one to be contemplated with equanimity.

Whatever the Statutory Commission may be or decide, it is now more than ever desirable that all the best of India's sons, no matter to what community they may belong, should throw themselves heart and soul into the business of realising the process started by the Government of India Act of 1919—that is, the establishment of responsible government in this country. The story of how non-co-operation and obstruction during the first years of the Reforms blighted so many of the fruits which we hoped to gather has been told often enough in these pages, and there is no need to repeat it now. But if the history of these years teaches any one lesson clearly and unequivocally, it is surely this: Non-co-operation has been tried and found wanting. At the best it has only been able to bring progress to a stop, whilst there is little reason to doubt that in some respects it has inflicted an actual set-back on progress. That this lesson has been learnt by many of the best and ablest Indians in politics is proved by the Responsive Co-operators' breakaway from the Swarajist doctrine two years ago, and since then it has been coming home with continually increasing force to those who remained within the Swarajist camp. The action of a certain part of the Opposition with regard to the Reserve Bank Bill was a clear and uncompromising renunciation of non-co-operation and a tacit (although it is doubtful if the word "tacit" is really applicable here) acknowledgment that, after all, co-operation with the Government on honourable terms is the best and most fruitful means of ensuring political progress in this country. That is the reason why the later developments in this matter of the Bank Bill proved such a grievous disappointment to all, both Indians and Englishmen, who

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have the progress of the reformed constitution at heart. It is impossible to deny that the feelings of resentment and the suspicions of England's bona-fides, which were raised by the postponement of the discussion on the Bank Bill, have created an atmosphere in which talk of non-co-operation and boycott naturally flourishes, but it is earnestly to be hoped that the lesson of the last six years has gone home deeply enough to make boycott the weapon of only a small minority, even if the rumours about the Statutory Commission, of which we hear so much nowadays, should turn out to be true.

Turning back to the views which have been expressed by certain newspapers and public men in favour of the boycott of the Commission in certain circumstances, let us consider how far these represent public opinion in this country. Public opinion, of course, is a somewhat nebulous thing in any country, and in one like this it would take a Diogenean search to discover anything which might truly be called by that name. The newspapers, particularly those which are published in English, as a rule express either the views of individuals or at most those of a few proprietors and directors who, except in rare instances, represent particular economic or political interests, and the exceptions are almost always cases in which religious or quasi-religious interests are affected. Members of the legislatures cannot be said to consult their constituents' wishes or opinions. The Swarajists, for instance, walked out of the legislatures last March without first ascertaining the views of the electors, and it is quite clear that those who opposed the Currency Bill this year at the Delhi session did so in nearly every instance without consulting their constituents. Even the All-India National Congress is now an annual gathering of a single political party and the delegates to it are not chosen by any of the usual democratic methods of choice. Thus the prevailing talk of boycott may or may not represent a widespread public feeling on the subject. On the whole there is no reason

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to doubt that the majority of those who elect members to the provincial and central legislative bodies have not even troubled to think about the subject, and they may be presumed to be on the whole indifferent. All the more reason, then, why those who have already expressed their opinions should pause, no matter what the constitution of the Commission may be, before committing themselves, and whatever followers they have, to a process which experience has shown to be detrimental not only to the political and constitutional progress of the country, but also to law and order.

India.

October, 1927.

GREAT BRITAIN : A PERIOD OF STOCK-TAKING

I. MR. BALDWIN AND HIS FORTUNES

NO Ministry can remain in office for three years of profound economic depression and gain in popularity. A Conservative Ministry is in some ways worst placed of all. Leanings towards the centre irritate the wings. Leanings towards the right are seized upon by all its opponents as proof that the Diehards are in the saddle. It is simultaneously accused of displaying sinister activity in the cause of reaction and of expiring from senile decay. Mr. Baldwin's Government offers no exception to this rule. On the eve of an autumn session across which falls the faint but inescapable shadow of a general election, the most that Conservatives can claim is that their party has only slightly lost ground in the country. On the other hand, only their would-be heirs suggest that a landslide of opinion has occurred. The record of the Government does not however arouse enthusiasm in any quarter. It is criticised (from somewhat widely divergent angles) by more than one influential group within the Conservative party itself.

Fear of the alternative remains a powerful ally. The Prime Minister gained some laurels in Canada but otherwise has done little during the recess to strengthen his position. His opponents have, however, done little more to strengthen theirs, and in spite of his failure to bring back any new

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constructive ideas from his Canadian visit, Mr. Baldwin is still a respected figure in English politics.

It was hoped that at Cardiff, where the Conservative party held its annual conference on October 6, the Prime Minister might pump some oxygen into a languid political atmosphere. He chose instead, in his own phrase, "to review and to take stock." The process attracted little public attention. Of the two principal issues raised neither was welcome to all the members even of his own party. A resolution was passed offering "hearty congratulations to the Government on its resolve to deal with the problem of the House of Lords during the lifetime of the present Parliament" and pledging support for "those measures necessary to assure that the will of the people shall be safeguarded by an effective Second Chamber." But the discussion that preceded this resolution was far from unanimous. Possibly irony as well as heartiness lurked behind those congratulations. The Cabinet is haunted by the ghosts of dead Lords Reform schemes. What guise the new one is to take was not decided at Cardiff. Nor could it have been, without the bitterest controversy.

There is not even the beginning of unanimity within the Conservative camp as to how the House of Lords should be reconstituted. The right wing would like to see the restoration of something approaching the authority it held before the passage of the Parliament Act, but in that case a very large section of the electorate would be up in arms. The Government, whose moderate supporters are against any drastic reform, appears to have no intention whatever of running so suicidal a risk. *The Times*, in dismissing the Cardiff resolution as "not practical politics," put the matter in a nutshell. The most that is to be expected is some modification of the method of certifying Money Bills. Reform, when it is brought forward, will certainly have to face two fires—from those who complain that it has not gone far enough and from those who protest that it has gone too far. Mr. Baldwin has little hope of leaving

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behind him, when he goes to the country, the sort of bulwark that many of his supporters would like to see erected against hasty legislation. But he is pledged to do something and, whatever he does is almost bound to weaken his party in the Commons. That the House of Lords needs overhauling is admitted by many of the supporters of all three parties. But there is no sign that any scheme could be devised to satisfy even one party, let alone all three. In the country there is very little interest in the matter; certainly nothing that could be called a popular demand for reform, though the introduction of concrete proposals might well rouse latent fires. At present, Lords Reform, as a political issue, to put it at its mildest, is bound to be an embarrassment to any Conservative Ministry.

Nor was any political capital made over the other question. Neither Liberals nor Labour have any reason for opposing the extension of the franchise to women who have reached the age of twenty-one. The Opposition groups would certainly, were it now withheld, introduce it later and count it for righteousness unto themselves that they did so. Mr. Baldwin was described by his chairman at Cardiff as "standing to his guns" over the flapper vote, and he was loyally supported by the Conference. Nevertheless, most of the delegates at the meeting, and a majority of people in the country would have been more pleased than otherwise if he had been free to drop the proposal. A negligible handful of ardent feminists rejoiced; outside that narrow circle there was tepid acquiescence. No party feels certain that it will benefit by the proposed addition to the electorate; while an increase of bulk in an already unwieldy machine is regarded with disfavour. Electoral equality for men and women is, no doubt, accepted in principle by most people and, if it could be accompanied by a raising of the age limit generally to, say, twenty-five, it might even be welcomed. The commitments of the Government, however, precluded any such alternative. At Cardiff all

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that could be done was to make the best of a not very hopeful job. Undeterred by the gloomy prognostications of Lord Rothermere that 70 per cent. of the flapper vote would go to the Socialists, the Conservative Conference gave the new measure its blessing. But it left the public cold, including the section upon which the boon is to be conferred.

To turn to the Government's record on the social side, it claims and it is entitled to claim credit for what has been done in the way of housing. The millionth house since the Armistice was finished in September. But in spite of all the hopeful speeches the unemployment figures remain high. The most important measure before Parliament at the present moment—it has just passed its second reading as we go to press—is the Unemployment Insurance Bill, which was also referred to at Cardiff. It is not possible here to go into all the details. Unemployment Insurance has hitherto, *i.e.*, since 1921, taken two forms. The first is the normal system as it was originally designed. It consists of the payment of benefits to unemployed who have earned statutory right to them by fulfilling certain conditions, including the payment of so many contributions. The second, which was introduced to cope with the exceptional destitution that came with the slump in that year, is what is called extended benefit. It was an exceptional response to an exceptional emergency. This new kind of relief is given not as a matter of right, but of discretion. It was not dependent on past contributions, but on anticipated ones. It is, in a word, what is known as the dole, and the object of the Bill is to substitute for this dual system a single unified scheme based on a statutory right to benefit, under which the unemployed insured must satisfy certain conditions, and the dole will be finally done away with. The unified plan was, however, to be a broad enough system to meet all classes of unemployment in ordinary times. A committee appointed by the Government—the Blanesburgh Committee—had prepared a scheme but the

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Government has departed from it in two important particulars. Under the Bill the cost of the revised scheme is not to be borne equally by employers, employed and the State as the Committee proposed. Instead, the present differentiation is to continue unchanged. Secondly, the normal weekly contributions from employers and employed are also to remain as they are—certainly till times are better. The Committee had recommended a reduction, subject to a proviso that there should be a slight increase—the figure would still be less than the present one—until the debt on the existing scheme had been extinguished. The Bill was opposed in Parliament by Labour, but it was also criticised by the Government's own supporters. Captain Macmillan in a speech which attracted a good deal of attention expressed the view that the whole treatment of the matter was superficial. He would have higher rates of benefit for the temporarily unemployed—the ins and outs, as they are called—and would give national relief, apart from the insurance fund, and training as well to able-bodied unemployed, who are not likely to get work in their old trades owing to their decline. The crux of the matter is this question of mobility. *The Times* considers the Bill, like its predecessors, only a temporary expedient, whereas, in its opinion, “the time is favourable for a more lasting piece of legislation on lines that will not wholly reconcile but may largely avoid the division of political parties.” It thought that in not taking the Blanesburgh scheme, the financial provisions of which passed the Government actuary, an opportunity had been lost. For the recommendations of the Committee were unanimous, its Labour members, Miss Bondfield, Mr. Holmes and Mr. Hodges signing with the rest. They, of course, represented a compromise. It is true that the general meeting of the Trades Union Congress censured Miss Bondfield for signing the report, but the Conference of Trades Union Executive and Labour party representatives had previously approved of her action. *The Times* also

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criticised the Bill in detail, but enough has been said to show that the strictures passed were not confined to the Opposition. It is certainly a psychological moment. Labour's present mood may not last. It remains to be seen what use the Government will make of it now that its Bill has reached committee stage.

Agriculture is the last but far from the least vital subject upon which it was hoped that the Cardiff Conference might have had something important to say. The rains of 1845 rained away the Corn Laws. Will the rains of 1927 drown anything except such few farmers as have still managed precariously to keep their heads above water? That question has been asked by the spokesmen of the agricultural community with an intensity of feeling which is only too intelligible. No answer was given. Mr. Baldwin stated that it was the intention of the Government to submit next year a scheme of long-term credits for agriculture to Parliament. Nothing is yet known of details, but the value of such credits will obviously depend upon how far they stimulate actual production. The danger of such a scheme is that it may merely result in the transfer of mortgages and debts from the farmer to the lending authority. In judging how far Mr. Baldwin has lost votes in the rural districts, the fact must be remembered that both the Liberals and the Labour party have a highly elaborate system for saving the countryside and that neither of these systems has, as far as one can tell, met with the favour that was hoped for it. It is a case of political honours easy. Mr. Baldwin lacks a remedy for the plight of agriculture and he is accused of apathy. His opponents have systems, but they are received with apathy.

Before leaving the position of the Government, Lord Cecil's resignation calls for a word. Lord Cecil took little part in home affairs, but he was none the less an asset to the Government, standing as he does for those League of Nations' ideals which so many of his countrymen have

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at heart. A Conservative Cabinet is credited with a particular affection for the traditional ways of diplomacy, as opposed to the Geneva system. Lord Cecil's presence in the Government was itself an answer to doubts of this kind, and his resignation will presumably revive them. Mr. Baldwin has also failed to take advantage of the vacancy to introduce new and younger blood into his Cabinet. Mr. Ronald McNeill, or Lord Cushendun as he will in future be called, who has succeeded Lord Cecil as Chancellor of the Duchy of Lancaster, is already 65. *The Times* expressed disappointment in a leading article. Mr. McNeill moreover, has always been identified with the reactionary wing of the Conservative party. Lord Cecil's intention is to lead a campaign in the country in favour of disarmament and he has already opened it with a speech at Caxton Hall on October 21.

Incidentally Lord Cushendun's promotion has caused Mr. Herbert Michael Samuel to be moved from the department of Overseas Trade to the Treasury. So far, no successor to Mr. Samuel has been named, and, as his old department was one of the three marked down for sacrifice in the budget, speculation has naturally been rife.

II. LABOUR'S NEW LEAF

WHILE the Conservatives have been surveying their domain from deck chairs on the terrace, Labour has been busy with the pruning knife in its garden, and there are signs of an interesting change of attitude on their part, which, though it is still early to speak, may lead to important consequences. On the industrial side it has put direct action out of favour. "We are going," said Mr. Herbert Smith, the miners' president, at the Labour party Conference at Blackpool last month, "to fight through the ballot box instead of through women's and children's stomachs." The new mood has already taken practical

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expression in the advice given to the Durham miners to fix up their difficulties direct with their own employers, a settlement which has been effected on the best terms that the gloomy conditions permitted. In the words of Mr. Williams, the chairman of the Labour party last year, "the era of effective strikes has passed." The trend is all towards peace in industry. The leaders—and they include men who have always hitherto belonged to the left wing—have expressed a wish to try the path of co-operation with the employers.

The reasons for the change in Labour's attitude are not far to seek. Financially the party is hard hit. Industrial depression and the loss of the civil service unions has reduced trade union membership and local party subscriptions. "Contracting in" may mean a further drop in revenue. At the last meeting of the Nottinghamshire Industrial Miners Union (the non-political organisation formed by Mr. G. A. Spencer) a substantial increase was reported in both membership and funds, and they are being supported by Mr. Havelock Wilson and his seamen. Labour has, thus, every reason for taking a sober view of its position. It stands, moreover, between two landmarks in its history. Behind it is the never-to-be-forgotten fiasco of the General Strike; before it lies the nearing general election. Each of these things is an overwhelming argument in itself against extreme methods and in favour of moderation. The Blackpool speeches show that Labour recognises now that its only hope of gaining a majority when Mr. Baldwin goes to the country is to persuade the electorate of its sanity and moderation. But besides all these considerations there was undoubtedly also a patriotic desire on the part of Labour to do its utmost to get the country out of its difficulties, which, in all conscience, are serious enough. Despite vaguely optimistic talk, the situation in the great industries remains grave. To take coal, out of 1,106,100 unemployed at the end of October, 233,691 were miners. Production is only 70 per cent. of the capacity.

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of the pits, but is more than the demand. Inland consumption as well as export trade has fallen, though to a less degree, and the minimum wage level has been reached in all the coal fields. We must now pass to the political side.

The Political Programme

On this side, if we may judge from the meeting of the Labour party at Blackpool in October, it would appear that extremism is as much out of favour as it is on the industrial side. We find old leaders, like Mr. Ramsay MacDonald and Mr. Arthur Henderson, more firmly entrenched than ever. The delegates were content to be guided by the platform. The Clydeside group was mute. The Minority Movement generally, indeed, was under a cloud. Slogans like "Socialism in our Time" were at a discount. The conference was described by the *Manchester Guardian* as "the most business-like in the party's history."

To take foreign policy first, it will be remembered that the General Meeting of the Trades Union Congress which was held at Edinburgh a month before had, by a majority of two million votes, decided to break with the Russian unions. At Blackpool Mr. Ramsay MacDonald was for a friendly policy towards Russia, but he made it clear that it must also be a firm one. The Russians must play the game. They had only themselves to blame, he insisted, for their bad relations with the rest of the world. He apparently still favours the adoption of some plan on the lines of the Geneva Protocol, to meet the political difficulties of Europe generally, and he elaborated his view in an article that appeared in the *Daily Herald* on October 31, but what he said about Russia at Blackpool might equally well have come from Mr. Baldwin himself.

The programme adopted for domestic purposes by Labour included the following items: Mines Reorganisation, Poor Law Reform, Educational Reform, a remedy for unemployment, and the Surtax.

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Their policy over the mines as expressed in the resolution of the Conference, falls into two curious divisions. There is first, repeal of the Eight Hours Act, the regulation of the supply of labour, pensions for miners at sixty, adequate unemployment maintenance, compulsory groupings and amalgamations and the authorising of local authorities to engage in retail trade. This part of the programme is for immediate application. The second part, which comprises nationalisation, development of methods of coal treatment and reorganisation of the processes of distribution, is to be "deferred." The situation reminds one of the early days of the Commonwealth, when Australian labour had one programme for action and another for the platform. The *Nation's* comments are interesting. It says:—

The latest scheme, introduced by Mr. Ramsay MacDonald and Mr. Herbert Smith, has nothing of Cloud Cuckoo-Land about it: there seems, indeed, to be little in it that Liberals would not be prepared to accept, and much that is inspired by Liberal propaganda. . . . These proposals collectively make up a coherent scheme, and both the Liberal and Labour parties are to be congratulated on its adoption by the Conference.

In connection with the Labour programme it is worth mentioning here that the Monmouth and South Wales Coalowners Association has just brought forward a scheme for fixing minimum prices in the South Wales coalfield. Under this scheme each firm will be allotted a production quota and fined if it exceeds it, but the more favourably placed firms may buy up the quotas of less flourishing rivals. This is the first step taken by the coal-owners towards co-operation, or what is often called rationalisation. The experiment will be watched with great interest, especially as one on similar lines made earlier in the year in the cotton trade has had, for the time being at all events, to be abandoned. In that particular case the Cotton Yarn Association, a limited liability company, with a nominal capital of £250,000, was formed to regulate systematic

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short time, and a minimum price level for spinners of American staples. But the scheme broke down because the refusal of a number of firms to join the association had placed its members at an unfair disadvantage.

A less favourable reception has been given by the critics outside the party to Labour's plan for raising increased revenue. The Capital Levy is dead and the Surtax has taken its place. The levy was intended chiefly to lessen what one of the speakers at Blackpool denounced as "that hideous monument of financial jugglery," the National Debt. But the new measure will, if one section of Labour is allowed to have its way, serve to provide additional funds rather for social expenditure than for the purposes of economy.

As outlined at Blackpool, the surtax which will be levied on incomes from property and investments of over £500 a year, is based on the Minority Report of the Colwyn Committee (appointed by the Labour Government to examine the question of the national debt and the capital levy) and is expected by its advocates to raise £85,000,000 a year, or rather more than the estimated yield of the capital levy. In moving the resolution at Edinburgh, Mr. Lees-Smith, M.P., explained that "instead of paying part of their capital they (those liable to the tax) will year by year pay tax on the income from that capital. So you get back to the result of the capital levy, but by a simpler way." It was claimed for the measure that it would involve no machinery beyond what already exists for the purposes of income tax collection, and that it would not be open to sabotage by the banks.

Mr. Ramsay MacDonald has spoken repeatedly and vehemently in support of the surtax proposal since its adoption by his party. We have it from Mr. Snowden, however, that he had not been consulted.

"I have had nothing," he said, "to do with preparing this scheme, but I take it, it is more a general idea than a detailed plan." That the Labour ex-Chancellor of the

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Exchequer should not have been consulted in the preparation of so important a measure seems strange. The highly technical controversy which the proposal has started shows that his assistance will be needed in the future. Mr. Lees-Smith and the other sponsors have, according to the critics, lost sight of two most relevant considerations. First, their estimate of £85,000,000, it is pointed out, includes the proceeds of a tax on company reserves, and such a tax would adversely affect the nation's credit. If, on the other hand, it was not intended to tax these reserves, the estimated yield of the tax must be reduced by £22,000,000. The second objection—one, too, that is endorsed by the Inland Revenue department—is that if the first £500 of investment income is in every case exempted, the estimate of £85,000,000 would have substantially to be reduced. These two points together would bring down the Labour figure by more than half.

Mr. Snowden may have had no hand in preparing the surtax proposals, but he has not been otherwise idle. He has attacked loose thinking by Labour on financial matters in no doubtful terms. A minimum wage of £4 a week, he has declared, would raise the wages bill of this country to over £4,000,000,000 a year, which is (in his view) at least £500,000,000 a year more than its total income. "I might add," he proceeds, "if the Labour Government establish a legal minimum wage of £4 a week, that the week after there would be no wages at all for anybody." Trade revival, in his opinion, was vitally dependent upon capital saving.

His views on British industry and the course which Labour should follow are as follows :—

It was all very well thirty years ago (he wrote in the *Daily Herald*) when the Socialist movement was in the purely propagandist stage, to be content with phrases about "exploitation," "increasing the purchasing power of the people" and "developing our national resources."

But now that we are likely to have the responsibility of attempting to put our propaganda into practical measures, we have to get down

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to hard facts. And hard facts do not always square with the licence of platform propaganda.

My own experience must be the common experience of all Socialist writers and speakers. Unless we use the word "Socialism" at least twice in every sentence, and unless we interlard our remarks with all the stock phrases of propaganda patter, we are sure to be charged with having abandoned Socialism and sold ourselves to the capitalist.

Between 1850 and 1907, when our trade was expanding phenomenally, wages rose by 80 per cent. and the cost of living fell by 24 per cent.

The changes which are needed to again double wages and reduce prices are many and varied. One is a new trade union policy. Others are the public control of the "key" industries like land, mines, the transport services, and electric power, and also the control of prices.

But above all else, it is important to watch industrial and scientific progress, and to secure public ownership and control of every new industry and scientific process. Simultaneously the use of the potent weapon of finance must be employed.

These are some of the immediate measures for translating into practice the slogans of "increasing purchasing power," abolishing "exploitation," and "developing our resources."*

In connection with Labour's change of attitude it is interesting to notice that the membership of the British Communist party has fallen from 10,800 to 7,377.

The Peace in Industry Movement

The new move in the direction of peace in industry began at Edinburgh on September 5, when the olive branch was extended by Mr. Hicks in his presidential address at the general meeting of the Trade Union Congress in the following words :—

And here I should like to say this : We all know—employers as well as trade unionists—that the vexatious, toilsome, and difficult period through which we are passing, is a transitional period. Much fuller use can be made under these conditions of the machinery for joint consultation and negotiation between employers and employed. We have not reached the limits of possible development

* See *Daily Herald*, August 29 and 30, 1927.

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in this direction. It is more than doubtful whether we have seen the fullest possible development of machinery for joint consultation in particular industries. And practically nothing has yet been done to establish effective machinery of joint conference between the representative organisations entitled to speak for industry as a whole. There are many problems upon which joint discussion would prove of value at the present time.

Such a direct exchange of practical views between representatives of the great organised bodies who have responsibility for the conduct of industry and know its problems at first hand, would be of far greater significance than the suggestion which has been made in certain quarters for a spectacular national conference under Government or other auspices to discuss a vague aspiration towards "industrial peace." Discussion on these lines would bring both sides face to face with the hard realities of the present economic situation, and might yield useful results in showing how far and upon what terms co-operation is possible in a common endeavour to improve the efficiency of industry and to raise the workers' standard of life.

Industrial Co-operation has thus become the accepted policy of the Trades Union Council. Government intervention is no longer wanted : Mr. J. H. Thomas made that clear later in the month. What was needed, in his opinion, was that practical people in all industries should sit down and face the facts. On October 21, came the employers' reply. They welcomed and endorsed the sentiments expressed at the Trade Union Congress at Edinburgh in furtherance of the promotion of peace in British industry, and of that result being achieved through the combined efforts of employers and employed themselves, but they were against national meetings. "It is," they added, "in the individual works that that spirit of mutual understanding must find its ultimate expression in practical results."

They did not evidently favour "beginning at the top" as many of the Labour leaders wanted to do. It seemed, at the moment, a somewhat chilling reply to Labour's gesture and when the Minister of Labour expressed the hope that the employers would respond to it, there was a disposition to read a reproach into his speech, though there

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was nothing to show that he was at the time acquainted with the reply of the National Federation of Employers.

The reply at all events did not meet with a blank negative. There were indeed Labour leaders of the same way of thinking. Take, for instance, Mr. J. H. Thomas, who summed up the views of his party with the appeal, "Will employers—not by a great conference, which, in the end, will resolve into a debating society, but across the table with those in their own industry,—will they tell the men their difficulties and listen to the men's case?"

And a practical start has at all events already been made in certain industries. Several of the larger industrial undertakings are seeking to evolve machinery for keeping the peace between employers and employed. The London Midland and Scottish Railway Company, with Sir Josiah Stamp as the moving spirit, has organised conferences in all its municipal centres. At those already held in Liverpool, Manchester and Leeds, resolutions have been passed unanimously, declaring the new policy to be consonant with trade union policy. Sir Alfred Mond has begun to put his theories into practice in his own business, and is setting up a kind of Whitley Council scheme for Imperial Chemicals Industries Ltd. These experiments are still young, but they are a hopeful sign.

What effect the new attitude of Labour will have upon the electors it is impossible to predict. Municipal elections are notoriously a misleading guide, but the tide which has been flowing in its favour since 1924, did not turn this year, though it showed signs of having passed its full strength. In 1924, Labour's net gains were 20, in 1925 they were 47, in 1926, 146, and in 1927, 95. The result was according to expectation. Labour is, however, still much weaker in municipal government than it is at Westminster. That it should tend to catch up was to be anticipated. On the whole, the results have disappointed both parties. Labour had hoped to take a much bigger stride towards its cherished ideal of capturing the machinery of local

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government. Its opponents were relying on the examples of Labour extravagance (and worse) offered by West Ham and Chester-le-Street, to cause a marked set-back at the polls. In the event, Labour has only secured the majority in one more council (Birkenhead), and it has met with a compensating reverse at Glasgow. The safe Conservative majorities in Birmingham and Liverpool are, however, being undermined.

The municipal elections, at all events, revealed one significant thing. The apathy of the Conservative voter is apparently a constant factor.

IRELAND : EVENTS IN THE FREE STATE

I. POLITICAL

THE Free State political kaleidoscope has revolved at such a speed and displayed so many peculiar combinations during the last three months that in order to understand the present situation one must look backwards. Following the murder of Kevin O'Higgins the Government, in July, introduced two Bills, one, the Public Safety Bill, directed against any political association attempting to overthrow by force the Government of the Free State and giving the Executive Council drastic powers as regards trial, deportation, arrest on suspicion, and punishment ; the other the Electoral Amendment Bill, which provided that every candidate for election to either House of Parliament should on nomination swear an affidavit that he would, if elected, take the oath of allegiance and his seat. These Bills were aimed at both the extreme and moderate elements in the Republican ranks, and opinion was sharply divided as to their wisdom. Many people thought that they would drive the extreme movement underground and provoke its adherents to fresh deeds of violence. But Mr. Cosgrave believed quite rightly that the Republican opposition to entering the Dail was hollow and unsubstantial and that, confronted by the alternative of extinction or entrance, it would collapse and swallow the oath. This indeed proved to be the case. Before the Bills had actually passed into law one Republican deputy, Mr. Belton, had seceded from his party and taken the oath. It soon became obvious that others would speedily follow his example, and Mr. De

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Valera was faced with the cruel alternative of leading his party into the Dail or remaining outside as a leader without a party. Accordingly, after much anxious cogitation and a great deal of wire-pulling, Fianna Fail, Mr. De Valera's party, decided to take the plunge, prefacing their performance by the publication of a most extraordinary apologia. In this casuistical gem, published on August 11, they declared :

It has been repeatedly stated, and it is not uncommonly believed, that the required declaration is not an oath, that the signing of it implies no contractual obligation, and that it has no binding significance in conscience or in law ; that, in short, it is merely an empty political formula which deputies could conscientiously sign without becoming involved, or without involving their nation, in obligations of loyalty to the English crown.

The only comment it is necessary to make on this brazen *volte face* may be supplied by Mr. De Valera's own statement at Athlone on May 29 of this year that "Those who took the oath not meaning to keep it were nothing more nor less than perjurers who had abjured their nationality." Nor is it unfair to recall his repeated declaration that "Irish Republicans would never take an oath of allegiance." How sudden and how extreme was the recantation may be judged by the fact that the *Nation*, which is his official weekly organ, published, one may surmise by an unlucky accident, the following comment on misguided Mr. Belton the day after Mr. De Valera and his colleagues had actually sworn the oath :

If all the Fianna Fail deputies published to-morrow a signed declaration that in their opinion the oath in the Free State Constitution is an unsworn undertaking, the oath would still remain an oath and to swear it falsely would still continue to be perjury.

Mr. Belton must have enjoyed the recoil of this particular boomerang and the editor must have been sorry he had gone to press so soon.

But these strange performances were but the prelude to

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even more exciting events. Before entering the Dail Fianna Fail had arrived at an arrangement with the Labour party and Captain Redmond the basis of which apparently was that Mr. Johnson, the Labour leader, and Captain Redmond were to form a coalition Government supported by Mr. De Valera with the main object of unseating Mr. Cosgrave's Government. Afterwards they were to concur in the enforcement of the law and in the operation of the Constitution by what was optimistically described as "a truce of God Government," in whose legislation the contentious items of the Labour programme were to find no place. It may be remarked that none of these three parties had a single idea or principle in common save dislike of the existing Government. Accordingly, on August 16 Mr. Johnson moved a vote of no confidence. In the ordinary course of events this ought to have been carried by a few votes, but Captain Redmond had entered into these commitments without apparently consulting his party. For some days their decision was in doubt, but finally his ablest supporter, Mr. Vincent Rice, K.C., refused to follow this policy and left the party, whilst at the eleventh hour Alderman John Jinks of Sligo, another of his followers, torn between conflicting emotions, abstained from voting. The ultimate result was a tie, and under the powers given by the Constitution the Speaker gave his casting vote for the Government.* Thus was Mr. De Valera hoist with his own petard and the 43 votes of his party nullified by the abstention of Mr. Jinks. That this worthy gentleman provoked us all to wholesome merriment at a moment of much tension was not the least of his services to the State. Like Captain Boycott of famous memory, he has probably added a new verb to the English language, and "to Jinks" may take its place in our vocabulary. Certainly we cannot be blamed for describing the proceedings of the fifth Dail as high jinks.

* See THE ROUND TABLE, No. 68, September 1927, p. 798.

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The debate itself was singularly tame. Mr. De Valera sat in a gloomy silence, and Mr. Sean O'Kelly—the only member of his party who spoke—was wise enough to use the Irish language to conceal his thoughts. The most effective speech was that of Professor O'Sullivan, Minister for Education, who asked Mr. Johnson to say if when he became President of the Executive Council he was going to have two armies in the Free State or only one, and whether his new allies would permit him to suppress the Republican one. Before the Dail adjourned to October 11 Mr. Cosgrave undertook to summon it at once if the two pending Dublin bye-elections went against him. The Government, however, won both these elections by substantial majorities, and Mr. Cosgrave immediately advised the Governor-General to dissolve the Dail. The swiftness of this move took all the other parties by surprise, and there can be little doubt that it was the best tactics from the Government's point of view. The country was immediately plunged into a whirlwind election campaign, principally conducted, apart from speeches, by enormous stunt advertisements in the daily press. The most effective of these were the Government's recital of Mr. De Valera's pledges not to take the oath and of the ruin and turmoil into which the confusion he had caused had plunged the country. On the other side excellent capital was made out of the fact that Major Bryan Cooper, now a Government candidate, had in his Unionist days voted in the Imperial Parliament to retain the old offensive coronation oath. Effective use was also made by Fianna Fail of the pensions and salaries paid by the Free State. One of the points on which Mr. De Valera really seems to have made up his mind is that no one shall be paid a salary of more than £1,000 a year. But in spite of all this newspaper noise the election passed off very quietly. The public as a whole were critical rather than enthusiastic, and no party was entirely free from the charge of opportunism. Mr. De Valera and his friends had taken the oath solely to save

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themselves from political extinction and had not the honesty to say so. One of them explained that his conscience was clear because in swearing he had pushed the New Testament as far away from him as possible ! The readiness of the Labour party to hold office on the sufferance of avowed treaty-breakers was hard to understand, and the readiness of Captain Redmond to do so was surely beyond all possibility of excuse much less of justification. The Government's own action in first adjourning the Dail to a fixed date and then dissolving it in the middle of a dangerously delayed harvest season did not commend itself to the agricultural community, but was certainly more defensible. Three-fourths of their work had been good, and very good, but during their term of office they had shown a weakness for spectacular projects, a haste to deal with too many things at a time, a contempt for criticism, and a persistent suppression of the ordinary rights of debate that was neither safe nor healthy. Their supreme achievement was to force Mr. De Valera's party to face realities in the Dail, and Mr. Cosgrave must be given full credit for bursting the Fianna Fail bubble. His Electoral Amendment Bill probably stands alone in the history of legislation as a measure which did everything it was meant to do before it was passed into law. The fact that on the demand of the Fianna Fail and Labour parties it has been suspended under the Constitution for a period of ninety days, and may be submitted to a referendum, need not trouble Mr. Cosgrave, for its work is done.* The Sinn Fein party of extreme Republicans, led by Miss Mary Mac-Swiney, took no part in the election and put forward no candidates, a decision which proves eloquently that they had no funds and expected few votes. Indeed it was obvious from the first that all the small parties were hampered financially, as they had only counted on one election, and that the struggle would be one between the

* The necessary petition of electors not having been presented by Fianna Fail, the Bill has now become law.

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two big groups. On the eve of the election Mr. J. J. Walsh, the Minister for Posts and Telegraphs and member for Cork City, emulating Mr. Jinks, disappeared from public view, and after some delay was discovered in Lucerne, from whence he addressed an illogical and rambling letter to Mr. Cosgrave, refusing to go forward as a Government candidate on the grounds that the Government had declined to embark on a policy of whole-hog protection, and that he was against the payment of the land purchase annuities to England and the partition of Ireland. It had been well known for some time that Mr. Walsh, whose energy is greater than his brains, had been impatient with his colleagues' experimental policy on the question of protection, but this does not excuse the manner of his going nor the discourtesy shown to his constituents, whom he neither consulted nor advised concerning his changed attitude. It is amusing to recall that he hailed the Boundary Agreement of 1925, which he now condemns in unmeasured terms, as the greatest Irish triumph since Brian Boru. No Chinese general has ever changed his views more rapidly and with more complete indifference to the views of his camp followers. Mr. Cosgrave pluckily faced the issue by stepping into the breach and standing for Cork City, for which seat he was returned by an enormous majority.

During the election campaign Mr. De Valera's speeches indicated a complete change of front. He made it clear that his party had swallowed more than the oath. They no longer stood for the repudiation of the National Loan. They would not attempt to challenge England or break the Treaty without the consent of the Irish people expressed through a referendum. In pursuit of their ideals they were "prepared to face and accept existing realities." Only a few months ago he declared in an interview given to the *Manchester Guardian* that he for one "would not cater for the appetites of Ireland's lower self," and was quite prepared to face as a result of his policy a reduction

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of the standard of living. Now in a manifesto issued from Ennis on the eve of the election he states "The stubborn political and economic facts are of necessity the base from which any successful advance must be made. To ignore them would be to court defeat. A nation cannot march on an empty stomach." Verily a Daniel come to judgment. Mr. Cosgrave may pride himself on the progress of his pupil. This changed attitude is the outstanding result of the election, and it undoubtedly contributed substantially to Fianna Fail's success at the polls. "Evolution" has replaced "Revolution" as Mr. De Valera's slogan, and the people who were anxious to see an effective Opposition were not slow to appreciate this fact.

The Government experts had predicted that their party—Cumann na nGaedheal—would return sixty-one members to the new Dail and their prophecy proved to be exact, but they had not apparently realised that Fianna Fail would also gain seats at the expense of the smaller parties and that there would be a neck-and-neck struggle between the two big parties. The following table shows the strength of the parties in the three Dails of this year and the first preference votes given in the September election :

PARTIES	FOURTH DAIL (1923)	FIFTH DAIL (June 1927)	SIXTH DAIL (Sept- ember 1927)	FIRST PREFERENCE VOTES (September Election)
Cumann na nGaedheal (Government)	58	46	61	453,064
Fianna Fail (Moderate Re- publican)	22	44	57	411,833
Labour	15	22	14	117,744
Independents	15	14	12	104,059
Farmers	14	11	6	74,723
National League	2	8	2	19,000
Sinn Fein (Extreme Re- publican)	23	5	0	—
Independent Republican ..	1	2	0	—
Clann Eireann	2	0	0	—

(Labour in the sixth Dail includes one Communist, Mr. Larkin.)

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The total first preference votes recorded for the Govern-ment and its allies were 631,846, and for the Opposition parties 548,577. These results show that the electorate concentrated behind the two big parties. Sinn Fein and Clann Eireann committed suicide to save themselves from slaughter, and Captain Redmond's National League is reduced to well-deserved impotency. He himself would probably be returned for Waterford whatever views he advocated, and his solitary supporter, Mr. Coburn of Dundalk, is in a like position. Prior to the election the Farmers' party had virtually allied themselves with the Government party, and since the election have definitely done so. Both these parties would be stronger now had they done this before the June election. In the June Dail the Government would have been in a minority of about eight if the Sinn Fein group had attended. In the new Dail they have a precarious majority of six if they receive the full Independent vote. This result, which was not unexpected, cannot be considered satisfactory for the country. A decisive majority for the Government or Fianna Fail would have been more desirable. On the other hand, it is ridiculous to attribute what has hap-pened to proportional representation. Our political con-ditions are certainly more stable than they would have been under a less accurate system of representation. The Fianna Fail party have obtained a representation propor-tionate to their strength in the country, and have learnt that, whilst they cannot hope to denounce the Treaty, neither can they pose as a persecuted and powerless minority and refuse to face their responsibilities. It cannot be doubted that this smooth adjustment to new and changed conditions is of greater value to our infant State than the violent swings of the pendulum to which we would be liable under the old system, but it is natural that it should be distasteful to the extremists of all parties. It would, however, be desirable to provide some machinery for increasing the effective voting power of the largest

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elected party. This could perhaps best be done by counting the vote of each Minister as two on a division involving a vote of confidence in the Government ; it would add that extra stability which is so necessary for firm government. Fortunately the Fianna Fail party are now placed in the position of having to serve a parliamentary apprenticeship and their experiences in opposition will undoubtedly be of benefit to themselves and the country. Mr. De Valera did not receive substantial support at the election because of his political policy, which is nebulous, or his economic policy, which is fatuous, but because to every disgruntled voter he offered the only alternative Government to Mr. Cosgrave's. Sooner or later he will have to face the acid test of conducting the government of the country, and it is well that he should now get some inkling of what it means.

Mr. Johnson and Mr. Baxter, the leaders of the Labour and Farmers' parties, have both lost their seats, and the Dail will be the poorer by their absence. Mr. Johnson was indeed the only effective leader of the Opposition in the old Dail, and although he is in origin and thought a rather doctrinaire English socialist, he has rendered effective and patriotic service to his adopted country. He is succeeded as leader of the Labour party by Mr. O'Connell, a national school teacher of ability. Mr. Gorey, who left the Farmers' party and joined the Government before the June election, was also defeated, but he has since been elected in the bye-election for the vacancy in the Carlow-Kilkenny constituency caused by Mr. Cosgrave's decision to sit for Cork. Mr. Patrick Belton, who committed the unspeakable crime of anticipating the decision of his Fianna Fail colleagues to take the oath, Mr. Vincent Rice, K.C., who followed his conscience instead of Captain Redmond, and poor Mr. Jinks were also amongst the defeated candidates. The new recruits contain no outstanding personalities, but amongst them may be mentioned Mr. Hugo Flinn, who joins Fianna Fail, and Mr. Joseph X. Murphy, the Independent party. Mr. Flinn,

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who hails from Liverpool and now lives in Cork, was the fugleman if not the parent of the famous "No Income Tax" stunt campaign,* and has a Broadbent-like capacity for talking sonorous platitudes coupled with a pronounced anti-English complex. Mr. Murphy is a director of the Bank of Ireland, and represents big business interests.

The election results had hardly been announced when every jackass in the country set up a loud bray for unity between Mr. Cosgrave and Mr. De Valera. During the election Mr. Cosgrave had stated, in reply to inquiries, that he was prepared to co-operate with Fianna Fail on the following fundamental conditions, viz. : voluntary submission to the will of the people, balancing the national budget, one army subject to the control of Parliament, an efficient police force, the collection of all arms in the possession of persons not authorised by the State, an independent judiciary, entrance by merit only to the civil service, no truce with crime of any sort, peace at home and abroad and the fulfilment of all pledges national and international. These terms were clear and explicit, and for that reason not likely to find favour with Mr. De Valera. It was soon made apparent that the only unity Fianna Fail was thinking of was a reunion under its own banner and that the unity cry had been raised to detach the weaker members of the Government party. It is of course ridiculous to talk about unity until there is agreement as to what unity means, and Mr. Cosgrave is far too wily a politician to play the rôle of the young lady of Riga to Mr. De Valera's tiger. Nor would it be in the interest of the country as a whole that all real opposition should cease and a false unity based on a dishonest compromise take its place. We need the conflict of policies and opinions to develop our national life, a conflict of arguments, not of arms. Whenever our second-rate politicians are stumped for an idea they begin to bellow about Irish unity. It is a phrase which covers an empty mind. One has only to recall the

* See THE ROUND TABLE, No. 60, September 1925, p. 755.

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dishonest pact of 1922 and its results in order to realise what mischief may arise from an attempt to disguise honest differences of opinion. What we really want is co-operation and good-will between the two big parties for constructive purposes, and this will come if the leaders are wise. There is much work to be done about which there need be no serious differences of opinion. Mr. De Valera has already made his début as leader of the Opposition on a vote for the purchase of creameries, in which he did not challenge a division. A new National Loan of at least £5,000,000 must be floated before the year is out. The Agricultural Credit Corporation must be started, the Shannon scheme must be carried to completion. Important and far-reaching decisions must be made as to local government, poor law administration, re-forestation, and housing. In all these matters Fianna Fail can co-operate as well as criticise. Its deputies will have to think before they talk. They will be forced to consider for the first time the practical problems of government. In a few months they will be as much a normal party in the Dail as the Farmers or Labour. Apart from the Treaty their only vital difference with the present Government would seem to be their desire to accelerate and intensify the policy of protection. Mr. De Valera in fact has announced that his policy is to prohibit absolutely the import of things which could be made at home. He sees no virtue in the present Government's policy of trying to increase exports. He seems to envisage the growth of factories, like mushrooms, in the night. And in spite of the prohibition of imports and protective tariffs he contemplates "a less costly standard of living." But if our imports disappear what is to happen to our exports? How are we to dispose of our large agricultural surplus? The economic policy of Fianna Fail would soon force us to answer these questions and would speedily close their existing markets to our farmers. In fact, one could wish Mr. De Valera no worse luck than a chance of putting his policy of high protection into force. It is really based on

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childish premises and absolutely at variance with the whole trend of modern European economic thought. Mr. Cosgrave's economic policy has been one of tentative protection based on intelligent inquiry. It recognises that we cannot bolster up incompetent producers by a high tariff and that our petty manufacturers are no match for the great foreign combines. It seeks to build up our big industry, agriculture, as the basis of future development. These different policies will now have to be submitted to reasoned discussion and debate. Industries cannot be created by a speech on a platform or even by a vote in the Dail.

The new Dail met on October 11 and Mr. Cosgrave was re-elected President of the Executive Council by six votes. On the following day he announced his new Cabinet. The only important change is the appointment of Mr. Fitzgerald-Kenny, K.C., to the position of Minister for Justice. He is a lawyer of moderate political views and high professional standing and he has had no past association with either side. His appointment may be taken as an indication that the Government does not intend, for the present at all events, to invoke the assistance of the more drastic provisions of the Public Safety Act. Mr. Ernest Blythe, Minister for Finance, is to act also as Minister for Posts and Telegraphs, and Mr. P. McGilligan, Minister for Industry and Commerce, takes over in addition the Ministry of External Affairs, both being assisted by parliamentary secretaries. Mr. Heffernan, the new leader of the Farmers' party, becomes parliamentary secretary for Posts and Telegraphs. This, the sixth Dail, is the first in which every seat is filled, and the murderers of Kevin O'Higgins may well stand aghast at their handiwork. They not only killed a great Irishman, but implemented his policy. The opening debates have not been very encouraging or interesting. Both the big parties remind one of boxers watching for an opening and there is still a lot of latent bitterness. Mr. Sean Lemass, who

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seems to have the most developed mind in the Fianna Fail party, drew attention, however, to the necessity for all parties uniting in attacking the great problems of unemployment and emigration, and pointed out quite legitimately that the Public Safety Act was not likely to foster co-operation. He defined his party's attitude towards the 'Treaty' in the following words, which are worth recording because of their careful moderation:

What does it matter whether we intend to maintain the Treaty or not? We stand for the reorganisation of the Irish people, for strengthening their will to resume the advance towards complete independence and a united Ireland. If we can get from the people the necessary power, and if it can be done with safety to the nation, we do intend to alter the Treaty and the Constitution wherever they are in conflict with national interests.

All of which is a long way from the position of 1922. The real trouble with Mr. De Valera's party is that they lack a sense of humour, and are apt to envisage themselves as the only pure-souled patriots in the Dail if not in the Free State. But, like the spoilt child at his first boarding school, they are likely soon to learn to take themselves less seriously. The Government will also benefit by the advent of a real Opposition. Up to this they have had it all their own way and the result was not good for their methods or their manners. They must now learn to suffer fools gladly and to be polite to their opponents. With reasonable luck and some diplomacy they should certainly hold office for some time. The country has no desire for another election. This Dail, unless it comes to an untimely end, will see real and normal development in which all parties will share. Our political life has at last become dynamic, but it is still abnormal.

In the midst of all this political hurly-burly the death of John Dillon passed almost unnoticed. Yet Ireland has never had a more steadfast and loyal servant. From early youth he devoted himself to the national struggle, sparing neither health nor means, and sacrificing what would

undoubtedly have been a brilliant personal career. His single-mindedness often led him to mistrust others, and he was unjust to Sir Horace Plunkett, whose constructive efforts to improve Irish agriculture were, he believed, designed to side-track the Home Rule question. In the end, after coming within sight of the promised land, he experienced the bitterness of seeing his party overthrown, his counsels despised, and others reaping what he had sown. But coming generations will realise that without the spade work and the sacrifice of men like Redmond and Dillon Irish freedom would never have been achieved.

II. ECONOMIC AND GENERAL

THE Government can certainly claim that its double-barrelled economic policy of stimulating agricultural exports and protecting selected industries is at last bearing substantial fruit. The latest official return shows a satisfactory decline in the amount of the Free State's adverse trade balance. For the twelve months ended August 1927, in comparison with the twelve months ended August 1926, a decrease is recorded of £1,697,000, and a comparison between the first eight months of the same years gives a decrease of £1,105,570. The figures in detail for the twelve months are as follows:

		Imports	Exports	Adverse Balance
August 1926		£61,472,000	£42,913,000	£18,559,000
August 1927		£59,731,000	£42,869,000	£16,862,000
			Decrease	£1,697,000

It will be seen that this decrease is principally accounted for by a reduction in the value of imports, but for the eight months' period the decrease is primarily due to an increase in the value of exports. All this indicates a much healthier state of affairs than was shown by the 1926 returns.

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alluded to in the last number.* The revenue returns for the port of Cork for 1926-27, just published, also show a rise of fifteen per cent. as compared with the previous year. Some new factories have been recently established for the manufacture of ready-made clothing, confectionery, and boots, and the dead meat factories at Drogheda and Waterford are in active operation. These developments are principally due to the new tariffs, although it may be doubted if they justify them. In the boot industry particularly much progress has been shown. In 1924, when the duty of fifteen per cent. *ad valorem* was first imposed, there were three hundred workers employed on short time; now about one thousand workers are engaged on full time. Practically all our imports come from Great Britain, which sends one-third of her total shoe exports to the Irish Free State. The industries at present protected by tariffs are: boot-making, glass bottles, soap and candles, confectionery, men's and boys' factory-made clothing, shirt-making, hosiery, hats and caps, umbrellas, tie-making, blanket-making, furniture, metallic bedsteads, brush-making, oatmeal, corset-making, handicraft tailors, dressmakers, milliners, and women's light clothing. To this comprehensive list have now been added margarine and rosary beads on the advice of the Tariff Commission. The tariff on margarine is threepence per pound and is intended to be prohibitive. At present margarine is imported to the amount of nearly £170,000 per annum, and Mr. Blythe hopes that the Irish factories will entirely capture this trade. This tax is to be permanent, but the tax of thirty-three and a third per cent. on imported rosary beads, which is in effect a tax on our prayers, is for five years only. The margarine manufacturers have undertaken that their prices will not exceed those charged in England, and the Waterford factory which closed last February is to reopen at once. There is, however, nothing to prevent the big foreign

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combine which controls the Waterford factory from carrying on a price-cutting war. Fianna Fail already talks not only of prohibiting foreign imports but also foreign factories and foreign capital. The truth is that we cannot expect substantial industrial development until our manufacturers show more enterprise and efficiency and cease to rely on the Government for assistance. In competition with the mass production of England and America nothing but a completely prohibitive tariff will avail them, and such a tariff would ruin the country. One deputy put the matter in a nutshell when he said that the trouble with us is that when we come to consider tariffs we seem to regard this island of ours as a continent and not as an island.

The Commission on the relief of the sick and destitute poor, which was set up in 1925, has just issued an exhaustive report which contains far-reaching recommendations that aim at substituting decency, efficiency, and economy for the present conditions of wasteful overlapping and discomfort. In the years between 1920 and 1923 during the closing stages of the Anglo-Irish struggle important changes were initiated by the Sinn Fein executive partly with the object of upsetting the old régime and partly with the aim of improving the existing Poor Laws. Boards of guardians were abolished and county boards of health or public assistance were set up with county homes for the institutional relief of the aged, infirm and chronic invalids. Relief, in short, was centralised under county instead of rural district authorities. The first task of the Commission was to investigate the results of this change. They find that in some counties, particularly the larger, where the distance from the homes and hospitals is considerable, the new schemes have operated prejudicially to the interests of the poor, whilst the saving in cost has been negligible. They state emphatically that the county homes are not fit and proper places for the reception of the various classes found in them, and that separate provision should be made for mothers, children, and mental defectives. They also

* See THE ROUND TABLE, No. 68, September 1927, p. 794.

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recommend a scheme of mothers' pensions payable by the State. But the most remarkable and valuable of their recommendations is that the county boards of health should be abolished and that poor law relief should be transferred to the control of the county councils working through a paid official in every county. Some such change is absolutely necessary and has long been foreseen by competent critics of our local government system. The principle of expert administration, which has yielded such remarkable results under the hastily improvised and temporary system of city commissioners set up in Dublin and Cork, was bound to be extended. The problem now is to combine this system with some effective method of democratic control. This the Commission seems to have discovered, so far as the poor law is concerned. The expert direction of relief would certainly effect large economies in services which have hitherto been at the mercy of spendthrift parochial politicians. And this policy would be in keeping with the other actions of the present Government, which has divested itself of the power of patronage, so far as possible, by creating the Civil Service Commission and followed this up by a Local Appointments Commission to ensure that merit shall be the determining factor in securing office under local government bodies. All local appointments of any importance are now made by this Commission after public advertisement, examination, or interview, and the old methods of local wire-pulling and bribery have been ended. Naturally this has caused much heart-burning amongst county councillors and others who have lost not only their old patronage but also the excitement of a keenly contested election for such positions as dispensary doctor and county coroner. They are already clamouring loudly for a return to the old methods. But if the present system of appointment can survive this agitation for a few years the results will be so obvious and satisfactory that no one will venture to try to change them. They will certainly give us a local civil service of

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highly qualified men and in particular raise the whole standard of public health administration.

Two important new statutory bodies have come into existence recently. One is the Currency Commission, set up under the Currency Act, which is to manage and control the issue and redemption of currency notes and bank notes and to exercise certain other functions in relation to the new currency.* This Commission consists of a chairman and six commissioners, three of whom are elected by the banks and three nominated by the Minister for Finance. The chairman is elected by the Commission, and the first chairman is Mr. Joseph Brennan, formerly Secretary to the Ministry of Finance and one of our ablest civil servants. The other is the Electricity Board, which will control the Shannon scheme and the development of electrical power in the Free State. This Board is nominated by the Minister for Industry and Commerce. The chairman is Mr. J. J. Murphy, the former Town Clerk of Dublin, a local government official of long experience and great business ability, and the other members are Dr. T. MacLoughlin, the clever young Irish electrical engineer who initiated the Shannon scheme, Mr. J. C. Foley, a leading Cork merchant, Mr. Egan, a leading business man in Tullamore, and Dr. Kennedy, an expert on agricultural co-operation. These selections are all excellent. With the setting up of these two bodies Mr. Cosgrave's administration has fully implemented the national developments and legislative projects initiated in its first term of office and can hand over a completed edifice to its successors, should occasion arise.

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* See THE ROUND TABLE, No. 67, June 1927, p. 589 et seq., and THE ROUND TABLE, No. 66, March 1927, p. 347 et seq.

CANADA

I. THE WHEAT POOLS OF WESTERN CANADA

SINCE the war ended there has been no more remarkable phenomenon in the economic life of Canada than the evolution of the co-operative wheat pool movement in the three prairie provinces. The pool idea has now been extended to other farm products, but the experiment was first launched in connection with wheat, the predominant crop of the Canadian prairies, and the wheat pools still present by far the most spectacular and interesting phase of the new movement.

From the earliest days of pioneer agriculture the western grain growers regarded themselves as the victims of oppressive exactions on the part of the grain merchants and elevator companies who conducted their operations through the Winnipeg Grain Exchange. At intervals by exercising pressure upon the politicians of both parties they secured remedial legislation which alleviated some of their worst grievances, and in the early years of the century quasi-co-operative organisations for the marketing of grain were established and extensively patronised by the prairie farmers. But in time complaints developed that the directors of these organisations, which a process of consolidation had reduced to two, were neglecting the interests of the farmers and showing a disposition to conform to what were regarded as some of the more objectionable tactics of the Winnipeg Grain Exchange, and plans

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for a genuinely co-operative marketing system were being discussed when the war broke out in 1914.

The war, improving as it did by higher prices the economic position of the western farmers, also brought into operation a system of government control and price fixing for Canadian grain, and towards its close the food necessities of the Allies gave the western farmers their first practical experience of a centralised marketing system when the Canada Wheat Board, endowed with monopolistic powers, was established and marketed the whole crop. For the very satisfactory prices secured under the new dispensation the farmers probably gave too little credit to the special conditions produced by the economic dislocation of the war, and too much to the system itself, but there developed a strong sentiment in favour of its continuance as a permanent institution, and when in 1920 the influence of the grain trade at Ottawa compassed its demise, the western farmers expressed deep resentment and maintained steady pressure upon the Federal Government for the resurrection of the Wheat Board or the adoption of some alternative scheme of centralised marketing. At that time the King Ministry was not in a position to resist the demands of the western agrarians, whose representatives held the balance of power at Ottawa, but two marketing schemes which it produced and secured legislative sanction for in successive years were rejected as inadequate by the farmers' leaders and never put into operation. Mr. Meighen, then leader of the Opposition, had always advocated a voluntary co-operative wheat pool as the true solution of the farmers' marketing problem, and at length, in 1923, some of the more enlightened agrarian leaders, who had shared his views, determined to embark upon the experiment of a co-operative pool. Accordingly in the summer of 1923 a campaign for the organisation of a wheat pool was commenced in the three prairie provinces. In Manitoba and Saskatchewan the pool propagandists found progress difficult in face of the

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hostility of the grain trade, which had enlisted the support of powerful politicians and most of the local press ; but in Alberta, thanks mainly to the influence and skilful leadership of Mr. H. W. Wood, who seems to rank as perennial president of the United Farmers of Alberta, the response was enthusiastic, and on October 29, 1923, the Alberta pool, which had secured the signature of contracts covering 2,602,797 acres or 46 per cent. of the total wheat acreage of the province, accepted delivery of its first car load of wheat. Since that date the movement has proceeded from strength to strength, and is now beyond the experimental stage and an established factor in the national economy of the Dominion.

The success of the first year's operations of the Alberta pool, to which very propitious market conditions contributed, impressed the hesitating farmers of the other two prairie provinces, and a more intensive campaign of propaganda and canvassing resulted in the organisation of wheat pools in Saskatchewan and Manitoba in time to handle the crop of 1924. Thereafter the three pools joined forces to establish a central selling agency which operates under a Federal charter with the title of Canadian Co-operative Wheat Producers Limited. In the second clause of this corporation's charter are to be discerned the fundamental ideas of the wheat pool movement, described in the following terms :

To be an agricultural organisation instituted for the purpose of mutual help, to serve as the central marketing organisation for the corporations and persons mentioned in Section A hereof, but for no others ; to improve methods and reduce costs of marketing grain, to reduce speculation, manipulation and waste and all unnecessary transactions in such marketing ; to increase consumption, build up new markets, and develop new uses for grain ; to market same directly and with regularity so as to furnish it economically to the growers thereof and to preserve for the growers and the public their proper profits.

Manitoba now contributes less than a tenth of the aggregate wheat production of the prairies. The Saskatchewan

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pool is the most important of the three, and its president, Mr. A. J. McPhail, who has also served continuously as chairman of the central selling agency, has by his wise statesmanship rendered invaluable service to the movement. Alberta's wheat production, however, is increasing, and may at no distant date overtake the yield of Saskatchewan.

The organisation structure of the pools is comparatively simple. Membership in them is open to all who are directly engaged in the production of wheat. Every member on joining the pool pays a fee of \$2.00, which is allocated to organisation expenses, and also pays an additional \$1.00 for a nominal share in the corporation to ensure compliance with provincial company laws. He likewise signs a five-year contract, binding himself to deliver all the wheat which he produces, directly or indirectly, to his pool. For a time there existed some doubt whether these pool contracts could be legally enforced, but authoritative judicial decisions have now pronounced their complete validity, and the signer of a pool contract, who delivers his grain to private traders, can be sued and mulcted in a penalty of 35 cents per bushel. The contracts, indeed, form the basis of the organisation, and for administrative purposes there exists a thoroughly democratic system which enables the rank and file of the members to exercise close supervision and effective control over the policies of the pool.

The province of Saskatchewan, for example, is divided into sixteen districts, each of which in turn is subdivided into ten sub-districts which elect a delegate. The election of delegates is held annually by mailed ballot, and any six signers of contracts may nominate as a candidate a resident of the sub-district which he aspires to represent ; then the delegates elected by the local units elect sixteen directors who manage the business of the pool. Provincial particularism has dictated the creation of three separate pools which are completely autonomous, but, while there

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are certain divergencies about detail, concessions to local prejudices, all three pools have the same form of organisation, the same terms and contract, and the same methods of business. Each provincial pool has complete control of its members' wheat from the time of delivery at the country point of shipment until it enters the terminal elevators at Thunder Bay, Vancouver, or Prince Rupert, as the case may be. At these points the grain comes under the control of the central selling agency, managed by a board of nine directors, of whom each provincial board nominates three. The central selling agency only functions for the marketing and distribution of the wheat, but naturally by far the greatest responsibility resides with its officials.

Statistics tell most effectively the story of the growth of the pool movement. In the crop year 1923-24 there were 25,600 pool members, all in Alberta, and in succeeding years the membership mounted first to 97,000, then to 128,000, and now is in the vicinity of 140,000. The figures of the marketing operations of the three wheat pools are as follows:

Crop Year	Bushels	Percentage of total Wheat Shipments
1923-24 (Alberta pool only) ..	34,218,980	—
1924-25	81,668,886	38
1925-26	187,361,240	53
1926-27	179,813,804	53.7

The acreage under contract, which was only 2,416,413 acres in 1923-24, in the crop year 1926-27 had risen to 15,676,836 acres, and the enormous scale of the financial transactions of the pools can be visualised by the following sums which they have paid out up till the end of the last crop year on August 31:

\$		\$	
1923-24 ..	32,940,000	1925-26 ..	273,510,000
1924-25 ..	122,294,000	1926-27 ..	245,274,000

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The plan of payment is that the pool member receives on the delivery of his wheat to the elevator a substantial sum in cash and participation certificates which entitle him to further payments at intervals, when the treasury of the pools is in a position to make further disbursements. For example, last year the pool payments, which are calculated on the basis of the price of No. 1 northern wheat at Fort William, were as follows: Initial payment on delivery \$1.00, in March 15 cents, in August 15 cents, and in October 12 cents, making a total of \$1.42. The Manitoba and Saskatchewan pools have also established coarse grain pools with respective memberships of 12,000 and 36,000 for the marketing of oats, barley, flax and rye, and last year the central selling agency handled on their behalf over 26,000,000 bushels of coarse grains, for which payment was made on exactly the same principle as was followed in connection with the wheat pools.

When the pools commenced operations they were in possession of no equipment for handling grain and were compelled to make arrangements with the private elevator companies, but the directors realised that, until they had secured equipment of their own, they could not reap the full benefits of their experiment, and their policy has been to acquire gradually a system of terminal and country elevators. All three pools have been steadily building or acquiring country elevators, and in 1926 the Saskatchewan pool purchased the whole system of the Saskatchewan Co-operative Elevator Company, one of the old agrarian trading organisations, at a price, fixed by arbitration, of \$11,059,310. By this transaction they acquired, at a single stroke, 450 country elevators, 3 terminal elevators and a transfer elevator at Buffalo, New York. The result is that for this year's crop the pools will operate 56 country elevators in Manitoba, 713 in Saskatchewan, and 154 in Alberta, and control terminal elevator space equivalent to 17,450,000 bushels at the head of the Great Lakes, as well as 2,900,000 bushels space on the Pacific coast.

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The reserve fund, which was established for the acquisition of a plant, has grown very rapidly, and the ambition of the pool directors is to continue, as their resources permit, acquiring additional elevators, until they have rounded off their system with an establishment at practically every shipping point in the three prairie provinces.

The central selling agency has membership in the Winnipeg Grain Exchange, but sells the bulk of the pool wheat—approximately 75 per cent.—directly to importers. It has for some time maintained a European office in Paris, but is now establishing an agency in London, and maintains representatives in England (7), Scotland (1), Ireland (2), Germany (4), Denmark, Italy (2 each), Holland, Belgium, Norway, Sweden, Portugal, Greece, Mexico, Brazil, China (1 each).

Such is the story of the organisation under which the western wheat pools operate, and it remains to offer some observations upon their results.

Their main avowed purpose is to effect economies in marketing and secure better prices for the producer. Instead of thousands of individual farmers selling their wheat in competition with one another and trusting to their own, often doubtful, skill in marketing, they now entrust the disposal of their grain to a common agency. This agency, employing the most competent experts available, is able to follow the fluctuating trends of the grain markets of the world, and by studying the needs of importing countries can regulate the outflow of grain in a manner which prevents any glut of the export market and depression of prices. Formerly, every autumn a tremendous flood of western grain came flowing down through Winnipeg to the lake ports. Many of the farmers were being pressed by their creditors and had no alternative but to sell their crop at once. The result was often a severe temporary fall in prices, and the grain and elevator interests, which were able to buy the grain and hold it, reaped the profits when prices mounted at a later date. Now the pool officials

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contend that by an orderly plan of marketing which equates, as far as is possible, supply and demand, they can prevent violent fluctuations in price and assure to their members the season's average price for their grain. The propagandists of the grain trade, who keep up a constant barrage of criticism against the pools and all their works, can produce abundant statistics to demonstrate that the pools have not been able on the average to secure any better returns for their members than do the private grain companies for their patrons, but the spokesmen of the pools challenge the validity of their figures and a statistical controversy, whose merits only a board of impartial expert accountants could decide, rages continuously.

It is possible indeed that one or two very efficiently managed grain companies are able to perform the operation of marketing grain at a lower cost per bushel than do the pools, but their number is very limited, and obviously the huge volume of grain which the pools control must enable them to keep their overhead charges for marketing relatively low, their selling cost being only one-fifth of a cent per bushel. At any rate there is good evidence that the private grain trade has seen a heavy inroad made upon its business by the pools, and to-day there are rumours abroad of plans for a gigantic merger of the western grain firms and elevator companies with a view to effecting administrative economies, which will strengthen the position of the private grain trade. The success of this effort is not assured, but, if it comes to fruition, the marketing of western grain might soon be confined to two channels and a very severe competitive test might be provided for the pools.

Meanwhile, however, proof exists that the preponderating majority of the pool members are well satisfied with the system, and the best evidence is available in the success of the canvass for renewal contracts which has been started. Most of these contracts do not expire until the end of the crop year 1927-28, but the officials of the Saskatchewan pool claim that already they have secured the minimum

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quota which is necessary for the continuance of the local pool's operations. Good progress has also been made in the other provinces, and, while some members have developed grievances and have refused to sign again, a steady stream of new recruits is coming in. The grain trade still predict either the ultimate downfall of the pools or a steady diminution of their operations, but few impartial observers are willing to accept this prophecy as destined to be fulfilled. Among the business community in western Canada—bankers, wholesale merchants, managers of mortgage companies and country store keepers—there has developed a remarkable change of sentiment in regard to the pools. At their inception they were regarded as a dangerous radical experiment which could not possibly succeed, but now many business men are enthusiastic supporters of the pools, chiefly for the reason that they find that the farmer who receives his crop money, not in a lump sum, but in instalments spends it more wisely and liquidates his debts more regularly.

It may be that pool enthusiasts exaggerate the economic benefits which the system has conferred upon the farmer, but one thing is certain, that the psychological influence of the pools upon the agrarian community in western Canada has been excellent. Formerly the problem of marketing their grain baffled and exasperated thousands of western farmers. They would sell it and the market would rise, or they would hold it and the market would go down, and as a result they would remain all winter in a state of querulous peevishness. To-day it is immaterial to a member of the pool whether he sells his grain in October or March; he receives exactly the same price for it, and as a result there has come to thousands of farm houses a tranquillity which they had not previously known. The western farmers have no longer any excuse for abusing the Winnipeg Grain Exchange, and as a consequence many of them have ceased to abuse other institutions like the tariff and the railways. Consequently the political discontent, which a few years

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ago was so rampant in the prairie provinces, has now undergone a marked abatement and the leaders of the Progressive party find it difficult to arouse the same enthusiasm for their radical programme, as the farmers are now more interested in economic than political problems.

Whatever the ultimate fate of the wheat pools may be, they certainly furnish remarkable evidence of the existence among the farmers of western Canada of a healthy spirit of self-helping initiative which deserves every commendation and encouragement. By comparison the wheat pools which function in nine States of the adjacent Republic are feeble organisations, and the success of the Canadian pools can well be interpreted as proof that a better social spirit and a livelier common intelligence can be found north of the 45th parallel than below it.

II. THE BILINGUAL SCHOOL QUESTION

OF the various problems raised by Canada's bilingualism, the most difficult of solution has been the educational. Education, under the Canadian Constitution, comes within the jurisdiction of the provinces, so that it is in the provincial field that the question presents itself. It is true that there is in the Dominion a general power to veto provincial laws, but it is most unlikely ever to be exercised in this field; so that the power and responsibility for this issue rest primarily with the people of each province. Contiguity and history combine to make Ontario and Quebec the inevitable protagonists in the controversy; and one hopes that with growing enlightenment and understanding they may also be the agents of its settlement on a national basis.

Out of a total population of about 3,000,000, there are in Ontario some 250,000 French-Canadians. In 1911 the number was 202,000, so that their growth has been fairly rapid. They are found chiefly in the Ottawa valley, along

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the Detroit river and in Northern Ontario, where they are rapidly becoming the majority.

In the early days of the province, when there was little central organisation or control of education, bilingualism created no difficulty. The French-speaking communities in the province were compact and isolated, and when a school was established the teaching was automatically done in French, without question by the central authority. This practice was first officially recognised by a regulation passed in 1851, which was confirmed in 1858 and again in 1871. "As French is the recognised language of the country as well as English," wrote Ryerson, the Superintendent of Education, "it is quite proper and lawful for the school trustees to allow both languages to be taught in their schools to children whose parents may desire them to learn both."

The results of this easy-going bilingualism, which prevailed also in the case of the German language, were strikingly different, it is interesting to note, in the French communities from what they were in the German. In the latter the German language gradually gave way to the English; in the French communities, French continued to be the predominant language, almost to the exclusion of English. The reasons for the difference were not far to seek. The Germans were less isolated from their English-speaking neighbours than were the French; they were more progressive and therefore more alive to the advantage of knowing English; and there was, in their case, nothing comparable to the nearness of Quebec as a great centre and prop of the French language or to the memory of the part played by the French in the founding of the country, which naturally made the retention of French more desired, just as isolation made it more feasible, than the retention of German. To isolation there was also, in many cases, added poverty as a cause of backwardness; the French settlements were in the less fertile and less developed sections of the province. In the result, it was found by

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1882 that in many communities along the Detroit and the Ottawa, French was the language both of the people and of the schools, while English was practically unknown.

It was about this time that the language question first attracted public attention and came into politics. A steady migration was taking place from Quebec into the eastern counties of Ontario and English-speaking farmers were moving west, not without the development of friction and bitterness. The cry was raised that the eastern section of the province was gradually ceasing to be an English-speaking community.

To meet this situation the Government first required all teachers in French-English schools to possess a knowledge of English and made the teaching of English compulsory in addition to any French that might be taught. Then in 1889, in conformity with the recommendations of a special commission of inquiry, legislation was passed providing

(1) that in "French-English" schools, "English should be the language of instruction, except in so far as this is impracticable by reason of the pupil not understanding English"; (2) that for the first four years colloquial exercises should be held, and the pupil taught to read, in French and English; and (3) that the study of French should not encroach upon the time necessary to acquire a thorough knowledge of English.

Following the enactment of these provisions, which were reported in 1893 to be working satisfactorily, the question passed out of sight until 1910. In that year the Irish Catholic Bishop of London publicly made the charge that the bilingual schools in the French-speaking community along the Detroit river were deplorably inferior and that the children left them "in a condition of crass ignorance of both French and English." This led to the appointment of a commission of inquiry, which reported in February 1912 that in six of the counties in question a moderately comprehensive and free working knowledge of English in speaking, reading and in written composition.

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was being attained in about two-thirds of the schools. In three other districts, of which one was the city of Ottawa, it was found that "the percentage of passable schools ranged from 10 to 30." On the whole, that is, the finding was that the English-French schools were lacking in efficiency chiefly by reason of the bilingual conditions, and that "a large proportion of the children left school inadequately equipped to meet the demands of life."

It was following this report that, in June 1912, the so-called Regulation 17 was passed, round which has centred most of the controversy and bitterness of the last fifteen years. It was stated to apply only to certain schools designated each year as French-English schools. In these schools French was permitted as the language of instruction, but only in the first form, that is, during the first two years of school; for the coming year only it might be used in higher forms in cases where the children did not understand English. A special course of study in English to be begun immediately on entering school was prescribed for all French-speaking pupils unable to speak and understand English; and as soon as sufficient facility in the use of English had been acquired, that was to be the language of instruction. In schools "where French had hitherto been a subject of study" the school board might provide for instruction in French reading, grammar and composition in Forms I-IV for those children whose parents desired it, provided that such instruction in French did not exceed one hour per day nor interfere with the adequacy of the instruction in English. Finally, the system of inspection was reorganised with two inspectors, one French and one English, in each of three divisions, the English-speaking official to be practically in control of his French-speaking colleague.

The new regulation was bitterly attacked. The English-speaking extremists, seeing in the inefficiency in the teaching of English in the bilingual schools an attempt to oust English, condemned the regulation as too mild and

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demanding the complete abolition of French from the schools. The French-speaking extremists, scenting an attempt on the part of Ontario to oust French, denounced it as insulting and tyrannical. Both extremes were equally false. The inadequacy of the teaching of English was not so much a deep-laid design as the result of the natural clinging of the French to their own language and the difficulty of getting properly trained bilingual teachers. On the other hand, the Ontario authorities and the English-speaking majority must be acquitted of any desire to prevent a child from learning French, provided that he mastered English as well.

After a year's trial of the new regulation the Government endeavoured to allay suspicion and silence criticism by modifying the regulation. The inspectors, French and English, were put on an equal footing under a chief inspector, who was given power, if he thought fit, to permit the use of French beyond the first two or three years. The bitter opposition of the French-speaking minority, however, still continued. In school after school the children walked out as the inspector walked in. In 1915 about one hundred and fifty schools outside Ottawa had refused to accept the regulation and had forfeited the provincial grant. The situation became particularly acute in Ottawa, where the majority of the separate school board defied the Department of Education. Organised strikes by the children, the cutting off of the provincial grant, injunctions to prevent the local school board from obtaining funds, teachers unpaid, schools closed, the appointment by the Ontario Legislature of a commission to administer the Ottawa separate (Catholic) schools—these were some of the features of a long and tangled struggle. The courts were resorted to and in November 1916 the Privy Council held that Regulation 17, or rather the confirming statute, was *intra vires* of the province since it was religious and not language rights which were guaranteed to the minority by Clause 93 of the British North America Act, but that the Act setting

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up a provincial commission in place of the school board did violate the rights so guaranteed and was therefore *ultra vires*. The decision seemed to open the way for settlement, the more so since a papal encyclical which appeared at the same time strongly counselled peace and submission to State authority. In 1917, however, there were said to be still 160 schools out of some 350 or 400 English-French schools in the province which were not observing the regulation. The Government, supported by all but five French-speaking members, reaffirmed the position taken and armed itself with fresh powers to deal with any emergency. The situation could hardly have been more unhappy; mutual suspicion made calm and detached judgment impossible; on all sides there was heat without light.

Such has been the atmosphere surrounding the question since the later years of the war. No doubt the breach was widened, too, by the trouble over the head of conscription. Looking back it is almost inconceivable that, but for the war-bred bitterness, the bilingual question would not have been amicably settled.

As it was, not till October 1925 did the Ontario Government appoint another commission to report on the efficiency of the English-French schools, and the best means of improving the instruction and securing a more constant supply of qualified teachers. After a most careful investigation the commission, which included a French-speaking member, reported, among other things, strongly against the system of segregating the "English-French Schools" and applying a uniform rule to all varieties of such schools. For, the report points out, there are at least three different kinds: (1) those attended by French-speaking children who have a fair knowledge of English when they enter school; (2) those attended by French children who, while they have little English, can readily learn it from their English-speaking fellows; (3) those in which the French children have no English nor any opportunity of learning it

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except through class instruction. To confine the use of French to the first form is unfair to the French children of the third type of school, while to allow the exclusive use of French in the first form and prohibit it at a later stage has, in the case of the first and second types of school, a tendency to postpone unnecessarily and unwisely the use of English and to prevent the use of French in the higher grades when it "could be employed to advantage for the purpose of explanation, of improving the pupils' vocabularies, or of giving them facility of expression in French," and that without endangering proficiency in English. This recommendation means, of course, the cancelling of Regulation 17. For that piece of machinery it is proposed to substitute control by a director of English instruction and a director of French instruction under the supervision of the Chief Inspector, who are to maintain a constant personal contact with the schools so as to be able to advise pupils, teachers and boards in carrying on their work. Such are the basic proposals of the Report, which also makes detailed suggestions for ensuring a more adequate supply of trained teachers. Simultaneously with its publication the Government announced that its recommendations had been accepted and would immediately be acted upon.

It remains to add that the Government's action has been welcomed on all sides with enthusiasm. Leading French-Canadians such as Mr. Taschereau and Mr. Belcourt have characterised it as "an act of justice which will meet with the approval of the whole nation." If a discordant note is going to be sounded by a certain "die-hard" element in Ontario, it has not yet been heard. There are no doubt still some who believe in a deliberate French-Canadian design to drive English from the English-French schools, but their number is decreasing. Decreasing in number too are those French-Canadians resident in Ontario who have any deliberate intention of slighting English. The vast majority are anxious to give their children a good English training. As one of their spokesmen has said:

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"For us, to learn French is a duty, to learn English, a necessity." If this, as there is reason to believe, represents the real mind of that French-speaking third of the entire population of the country, it cannot be denied that they have had a grievance. Its removal should make for a better understanding not only between Ontario and Québec, but between French and English throughout the country.

Canada,
October 1927.

AUSTRALIA

I. POLITICAL CHRONICLE

The Constitutional Commission

THE Federal Parliament will meet at the end of September for its first working session at Canberra. Since the inaugural ceremony performed by the Duke of York a number of Federal departments have been transferred from Melbourne, so that by the time the session opens Canberra will have become in fact the seat of government. The city with its population mainly consisting of civil servants is still, as it has been throughout the later stages of its development, under the control of Commissioners, of whom the Chairman, Sir John Butters, is a distinguished engineer. During the recess the Federal Government has held two conferences in conjunction with representatives of the State Governments on the financial relations of the States and the Commonwealth, and on family endowment, and has appointed the promised commission to inquire into the working of the Federal Constitution and to suggest amendments. The Commission consists of seven members who, it is said, although they do not represent different interests, have been chosen because of their representative positions in the community. The Chairman is the professor of law in the University of Sydney, and a member of the Legislative Council of New South Wales. Although no member of the Federal Parliamentary Labour party was willing to accept a place

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on the Commission, two of the Commissioners have taken a prominent part in the Labour movement in Victoria. Another Commissioner has been a prominent advocate of the division of New South Wales into smaller States with reduced powers in a federal system ; another is a former Premier of Western Australia who may be supposed to sympathise with the aims of the less populous States, Western Australia and Tasmania ; another is president of the Employers' Federation of Victoria ; and a fourth is the representative of a New South Wales constituency, a solicitor, and a former Minister of Defence. It is explained by the Attorney-General, Mr. Latham, that the objects of the Commission are

to inquire into and report upon the powers of the Commonwealth under the Constitution and the working of the Constitution since federation ; to recommend constitutional changes considered to be desirable ; and in particular to examine and report upon the following subjects from a constitutional point of view, viz. :— (i) aviation ; (ii) company law ; (iii) health ; (iv) industrial powers ; (v) the inter-State commission ; (vi) judicial power ; (vii) navigation law ; (viii) new States ; (ix) taxation ; and (x) trade and commerce.

Such information and recommendations are to be placed before the Federal Parliament for consideration in a session to be devoted wholly or mainly to the discussion of amendments to the Constitution. The Labour party has advocated that a specially elected convention should be held for the purpose of considering proposals for the revision of the Constitution, and some members of the Country party have expressed the same view. Mr. Latham's answer has been that there is no provision in the Constitution for such a convention, and that there is no power in the Federal Parliament to provide for the election of such a body. The only method of amending the Constitution is that which the Constitution itself provides.

Bills must be passed by both Houses of Parliament and then approved by the people and the States at a referendum. The function of the Commission will be to enable Parlia-

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ment to act with a knowledge of the defects that have been revealed during the past twenty-seven years and of the means of remedying them that have been suggested.

Part of the recess has been spent by Mr. Bruce in a tour of Australia. In a very short time he has covered immense distances, travelling from the newer wheat fields of Western Australia to the sugar mills of Northern Queensland, and afterwards to the hydro-electric works of Tasmania. One remarkable fact about the tour is that although Mr. Bruce has made a great number of speeches, he has scarcely ever touched on party issues. His main object appears to have been to become known to a widely scattered people and to gain a knowledge of their vastly different conditions. His speeches have been full of optimism and encouragement. In Queensland there has been need of both, for the greater part of the pastoral area of that State has for some time past been subject to a severe drought, a disaster which has also been felt in many parts of New South Wales. Mr. Bruce spoke on his return, as the Governor-General had expressed himself some time previously, of his admiration of the manner in which settlers had faced their privations and serious losses.

The Queensland Strike

In May last the Queensland Labour Government unwittingly began to lay up trouble for itself by a decision to de-nationalise one of its sugar mills at South Johnstone, a small district in the neighbourhood of Cairns, and to hand it over to a co-operative association of producers. The latter, quite naturally if over-confidently, expected to be allowed to use discretion with regard to the workers whom it wished to employ, and re-engaged some 85 per cent. of the former government employees ; the remainder were not taken on again, and complaints of victimisation at once arose. The inevitable strike followed. The Australian Workers' Union, to which the mill hands belong, at first counselled the adoption of constitutional methods by resort to the Board of Trade and Arbitration ; but its advice

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was disregarded and at a later date, when the Board had made an award embodying all the original claims of the strikers, the A.W.U. yielded to the pressure of the militants and completely changed its front by acquiescing in the strikers' demand for the sacrifice of those workers who had accepted employment at the mill. The dispute dragged wearily on without any prospects of settlement until, four days after the return of Mr. McCormack, the Premier, from a visit to England and the United States of America, certain members of the Australian Railways Union in the immediate vicinity of the mill decided spontaneously to regard its product as "black" and complicated the position by refusing to handle the sugar. The Commissioner for Railways acted with a promptitude which the A.R.U. may or may not have anticipated, and suspended three men who had declined to handle the "black" sugar. The complexion of the dispute changed entirely; from being a matter of interest only to the A.W.U., whence the Government derives a great deal of its support, it became a question affecting also the A.R.U., which is thought to have welcomed the opportunity to diminish the prestige of the A.W.U. by showing itself capable of settling a dispute originally none of its affair, but which the rival union was either unable, or for some undisclosed reason unwilling, to force to a satisfactory conclusion. Public opinion inclined to the belief that if the A.W.U. resented the intrusion of the A.R.U. and continued to support the Government, which had already announced its intention to stand by the Commissioner, there would be no railway strike; but that if on the other hand the two unions were prepared to sink their factional squabbles in class solidarity, the Government would quickly give way as the Gillies Ministry, of which Mr. McCormack was a member, had done two years previously.

The Commissioner continued to suspend recalcitrant employees, and the A.R.U. was not slow to take up the challenge with a threat to declare a general strike of the

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railwaymen unless the suspended individuals were immediately reinstated; the A.W.U. declared South Johnstone sugar black and by implication joined forces with the A.R.U. Dissension, however, appeared in the ranks of the railwaymen from the very outset; the Guards', Shunters' and Conductors' Association declared itself in favour of settlement by constitutional means, but the A.R.U. was apparently bent on a trial of strength and instructed its members not to accept work in any position vacated by suspended unionists. Suspensions continued to grow in number as the area of the dispute widened, until on August 29, six days after the first refusal by railwaymen to handle South Johnstone sugar, the Government surprised both its supporters and its critics by an announcement that it had become impossible to operate the railway service under the then existing conditions and that in consequence all members of the A.R.U. would be dismissed as from noon on September 3. The men would be re-employed on September 5 conditionally upon their signing individually an undertaking to abide by the Commissioner's instructions.

Mr. McCormack was made the object of violent attacks from the militant section of the A.R.U., which described him as a traitor to the movement, a disrupter of solidarity, and a hireling of the capitalist bondholder who in reality owns the railways. The Premier, undeterred by these attacks and supported by the Opposition in the House, persisted in the course which he had taken, declaring the issue to be whether the Government or the Union should control the State. As the date of dismissal drew near speculation was rife as to whether the Premier was strong enough to adhere to his policy or whether union influence would prove too much for him. In the other States Labour made very little vocal contribution to the dispute, except in New South Wales, where the State Council of the A.R.U. declared its support of the Queensland body and emphasised its solidarity by sending £200 to the northerners' strike fund. At noon on Saturday, September 3, all railway

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traffic ceased ; the Government announced its determination not to yield an inch, and began to take all necessary measures to maintain supplies of essential foodstuffs.

The next four days were passed in unfruitful efforts to restore peace ; the extreme industrialist wing then urged the Trades and Labour Council to endeavour to capture the political movement so as to oust the pro-McCormack Queensland Central Executive of the Australian Labour party and thus to bring the Government to submission ; the Council, however, could not be persuaded to issue the proposed ultimatum to the Queensland Central Executive. In the meantime the Board of Trade had made fresh proposals for the settlement of the South Johnstone dispute, which the strikers promptly rejected ; on September 9 the Board announced the conditions of an order for settlement, gave the strikers twenty-four hours in which to comply, and stated that, failing acceptance within the specified time, it would give to the mill management whatever relief it might ask for. The unions at last began to realise that the Government was in earnest, and the disputes committee, after a conference with the Premier, agreed to instruct the South Johnstone strikers to accept the terms imposed by the Board of Trade. Settlement of the railway dispute was more difficult ; the union wished to emerge with colours flying by consenting to instruct its members to return to work on condition of there being no victimisation or loss of status and privileges ; Mr. McCormack, fortified by the support of the Parliamentary Labour party expressed in a motion of confidence passed by 38 votes to 3 with only one absentee, was adamant that every man on re-engagement must sign the undertaking to obey the Commissioner, and after a prolonged discussion the union capitulated, although after the terms of the settlement were announced the industrialist wing continued to abuse the Premier violently and the State president of the A.R.U. advised his members to sign the undertaking subject to a mental reservation to interpret

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it as to each individual might seem fit. The strike ended at midnight on September 10, and by the 12th the railway service was in full operation ; on the following day the original cause of the whole trouble, the South Johnstone dispute, ended with the acceptance by the strikers of the Board of Trade terms.

The dispute lasted for twenty days in all, and for eight of those days there was a complete stoppage on the railways ; the loss to the men is estimated at £100,000, and was not offset by any gain whatsoever, unless the realisation that even with a Labour Government in power a challenge cannot with impunity be made to the people as a whole is regarded as a compensating advantage. There can be no doubt that the firm stand taken by the Government has won for it the commendation of all elements in the community except the extreme wing, which makes up for its paucity of numbers by its aggressiveness in word and deed ; whether the more militant unions have learned their lesson is a question that only time can answer.

New South Wales Elections

A general election takes place in New South Wales in October, and the rival party leaders have been occupied in making their appeals to the electors. Labour, which holds office at present, is at a disadvantage to a certain extent owing to a serious schism in its ranks ; efforts to reconcile the opposing factions have been largely unsuccessful, and the Premier, Mr. Lang, is appealing to the country as the leader of the industrial wing which for the time being has the blessing of the State branch of the Australian Labour party. Mr. Lang opened his speech with an attack on his opponents, whom he accused of having a destructive policy only and of harbouring designs to repeal the humanitarian legislation which his party has passed during the past two years ; having warned his audience of these contemplated attacks upon the workers' rights, he passed to the substantive part of Labour policy. The abolition of the Legislative

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Council is in the forefront of the programme ; an extension of the widows' pensions scheme and of child endowment is promised, though without any indication of the source of the necessary funds, and it is proposed to re-introduce several measures of varying importance which were suspended by the dissolution of Parliament or had been already rejected by the Legislative Council. The opening of further State coal mines for railway purposes is foreshadowed ; efforts are again to be made to accelerate the breaking up of large estates by the imposition of taxation in an ascending scale ; leases of extensive Crown land areas will not be renewed as they determine, but such properties will be made available for closer settlement and to satisfy the "land hungry." Several new country railways are promised, although there is no mention of the proposal previously made to provide for the election of one of the Railway Commissioners by the railway employees themselves. A State wireless station, with subsidiary stations in country districts, is also promised, although no details are given as to the financing of the scheme or as to the consent of the Federal Government, which controls wireless throughout the Commonwealth. In conclusion, Mr. Lang repudiated the accusations of "red" domination, which he described as a trap prepared by his opponents for the gullible elector who has no sharply defined political views but on whose vote elections often turn. The programme is in no way startling or unusual ; time-honoured proposals such as the abolition of the Upper House again see the light of day, but the main objection raised to the policy is that while many costly schemes are promised there is little or no indication as to how it is proposed to finance them. Mr. Lang's opponents also object that the most expensive and uneconomic part of the Labour programme rarely appears in the policy speech but is reserved for subsequent legislative action when the party is safely returned to power, and in support of their objection point to certain important omissions from the policy speech of 1925 which later took

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legislative shape. Comprehensive as Mr. Lang's present policy speech appears to be, it probably does not contain an exposition of everything that Labour will endeavour to do, if granted an extension of power by the electorate.

The leader of the Opposition, Mr. Bavin, has publicly denied Mr. Lang's charge that the one object of his party is to repeal all Labour measures, and has given his opinion that the result of the forthcoming election will show whether the people of New South Wales wish to be governed by duly elected representatives who consider that their first duty is to their constituents and to the community as a whole, or by members of a party who do, not what the electors have in effect authorised them to do, but what an irresponsible, non-elected body requires them to carry out in the interests of the "party." Mr. Bavin considers that the interests of the State would be best served by the retention of the Legislative Council and its reform on an electoral basis with limited tenure ; his proposals in this regard will be submitted to a referendum, a novelty in State politics. The Legislative Assembly requires attention in order to ensure that, by a change of its procedure, freedom of discussion and control over expenditure will become realities. A much-needed reform is covered by the proposal to use the Federal electoral rolls for State purposes ; expensive duplication will be avoided, and the discrepancies (more marked in Queensland than elsewhere) between the numbers of Federal and State electors will disappear ; provision is also to be made for greater representation of country districts. Mr. Bavin did not fight shy of the financial question which Mr. Lang had rather airily dismissed ; the Nationalist leader is fully seized of the fact that governmental expenditure is constantly increasing and is not afraid to state that developmental works cannot be carried on at an uneconomic speed. At the same time a revision of present methods of taxation is promised in order to lighten the burden of industry ; railway and tramway services are to be dissociated, and in future the accounts of the industrial under-

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takings will be kept distinct from those of the administrative departments. A Nationalist Government will enter cordially into the Federal Loan Council scheme, and will take immediate steps to participate in the migration agreement with the Federal Government in order that the State may share in the loan money available at a low rate of interest for developmental works. It is not proposed to take away from civil servants the right conferred on them by the last Parliament of access to the Arbitration Court, but the teaching staff of the Education Department will be taken from the jurisdiction of the Public Service Board, and be made subject to the control of a special body on which the teachers will be represented. No alteration will be made in the principle of the basic wage, but only in the machinery by which it is determined; child endowment will remain in force, with the financial provisions reviewed so as to retain the benefits of endowment without crippling industry. The system of workers' compensation will be examined in the light of recent decisions, and an effort will be made to reduce overlapping awards of arbitration tribunals to a minimum by inducing the Federal Government to agree to a delimitation of Commonwealth and State jurisdiction. Hospitals, housing, national insurance and so forth are to receive attention; and finally Mr. Bavin promises that one of the first acts of a Nationalist administration will be to suspend the Municipal Council of Sydney, which at present has a very unenviable and even unsavoury reputation, and to place the government of the city under the control of a commission.

The Nationalist leader has in his policy speech completely answered his opponents' accusation that his party is devoid of constructive ideas, and has dealt with current problems in much greater detail than Mr. Lang thought either necessary or advisable; an intention is apparent throughout the whole speech to introduce more business-like methods into the working of government.

Both parties confidently anticipate victory, as they always

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do in a State in which political allegiance is fairly equally divided. The fact remains that Labour is presenting a divided front on this occasion, and has a number of domestic scandals which it will find difficult to explain away, while the Nationalists and the numerically small Country party are working in close co-operation, and their hopes and prospects of success are greater than they were at the 1925 election.*

II. COMMONWEALTH AND STATE FINANCE.†

IN June of this year a conference of Commonwealth and State Ministers was called together at Melbourne to receive and discuss the scheme proposed by the Commonwealth Government as an alternative to the system of *per capita* payments which was abolished by Act of the Commonwealth Parliament in the preceding April. These payments by the Commonwealth to the States of 25s. per head of population had been made since 1910, when they were introduced in place of the arrangement made at federation whereby the Commonwealth paid to the States three-quarters of the revenue from customs duties. The principal features of the new proposals were, first, that the Commonwealth should take over the whole of the public debt of the States; next, that sinking funds should be established for existing State debt and for future State borrowing; lastly, that the management of future borrowing on behalf of the Commonwealth and of the States should be vested in the Loan Council. The public debt of the States was not to be taken over until July 1, 1929. But towards the annual interest on the existing debt

* The general election has been held since this article was written, and final figures are not yet to hand, but we understand that the combined Nationalist and Country parties have a majority of 6 over the Labour party and the two Independent Labour members.

† For previous history see THE ROUND TABLE, No. 64, pp. 846-8; No. 65, pp. 177-8; No. 67, pp. 622-4.

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the Commonwealth proposed to contribute for 58 years from July 1, 1927, the sum of £7,584,912. When the debts have been transferred each State will pay to the Commonwealth the balance necessary to make up the annual interest charges on its debt. For State debt existing on June 30, 1927, a sinking fund of 7s. 6d. per cent. per annum was to be established, of which the Commonwealth contributed 5s., the States 2s. 6d. These payments were to continue for 58 years, and were calculated to provide for the extinction of the debt by the end of that period. For new debt incurred by the States after June 30, 1927, a sinking fund of 10s. per cent. was to be established, borne equally by the Commonwealth and the States, and calculated to extinguish the debt within 53 years. The contributions of the Commonwealth and of the States to these funds were to be paid to the National Debt Commission, which controls the sinking fund for Commonwealth debts. To it also the States were to transfer, unless precluded by contractual obligations, existing sinking funds or funds of like nature. On cancellation of debt taken over from, or incurred on behalf of, a State, that State was to pay into the sinking fund $4\frac{1}{2}$ per cent. per annum on the cancelled debt until the expiration of the prescribed sinking fund period. The Loan Council,* a purely advisory body which has been in existence since 1923, consists of the Federal Treasurer and the Treasurers of each State except New South Wales. Under the proposed scheme the Council was to consist similarly of a representative of the Commonwealth and of each State acting under powers to be given by an amendment of the Constitution. In future, instead of each State borrowing separately after considering the advice of the Loan Council, the Commonwealth was to arrange for all borrowings, including conversions, redemptions, and the consolidation of debt, in accordance with the decisions of the Loan Council. The procedure proposed was that for each

* See THE ROUND TABLE, No. 61, December 1925, p. 185.

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financial year the Commonwealth and States should submit to the Council their loan programmes. The Council would then determine whether the total amount required was available at reasonable rates and conditions. If the Council decided in the affirmative, each State would get its share of the sum borrowed by the Commonwealth. If it were decided that less than the full programme was available, the Council was to allocate to the Commonwealth and to each State the amount which was to be borrowed. Provision was made for the not unlikely event of a failure to arrive at a unanimous decision. From this scheme were excluded loans for defence approved by the Commonwealth Parliament. It was realised that to give permanent effect to these proposals a constitutional amendment was necessary. Until this was carried it was proposed that for two years from July 1, 1927, the main provisions of the scheme should be adopted by agreement between Commonwealth and State Governments.

In conference the Premiers of the States showed that, whilst they preferred the previous system, they considered the new proposals much more acceptable than any hitherto made by the Commonwealth Government. They realised, however, that the Commonwealth Government was not likely to restore the *per capita* payments and that if they rejected the new proposals, they might get nothing at all. They unanimously accepted the offer of the Commonwealth to take over the State debt, and approved the establishment of sinking funds. Since the Commonwealth was undertaking responsibility for the State debt, and for providing in part a sinking fund on new debt, it was felt that the Commonwealth needed some protection against possible over-borrowing. Hence, in principle, they accepted the Loan Council, though at first not unanimously and with some criticism. Mr. Lang, the Premier of New South Wales, was not prepared to accept the Loan Council on the ground that it would control the developmental policy of each State. The other Premiers, however,

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some of whom had had experience in the smooth working of the present Loan Council, assured him that such fears were groundless, and later, after the scheme had been amended in some details, he consented that New South Wales should join the new Loan Council. Some criticism was directed towards the proposal that the Commonwealth should be the sole borrower. Whilst it was recognised that the competition of several borrowers in one market might be wasteful, it was feared that to have one borrower would prevent investors spreading their investments, and, since borrowing could take place only once or twice in a year, it would prevent States from procuring their requirements from time to time as funds were available in London or elsewhere. Further criticism, too, was made as to some details and the proposals accordingly modified. It was suggested originally, for example, that the following method should be adopted when the Loan Council had decided to reduce the aggregate loan programmes of the Commonwealth and the States in any year, but had failed to come to a unanimous decision as to the allocation of the reduced amount :

1. The amount required for the purposes of loans in pursuance of the principal migration agreement and any supplementary migration agreement shall be reduced in proportion to the reduction in the total programme, and the reduced amount for such loans shall be apportioned by the Development and Migration Commission.
2. Of the residue of the amount to be borrowed, one-fifth shall be allotted to the Commonwealth and the balance shall be apportioned amongst the States in accordance with a formula to be agreed upon in conference.

After a discussion in which it was pointed out that New South Wales does not participate in the expenditure of money available under the British migration agreement, it was decided to adopt the following method of allocation :

Of the amount to be borrowed the Commonwealth shall be entitled to an allotment of one-fifth and the States to allotments of

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four-fifths in the proportion which the net loan expenditure of each State in the preceding five years bears to the net loan expenditure of all the States during the preceding five years.

The powers of the Loan Council were further delimited by a clause which related to a common method of State borrowing :

The existing methods of a State for raising money by way of overdraft and for the borrowing and conversion of moneys within the State from governmental institutions (including savings banks), from public funds and from the public by counter sales, and for the repayment of such moneys, may be continued subject to :

- i. where it is customary to issue State securities, Commonwealth securities shall be issued in lieu thereof ; and
- ii. the terms of the securities shall be approved by the Loan Council.

The proceeds of such borrowing may be retained by the State ; provided that if such proceeds, together with the other amounts raised by the Commonwealth for the State, exceed the total amount of loan moneys to be raised for that State for the then current financial year, the excess shall be allocated in accordance with the decision of the Loan Council.

At the end of the Conference a resolution was passed :

That subject to further and fuller consideration, the general principles of the draft scheme, as now amended, be affirmed, and that the Commonwealth prepare a formal agreement for submission to, and consideration by, the Governments and Parliaments of the Commonwealth and the States.

It was proposed that this agreement should be discussed at a further conference in July.

The Bruce Government scheme, and the decisions of the Conference, were well received by the press, and met with general approval. Even in those quarters where the less restrictive *per capita* payments were preferred it was conceded that the new scheme was preferable to any previous official proposals, and was, indeed, in the absence of *per capita* payments, the best that the States could hope to get. It was felt that the Bruce Government had kept

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its promise to propose a generous substitute for the old system. Many eulogies were penned on the theme that Australian statesmanship had devised a national and permanent solution for a problem which had long vexed Australian politics. Much of the praise was due to the hope that the new proposals would restrict public borrowing and would lead to reduced taxation. The arrangements for managing debt, borrowing, and sinking funds were expected to end competitive borrowing, to effect a saving in rates of interest, and to improve Australia's credit abroad. Moreover, since the Federal Parliament was not to retire from the field of direct taxation, and was to incur only a slightly increased temporary financial burden, it was confidently anticipated that there would be further reductions in the rate of Federal income tax. The chief criticism directed against the scheme pointed out that the autonomy of State borrowing had virtually gone—a step on the way to unification; that the arrangements for allocating loans might encourage rather than deter borrowing; and that, in the very long run, when existing State debt was extinguished, the Commonwealth would be under obligation to devote any of its revenue in aid of State finances.

At the second conference in Sydney, in July, most of the time was occupied with discussing details left unsettled in Melbourne. The interval enabled the scheme to be considered by the Treasury officials of the States. In the end the conference once more approved of the agreement in principle, subject to one amendment which somewhat altered the position in regard to borrowing. It was provided that:

If at any time the Loan Council so decides, a State may, in accordance with the terms of the decision, borrow moneys outside Australia in the name of the State, and issue securities for the money so borrowed. The Commonwealth shall guarantee that the State will perform its obligations to bond-holders in respect of the moneys so borrowed.

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The reason given for the alteration was that, to meet the desire of overseas investors to spread their investments over several securities, the Loan Council might find it necessary to issue stock in the name of the individual States.

The present position is that the financial agreement arrived at after the two conferences has yet to be submitted for the approval of the Parliaments of the States and of the Commonwealth, and the proposed constitutional amendment has to be submitted by referendum to the electors of Australia. That this scheme needs an amendment of the Constitution is unfortunate for its chances of success in view of the almost universal rejection since federation of constitutional amendments of various kinds, whatever political party has sponsored them.

It will be seen that these proposals cover in a wide sense the financial relations of the Commonwealth and the States. Having under the Constitution the dominant financial power, the Commonwealth has taken advantage of its position to compel the States to agree to common action upon some of the most pressing problems of public finance in Australia. Under the scheme the Loan Council will co-ordinate future public borrowing, will prevent the waste which might arise from separate and competitive borrowing, and will probably be able to raise external loans on the whole more favourably than hitherto. But it is difficult to say whether its operations will restrict future borrowing. There may even be some encouragement to States, under the suggested arrangement for the allocation of loans, to magnify their requirements in order to obtain what they regard as a fair share. It is to be hoped, however, that the discussions on loan policy as a whole which will take place in the Loan Council will tend to check needless borrowing. The sinking fund provisions, whilst meeting certain criticisms of Australian finance made overseas, are not a very great advance on the present position. They certainly offer hope of greater permanence, but may create a

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dangerous feeling that no more is required in dealing with public borrowing. How effective they will be in reducing debt largely depends upon whether new borrowing is reduced in amount or whether the existence of a sinking fund is held to justify increased borrowing by the States, especially in view of the fact that the Commonwealth will contribute. Mr. Lyons, Premier of Tasmania, said :

The new arrangement will be a good thing because, while a population may stand still, borrowing does not, and every year we borrow we get increasing benefits from the Commonwealth's contribution to our sinking fund.

None the less, the Bruce Government has been conspicuously successful in securing agreement to a scheme which is calculated to improve Australia's credit abroad, and which may operate to call a halt in the present rate of overseas borrowing. Only indirectly, however, does it affect the problem of financial relations in the narrower sense of the division of revenue and of sources of revenue between the two authorities, the Commonwealth and the States. Instead of the States receiving a payment, increasing as population grows, which might be used by the States for any purposes, the total contribution of the Commonwealth to State revenues is fixed in amount and devoted to specified purposes. It represents annually the *per capita* payments made in 1926-7 (£7,585,912), plus about another million pounds. It has been estimated by Mr. Giblin, State Statistician for Tasmania, that

the new scheme as a whole would give greater payments to the States than the *per capita* system for 12 years, and it would be 24 years before the total payments under the *per capita* system exceeded those under the present system.

Once the present State debts are extinguished, the Commonwealth is free for all time from any contribution to State revenues except the 5s. per cent. for the sinking fund on new debt. The problems still remain for solution

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which were raised by the entry of the Commonwealth during the war into some fields of direct taxation previously solely occupied by the States. It is true that overlapping of administration has been rectified by an arrangement whereby the States collect income tax both for themselves and for the Commonwealth. As to the demand for the reduction of taxation, it is realised that, if the Commonwealth left the field of income taxation, the States, in practice, would be unable to levy an income tax of an equivalent burden to the present. But a real practical difficulty which has emerged in the course of the last few years is that the public revenues of the Commonwealth and the States respectively are somewhat out of proportion to their respective powers and responsibilities. The Commonwealth Constitution gives exclusive power over customs and excise to the Commonwealth, and in all other fields of taxation the Commonwealth and the States have concurrent powers. This arrangement worked well enough while the Commonwealth did not exercise its rights to impose an income tax. But the customs tariff has become of late increasingly productive of revenue, whilst the yield of the income tax, next in order of importance, is, from the point of view of the States, limited by the presence in that field of the Commonwealth. One result is that for some years past the Federal accounts have shown large surpluses, which have forced the Federal Government to devise new avenues of expenditure such as roads, a purely State responsibility, and which have lent point to a demand for a reduction of taxation. On the other hand practically all of the States have been showing more or less serious deficits, which cannot be accounted for merely on the ground of governmental extravagance, but which point to the fact that the States find it difficult to raise a revenue commensurate with their responsibilities from the field of taxation which they have to share with the Commonwealth. In two recent instances, indeed, they have attempted to go beyond their constitutional limita-

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tions. South Australia, for example, imposed a tax on petrol, and New South Wales a tax on newspapers, but the High Court held in each case that the tax came under the head of "excise" which is exclusive to the Federal Parliament. To meet this general difficulty by a different division of taxing powers or by a transfer of other powers from the States to the Commonwealth would, in addition to involving an alteration of the Constitution, change the fundamental basis of the agreement underlying it, and perhaps the nature of the Federal union. In this connexion the recent appointment of the Royal Commission on the Constitution is significant, for one of its tasks will be to consider the working of the Constitution in this respect and to recommend any desirable changes.

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September 23, 1927.

NEW ZEALAND : THE TROUBLE IN SAMOA

I. THE ADMINISTRATOR AND THE CITIZENS' COMMITTEE

IN his Annual Report for 1926-27 on the Mandated Territory of Western Samoa, Sir George Richardson, the Administrator, refers to "a small local political agitation" during the past year as an indication "that this territory is no exception to the general rule that progress and change in every country is marked by a certain amount of opposition." In 1921 his predecessor had had to face a sharp spasm of Native opposition, worked up by European leaders, but it quickly passed, and under General Richardson's administration, which started in 1923, there had been no recurrence. The present agitation dates, as his Report shows, from October 1926, the eve of the triennial poll for the election of three members to represent the European electors on the Legislative Council.* On this date Messrs. O. F. Nelson, G. E. L. Westbrook, and A. Williams, the three sitting members, who were seeking

*The Legislative Council of Western Samoa consists of official members appointed by the Governor-General of New Zealand and a smaller number—at present three—of unofficial members elected by the "European" electors—a definition which includes half-castes. There are no Natives in the Legislative Council. In Native Affairs the Administrator is advised by the Fono of Faipules (Council of Advisers), which consists entirely of Natives. Its 33 members represent the Natives of the 32 districts into which the territory is divided, the district in which Apia is situated returning two.

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re-election, convened a public meeting at Apia for the purpose of demanding certain legislative and administrative changes. Mr. Nelson—both he and his colleagues were again successful at the poll in November—enjoys a position of considerable political and commercial importance. A half-caste of Swedish-Samoan parentage, he is, 'the description runs, "the principal of one of the largest mercantile firms, with a network of stores throughout the group and agencies throughout the world; the largest buyer and exporter of Native copra, senior elected member of the Legislative Council, chairman of the Citizens' Committee, etc." Copra—it is material to note—last year contributed £275,086, or nearly 90 per cent. of the total export trade of £320,783, and is the staple industry of the territory. It is a big item in the commerce and the politics of Samoa, and so is Mr. Nelson.

The above-mentioned meeting was convened by political candidates on the eve of an election, but it had a wider purpose than mere electioneering. As candidates Mr. Nelson and his friends were concerned only with the 222 European electors on the voters' roll, but Natives as well as whites were admitted to the meeting. Co-operation between natives and Europeans was thus established for the first time, and the "Citizens' Committee" appointed by the meeting included several Natives as well as the three Legislative Councillors and four other Europeans. Circulars were issued by this Committee referring to "the cruel laws of the Government," and subscriptions were invited to cover the expenses of a deputation to Wellington to lay the views of the meeting before the Minister of External Affairs. A report was drawn up for this purpose by the "European Committee," which in its original form may, in so far as Native affairs are concerned, be summarised as follows :—

1. "The Faipules, or Councillors, who were elected or selected by the districts in the Samoan way in former Samoan Governments, are now, after 26 years of colonial rule, still nominated by the Administrator in such a way that not one of them could offer any actual

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opposition to Government policy without the fear of losing his job."

2. The Europeans elect three members of the Legislative Council, but the attempt of these members to secure the same right for the Natives has always been defeated by the Government majority. "For a nominated Council, such as the Faipule, to be asked to decide on such a momentous question as the political advancement of the Natives is a question which may well excite resentment in the Natives and needs no further comment."

3. Offences which would cost a European a fine or a warning sometimes involve a Native in the loss of his citizen's rights, removal of his hereditary family name, and banishment from his village.

4. The tax of £1 per adult male imposed on the Natives for medical services is arbitrary and unpopular and ought to be repealed.

5. "The abolition of time-honoured customs of the Samoan Natives has resulted in utter disregard of the law." Special mention is made of the abolition of the "fine-mat" custom, and interference with "the celebration of marriages, the ceremony of the installation of chiefs, and even the honour paid to the dead."

6. All Samoans in and around Apia, other than those born in the district, were ordered to return forthwith to their own villages, and imprisonment and other harsh acts followed.

In his annual report, the Administrator explains that "as the Administration had every confidence in the Natives and believed them to be able to analyse this movement for themselves, no steps were taken to stop it beyond warning the citizens of Apia of the dangers underlying their action," and his warning was, he says, justified by precedent. Instances of serious consequences following upon the interference of European residents in Native affairs are recorded in Samoan history. The text of the document, which was read at a second public meeting convened under the same auspices, was as follows :—

I regret to inform the people that, owing to the Natives being drawn into the recent political meeting, misunderstandings have occurred, and the Natives are unsettled on certain matters. Being Administrator of these islands and personally responsible for the peace, order, and good government of the country, I consider a serious error has been made in asking the Samoans to discuss politics which affect only the Europeans. Freedom of speech and honest criticism of the Government are not barred in any way; they are

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British privileges to which no exception can be taken. Unwarranted attacks, however, on the Faipules, the leaders of the Samoan race, cannot be passed over by me without it being misunderstood by the Natives. I wish certain persons clearly to understand that. The effect of bringing the Natives into the European political arena is unwise and likely to cause trouble. It is a simple matter to upset a Native race which is composed of many factions, like the Samoan race, and I ask Europeans not to do it. If you persist, you are doing a thing unheard of in the annals of colonial administration, and are almost certain to discredit the European community in the eyes of the outside world. The inevitable result must be to disturb the peace, order, and good government of the territory. Every person knows what that means. I ask the Europeans to confine themselves to those matters which concern them, and to leave alone those matters which concern them not.

To the Natives: I wish to inform them that they have the fullest freedom to bring their complaints before the Government by the proper channels. I cannot, nor can the New Zealand Government, receive complaints from the Natives save those coming through their own properly constituted channels, such as the District Councils and Fono of Faipules.

Every Native can rest assured of the fullest hearing and the utmost consideration in any matter brought forward in the proper way. Chief and *Taulelea* are treated alike, and both have the same rights of redress for injuries as Europeans.

I ask the Natives to refrain further from co-operating with the Europeans in their agitation on certain matters which do not concern the Samoans.

I wish all people here clearly to understand that I do not approve of a political meeting which mixes Native politics with European politics, and its tendency must be to disturb the peace, and good government of the Natives.

In view of what has since been said about militaristic tyranny and "the methods of Moscow," it is only fair to say that the mild and fatherly tone of the warning is quite in keeping with the reputation that Sir George Richardson enjoys in his own country. The general impression in New Zealand that, if he had erred at all, it would not have been in the direction of severity, has since been confirmed by one who served under him as a volunteer and afterwards was his official superior as Minister of Defence. Speaking in the New Zealand Legislative Council on July 28, Sir

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James Allen, who justly claims to know him "from top to toe," said :—

I do not think General Richardson has about him anything harsh or of that type of militarism which some seem to think he may possibly have. I recollect when I was in England, just after he had gone to Samoa, getting reports of what was going on in Samoa, and I was somewhat disturbed, not at General Richardson's harshness, but at his excessive generosity. I took the trouble to write to him and say, as a friend, that I thought he was doing too much for those who were making such a cry about being deprived of their liquor. I thought he was preparing a rod subsequently for his own back. It has proved exactly as I expected it would, for advantage was taken of his generosity. And not only did it create some difficulty with the Mandates Commission and the Council of the League of Nations, but it has created difficulty in Samoa itself. Sir George Richardson, when dealing with Natives, cannot be hard.

At its meeting in December the Fono of Faipules also considered the Citizens' Committee's propaganda. Some of them had already had the advantage of a conference with the Natives associated with the movement, and as a result of their deliberations an address was presented to the Administrator by Toelupe, the veteran orator of the Fono, who had been a member ever since its institution by the Germans in 1905. It is refreshing to come across argument at once so shrewd and so naïve, so eloquent and so terse, in the pages of a blue-book, but the temptation to quote on literary grounds must be resisted. The political pith of the address is fairly represented by the following extract :—

This is a new movement—a new thing amongst us. This European committee is urging that Samoans should seek a new place for themselves. But Samoa already has a place and standing as given by New Zealand.

Our history shows that Europeans stirring up the Natives have been our continual hindrance. Our country has at times been divided owing to some of the Europeans long resident in this country trying to take sides with a section of the community. They promise us vaguely the *manuia* (happiness or blessing), but they do not go

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about it in the right way or respectfully. We notice in their paper that they are trying to cause discontent in our peaceful little country and belittle the New Zealand Government. They have come here to this country for their own monetary advantage, and they have got their wealth from us. They came here with one suit of clothes. We are certain that we do not want Europeans to mix in our political affairs, but you have continually urged us to maintain friendly relations with Europeans and to refrain from interfering in their affairs. We may be a small country, but we are a respectful country, and we show respect to Europeans no matter what their country—without any question we receive them all into our *fale*s (houses) and show due respect and hospitality as far as we are able, but some of them are not returning this respect.

We do not wish two Faipules to be dragged into the Legislative Council. Is it these Europeans wish it for their own benefit—that they may have a voice in Native Samoan affairs? It would be useless to have two Faipules with them at their Council. How would we know what the discussions and difficult disputes were about? Their interests are different from ours. . . .

Now, we ask, cannot these people be dealt with? Is there no law to punish and stop them—they who try to disturb our peaceful country? We do not know what these good things are that they are promising for Samoa. It is their own wealth they are thinking of, and they will despoil us in their attempt. Their agitation about fine-mats is only so that barrels of beef may be bought from their stores in connection with fine-mat *malagas* (travelling parties). We know that they in the past meant trouble, dissension, waste time, and even war and bloodshed. . . .

We plead with your Excellency to keep on steering our ship. Regarding their story of harsh administration and tyrannical punishments, it is obvious they do not know our history or our earlier Samoan customs, or they would know that the present forms of punishments are accepted by us as mild and kindly administered. One thing only is in their minds—that they may increase their own wealth at our expense; and yet they are permitted to continue this. . . .

We are not of the opinion that Samoans should be punished heavily for their part in the present situation, because they have heard beguiling stories from this committee. Had this European Committee the love for us that they assert, they could show us by practical means. Let them, for instance, call us together in a Fono and make known their love, by proclaiming a reduction in the price of a bag of sugar, flour, etc., and increasing the price of our copra. . . .

We have no concern as to Europeans and their liquor, but we are determined that no strong drink shall be permitted to Samoans.

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We know it produces war and death. I myself was told by Governor Solf of the danger and injurious effects of strong drink. The Samoan *kava* is sufficient for us and all our customs.

In the last two paragraphs Toelupe puts his finger on the heart of the problem. The policy of the Administration is to get the Natives a better price for their copra, and to enforce the general prohibition of liquor as the only means of giving the Natives the protection which the Mandate requires. On both points official policy and Native interests are in conflict with the interests and wishes of European residents.

The liquor question (said Mr. Nosworthy in the House of Representatives on July 22) and the Native copra business are the fundamental matters behind all the activities and the agitation of the Citizens' Committee throughout a great number of years.

In the same debate Mr. Coates, the Prime Minister, who is not himself a prohibitionist, declared that "so far as this Government is concerned, prohibition for Samoa has come to stay." The prohibition clause which the National Government inserted in the Samoa Act of 1919 has indeed never been questioned, and the Labour party, which alone has opposed the present Government on the deportation issue, would resist any attempt to tamper with this clause at least as uncompromisingly as the other two parties.

II. MR. NOSWORTHY'S INVESTIGATIONS

ON the King's birthday, Mr. Nosworthy, the Minister of External Affairs, arrived in Apia to investigate the matter, and he at once found outward and visible signs of the disunion resulting from the agitation. The official sports held in honour of the occasion had to face the competition of a rival gathering, and the ball at Government House had, as a counterpart, what the Minister described

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as an "opposition ball" at Mr. Nelson's. It was also noticeable that many of the Natives were wearing the purple badge of the *Mau* society or league.

And what is meant by the *Mau*? (said Mr. Nelson in the interview to be presently reported). The word *Mau* means an opinion and also represents anything that is firm or solid. In this case the *Mau* represents that very large majority of the people of these islands who are of the firm opinion that drastic changes are necessary in the Administration and in the method of government in Samoa.

Notwithstanding this lucid explanation it is possible that the Minister was correctly advised that most of those who wore the badge did so "without any semblance of an idea what it meant." But, whether "firm and solid" or vague and hazy, the ideas associated with the badge at least represented something "agin' the Government," and were equally capable in either case of a dangerous development.

There was some plain speaking in the address presented to the Minister by the Fautuas (advisers) and Faipules that day, and these signs of discord gave point to it.

It would, no doubt, (it ran) be an easy matter for us to settle among our own countrymen so that we could all happily work under this Administration in harmony, but it is rendered difficult by the fact that some European merchants in Apia, whose ambition is their own wealth, together with some half-castes, are interfering in matters which are not their concern. They are continually hindering our Samoan Government about subjects which concern Samoans only. . . .

We beg to point out that—

(1) The shrewdness of some Europeans in this country has really given Samoa the name of being a divided country at the present time.

(2) The strained relationship between some Europeans in Samoa has been the means of dividing the Samoan people.

(3) By his wisdom, His Excellency the Administrator unites Samoa in one people.

(4) The cleverness of the European who desires power scatters Samoa that she may *not* become a united people.

(5) Hence some Europeans and half-castes have set up opposition against a European who is the responsible power, His Excellency the

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Administrator, and for no cause at all, as far as Samoans were concerned, their people are now divided as to these two: (a) he who is the appointed authority; (b) he who seeks appointment for himself.

Therefore we humbly beg and pray, with hearts full of hope in the loving will of His Majesty the King of Great Britain, that he will lovingly accept our plea that the Government may do something or issue a command to forbid these Europeans and half-castes to cause trouble in inciting Samoans to oppose our Government. . . .

Our villages are healthier and more beautiful places to live in because of regulations for sanitation and beautifying; we have good roads and water supplies; plantations are prosperous; the establishment of hospitals, dispensaries, and schools, and many other improvements clearly indicate the love of our Governor for us, and his aim for the future prosperity of our country.

On June 11 Mr. Nosworthy received at Apia a deputation from the Citizens' Committee, which included the three Legislative Councillors, Messrs. Nelson, Westbrook, and Williams, four other Europeans, two Fautuas, eight Faipules, and several other Natives. There was also a crowd of about 900 Natives waiting outside. The interview, which was marked by much plain speaking on both sides, lasted four and a half hours.

Mr. Nosworthy opened the proceedings by reading his reply to the written representations which he had received from the Citizens' Committee. He pointed out that, though the Committee had praised the German Administration at the expense of New Zealand's, the German Administration had been similarly attacked in a petition presented to the Reichstag on February 4, 1910, and that the only non-German signatories were Messrs. Nelson and Westbrook. He added that most of the Europeans then present were associated with the Citizens' Committee which, in a letter dated July 5, 1921, attacked New Zealand's Administration as a hopeless failure and asked that she should be relieved of it.

Thus (Mr. Nosworthy proceeded) history repeats itself, because every record of Samoa tells the same sorry tale of European intrigue, and of the unfortunate Samoan Natives paying the penalty when the day of reckoning arrived. . . .

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I cannot too strongly condemn such conduct, and I am prepared to take the most drastic steps to stop it. I am satisfied from my investigations and from my own observations that the steps which have been taken by the Administration to invest the Native people, through the Fono of Faipules and other Native authorities, with power to deal with their own Native affairs, are entirely in the best interests of the Samoan people, and that by this means, and by this means alone, will they be taught the principles and arts of government, so that in the years to come they may grow in knowledge and understanding, and take an increasing share in the administration and control of their own territory. I am equally satisfied that the attempts which have been made to undermine the faith of certain sections of the Natives in their own institutions have not been prompted by any regard for the real interests of the Natives ; and also that any success which has attended these attempts has been partly due to misrepresentations, half-truths, and untruths, and partly to inducements of a more material nature. I speak plainly because I regard these efforts to disunite and upset a fine race like the Samoans as nothing less than criminal and deserving only to be dealt with as a crime. . . .

You have questioned the method of appointment of the Fono of Faipules, and you have challenged the *bona fides* of the Faipules, as honest, right-thinking, and independent Samoan chiefs and leaders anxious to do their utmost for the welfare of their own people. You have accused them of being puppets of the Administrator. I say to you frankly and plainly that your accusations are based either on lack of knowledge or misrepresentation. A study of the method of appointment and of the work the Faipules are carrying out will convince any impartial judge that their institution is a most righteous and potent force working for the good of the Native people, and training them in the very best way to take an ever-increasing share in the management and government of their own affairs as the years go by.

You have asserted in various ways the right of the Natives to self-government, entirely ignoring the underlying principle of the Mandate, that "these are people not yet able to stand by themselves under the strenuous conditions of the modern world." Here again you evidently wish history to repeat itself ; and you ask that the Samoan people should now be given the privilege of self-government in order that, as in the past, certain European elements might usurp the duties and prerogatives of the present Mandatory. Could there be any other result, having regard to the present social and political development of the Samoan people ; and do you think you could convince other than the most unthinking or credulous person that the future state of the Samoan people would, in that event, be any better than it was forty or fifty years ago ?

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Mr. Nelson, who did almost all the talking for the deputation, dealt exhaustively with the grievances of both races, following the lines of the report we have already summarised in so far as the Natives were concerned, but he also paid special attention to finance, the needs of the planting industry in the matter of cheap labour and capital, and to the prohibition law, which, in its application to Europeans, had been previously declared by his Committee to have "sadly shaken the faith of the people in British justice and in the British interpretation of the liberty of the subject."

The Legislative Council (said Mr. Nelson) is a farce ; one man controls it and directs all legislation. . . . Instead of drastic laws being repealed or modified they have been tightened up and more laws added ; the Administration have not retired from fields occupied by private enterprise, but have made further encroachments into them ; the heavy export duties and Chinese overhead charges still remain a heavy burden on the private planters, so new capital finds no scope.

With regard to the relations between the two races and the development of the Mandatory trust, Mr. Nelson made a notable contribution :—

The Administrator has often (he stated in his peroration) repeated the statement that the Government of Western Samoa must always bear in mind that the first duty is to the Samoan people. It has also been stated that, whatever may have been the policy of the previous Samoan Governments, it is certainly the policy of the New Zealand Government of Samoa that the status of Samoans shall be equal to that of Europeans. If, therefore, the status of the Samoans and the Europeans is to be equal, and the Europeans recognise their duty to the Samoans and also appreciate the fact that the advancement of the Samoan people is their interest, and the Samoan people appreciate the fact that the prominent residents of Samoa have the same interest in the welfare of Samoa as the Samoans, then, their interests being identical, they must be allowed to deliberate together and to act together, not only in the Legislative Council, but in the discussion of things generally that tend to bring about a better understanding between the races, so that they may collectively and unitedly work for the good government of this country. If the Administrator is

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allowed to meet the Samoan people and discuss with them European affairs, condemning certain portions of the European residents, he is not only carrying out a dangerous policy, and an unwise one, but it should then be allowed for the European race to put their case before the Samoans, more especially in view of the conditions that have been brought about whereby the two races should have equal status.

While Mr. Nelson was speaking, Mr. Nosworthy made one important interpolation :—

It is quite evident to me (he said) from what I have seen since I came to Samoa that there is room for only one Administrator on behalf of the Government, and there is no room for anybody else who is trying to take upon himself the function of Government or leadership of the people. In other words, there can be no Governor and no Mr. Nelson acting at the same time.

The substance of what he had to add at the close of Mr. Nelson's speech is contained in the following words :—

As Mr. Nelson has said (he remarked), the responsibility, after hearing what you have had to say, rests upon me as Minister in charge of External Affairs ; and I may say here and now, as I said in that statement, that the management of the Native affairs of Samoa is not going to be entrusted to the Citizens' Committee. If there is any further agitation amongst the Natives in Samoa the Citizens' Committee will be held directly responsible to the Government of New Zealand, which is responsible as the Mandatory Power to the League of Nations. I will give you a reasonable and fair time to undo the trouble that has been created, and after that time has expired I will take what action on behalf of the Government of New Zealand I think necessary for good government and for the administration of such (sic). I am not going to have wool pulled over my eyes. I am not afraid of responsibility, and I am giving the Citizens' Committee the first, the last, and a reasonable chance to undo the intrigue that has gone on among the Natives in Samoa ; and after that reasonable time has expired I shall act according to the instructions and with the will and the backing of the Government of New Zealand.

After his return to Wellington, the Minister, in a letter dated July 12, replied in detail to some of the Committee's contentions which he had not previously dealt with. He

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first denied the right of the Committee to speak either for the white population or for the Natives, and referred to "the repudiation of your views and tactics by a large majority of the Europeans of Samoa in a message specially sent by them to the New Zealand Government," and to the loyal addresses from the Natives which have already been mentioned. Four declarations on important points then follow :—

I must repeat my condemnation of the means by which you have endeavoured to secure a display of sympathy with your agitation on the part of sections of the Native race. The formation of the *Mau* society or league, the purple badge of which was worn by many Samoans during my visit, without, in most cases, I am reliably informed, any semblance of an idea what it meant ; the exhortations which certain districts of Samoa have received to refrain from payment of taxes and to resist the authority of the Government ; and the general incitement to dissatisfaction amongst the Native people organised by your committee are not only resented by the leaders and the majority of the Samoan people themselves, but show a deplorable departure from the principle recognised in all British territories where Natives preponderate, that matters of Native affairs rest entirely between the Administration and the Native people themselves. As I have already pointed out to you, this principle is strikingly shown in the Constitution granted in 1925 to the Mandated Territory of South-West Africa.

The inference that Faipules are not selected by the people of their districts is quite incorrect. Although the Samoa Amendment Act of 1923 gives His Excellency the Administrator the power to appoint a Faipule, every such appointment must have regard to "existing Samoan usage and custom." In actual effect, upon every vacancy for the appointment of a Faipule the Administrator has invited the people of the district concerned to discuss and nominate an appointee in their own Native manner, and the fact that there has never yet been a decision submitted in which a district has been unable to decide upon its Faipule conclusively proves that every appointment of a Faipule made by the Administrator has been of a chosen representative of the people's wishes. . . .

There is no justification whatever for the appointment of Native members to a Legislative Council having a majority of European members. I am supported in this view by one of the greatest living authorities on British colonial administration, Sir Frederick Lugard, himself a member of the Permanent Mandates Commission, who,

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addressing the Royal Colonial Institute in London as late as February of this year, said :—"It is by the training of village and district councils, not by placing a few denationalised Natives on the Legislative Council of the colony, that a backward people can be taught to think for themselves and that England's great task in the tropics can be accomplished"

The custom of local banishment (*i.e.*, from one district within the territory to another) or removal of titles from Samoans who have offended against criminal law or their own social code is so well known by yourselves to have existed amongst the Samoan people from the earliest times that your statements can have no other effect than misleading public opinion outside the Mandated Territory. The present method, by which the power is placed in the hands of the Administrator and used only after consultation with Native advisers, is considered by the Samoans themselves to be exercised in a fair and considerate manner. They have publicly said so. The practice is not one which has been imposed upon the Samoans—it has always existed with them—and the present participation of the Administrator in the exercise of it is based upon the very principle of assistance to Native races for which the mandates came into existence. I say advisedly that any attempt in the present state of the social and political development of the Samoan people to force a consideration of this power from the viewpoint of a civilised democracy is entirely wrong. . . .

Your committee's agitation for the removal of the prohibition which *the Samoans voluntarily placed upon themselves* in regard to the holding of fine-mat ceremonies conveys to the Government no earnest of your expressed declaration that "the welfare and advancement of the Samoan Natives are identical with the best interests of the European settlers and residents." The whole of the thirty-three Faipules asked for this regulation to be tried for three years, and at the end of that three years, during which period your committee's views were spread amongst the Samoans, the Faipules have confirmed it. Their considered opinion is that there are fewer troubles amongst the Samoans to-day, and plantations are better cared for, as a result of the reduction in the number of journeys undertaken in connection with these ceremonies, which often caused acute hardship due to the burdening of one village with almost the entire population of another for such a duration of time as caused all available food-stuffs to be devoured. In plain words, such village is eaten out of house and home.

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III. THE PROCEEDINGS IN PARLIAMENT

THE first public intimation that Samoan unrest had entered upon an acute phase reached New Zealand on June 20. It consisted of a cabled summary of a statement which Mr. Nosworthy made at Suva about his interview with the Citizens' Committee and the warning that he had given them. It was also mentioned that the Minister had received the following official radio message from Samoa :—

Immigration order amended to enable the Administrator of Samoa, as directed by the Governor, to order any person to leave Samoa if the Administration were satisfied that such person was disaffected or disloyal, or likely to be a source of danger to the peace, order, and good government of the territory.

On June 24, the day after the necessary Order in Council was gazetted, the Administrator wrote to Mr. Nelson as follows :—

I understand you have applied for a passport to leave Samoa, and intend sailing by the T.S.S. *Tofua*, leaving Apia on or about July 1. Before your departure, let me remind you that your activities as chairman of the Citizens' Committee were greatly instrumental in causing much unrest among the Samoan people. Signs of that unrest still exist. I am satisfied you have not used your best efforts to undo the harm done. Therefore take notice that on your return circumstances may cause you to suffer immediate deportation under Clause 6 of the Samoa Immigration Consolidation Order as recently amended.

Parliament met on June 23, and the presentation of Mr. Nosworthy's report on his visit and of the Administrator's Annual Report on July 19 supplied a good opportunity for ventilation of the matter. Three days later again the second reading of the Samoa Amendment Bill enabled the House to talk the clock round (2.50 p.m. to 3.14 a.m.) on Samoan affairs. This Bill was described by

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the Prime Minister as "providing for the deportation of Europeans from Samoa, for the banishment of Samoans within their territory, and for the methods by which this shall be carried out." The Administrator can under it give notice to any person to show cause why he should not be deported or banished, as the case may be, on the ground that he is hindering the due performance of the functions and duties of the Administration of the territory. If after a hearing in which, as Sir Francis Bell pointed out, the suspected person may have the help of counsel, the Administrator considers the case proved, such person may be ordered, if a European, to leave Samoa for a period not exceeding five years, or, if a Native, to remove to another locality in Samoa for a period not exceeding two years. But in neither case is the order to be made till the Administrator's decision has been approved by the Governor-General in Council.

So far as the Natives of Samoa are concerned, the effect of the Bill is to improve their position. Hitherto the power of removing a troublesome Native from one part of the territory to another—a power which was exercised by the chiefs before the white man came, and had been extended by the Germans to cover complete banishment—has been exercised by the Administrator at his own discretion, subject only to the need of consulting the Faipules. When the Bill is passed the Native will be entitled to the help of counsel at proceedings before the Administrator, and every decision will have to be confirmed by the New Zealand Government before it becomes operative. The effect will be to give the Mandatory Government a direct responsibility for every exercise of the power, and at the same time to establish an appellate tribunal at Wellington which will be above all suspicion of local or personal bias.

In the House of Representatives the debates covered a wide range. The Prime Minister in an impressive speech summarised what New Zealand rule had done for Samoa : the population which had previously been on the decline

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had increased by some 3,500 or about 10 per cent. ; infantile mortality had been reduced in the last three years by 50 per cent. ; two district hospitals had been erected, 16 dispensaries established, and 164,243 cases treated during the last year ; there was an increase in the trade figures from £415,000 in 1916 to £645,000 in 1926 ; and in the Post Office Savings Bank deposits from nil in 1920, to £45,000 in 1926, most of the depositors being Natives. It is worth adding that in the Legislative Council Sir Francis Bell, who was Minister of External Affairs during the first two years of General Richardson's term, gave him the personal credit for one of the most striking achievements of New Zealand's administration.

Does the Council recognise (asked Sir Francis) that under him tropical diseases have been practically exterminated. The two diseases, yaws and hookworm, from which the Natives suffered—every Native suffered from yaws, and most of them from hookworm—have ceased to be a trouble. And it has been due to the Administrator's persuading the Natives to submit to the prophylactic and curative methods which science had discovered that this result followed.

It is in the face of such facts as these that the Citizens' Committee seeks to stir up the indignation of the Natives against "the cruel laws of the Government" in general and against the iniquity of its medical tax in particular. So far as Parliament is concerned, however, there was no attempt to belittle the excellence of the general results which have been achieved, and Mr. E. J. Howard, the Labour member for Christchurch South, may be said to have spoken for all the Government's critics when he said : "I know nothing against the Administrator, except his action in connection with the deportations."

Mr. G. W. Forbes, the leader of the National party, did not wish to see the principle of deportation applied till all the ordinary processes of law had been exhausted, but he was satisfied that "the present agitation and trouble comes not so much from the Native population as from

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the white population and the half-castes," and neither he nor any of his party voted against the Bill. The opposition was therefore confined to the Labour party, which accused the Government of "frankly adopting a policy of coercion." They contended that there was no evidence that anybody's life was in danger or any serious disturbance imminent; that "the exact crimes which have been committed by the people who are to be deported" had not been defined; and that there was nothing to show that order could not be maintained by the usual machinery. In connection with Mr. Nosworthy's demand that Mr. Nelson and his friends should abstain from their "present course of action," Mr. H. E. Holland, leader of the Labour part of the Opposition, said:—

What was their "course of action"? A political agitation. There is not one charge of violence—of insurrectionary methods—alleged against them; but political intrigue is the charge. And I venture to say there is no section in this country that will support deportation because of effort in the direction of securing political changes.

The Prime Minister described the Samoans as a hypersensitive race with "an undue weakness for politics" and "very susceptible to agitation and rumour." Their leaders, he said, recognised clearly "the mischievous results of anything like organisation to arouse their political ambitions." They were afraid of history repeating itself and of the renewal of strife and dissension among their people. "There is passive resistance in many of the villages," said Mr. Coates; "it is serious and must be dealt with with a very firm hand." Those who were responsible must get "on side." The character of the passive resistance, Mr. Nosworthy pointed out, was indicated in reports received from several districts since his visit. They showed that members of the *Mau* movement had been instructed by their leader not to attend the Administrator's receptions,

not to obey Government officials, nor clean villages or plantations,

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nor search for beetles,* nor pay Government taxes, etc., but appoint a committee of their own *Pulenu'u* (village mayors) and run their own show.

Mr. Nosworthy added that what the Administrator regarded as the most deliberate flouting of the Minister's warning was the publication in the *Samoa Guardian*—a newspaper started last May in the interests of the Citizens' Committee—of his supporters' farewell address to Mr. Nelson. Among other things it contained the following words:—

We put our trust in Heaven until our chairman, Mr. Nelson receives *kava* title now given to the Governor of this country.

This statement the Administrator had described as "a direct incitement to the Native people to depose the New Zealand Administrator and place Mr. Nelson in his stead."

In the face of such facts as these, it was odd to find the Labour party contending for the application of Magna Charta and trial by jury to the Samoan troubles and choosing to imperil the discharge of our trust on behalf of people, who in the language of the Covenant of the League of Nations, are "not yet able to stand by themselves under the strenuous conditions of the modern world," by proposing to treat them as if they were able to stand alone. The Attorney-General was, however, able to show that there was nothing unprecedented, "unconstitutional" or contrary to Magna Charta in the course proposed. Powers of deportation of an even more drastic nature had been conferred on the High Commissioner of the Western Pacific by an Imperial Order in Council in 1877, and are still in force. But the Attorney-General could point to an even closer parallel in the case of *ex parte Walsh and Johnson*.† In that case the High Court of Australia held that the Commonwealth derived its power of deportation not from its own Constitution, but from the implications

* The beetle referred to is the rhinoceros-beetle, which is the chief pest of the Samoan plantations. The number of beetles, larvæ, and eggs collected last year was 5,308,531.

† Commonwealth Law Reports, vol. 37, pp. 79 *et. seq.*

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of clause 29 of Magna Charta itself ; that it was equally competent for a Parliament to say that a man may be "punished for his acts or prevented from repeating them" ; and that the Court would be its proper instrument in the first case and the Executive, acting "possibly, on considerations not susceptible of definite proof," in the second one.

The second reading of the Bill was carried by 41 votes to 12, and it was put through on the following day. In the Legislative Council it only met with a single hostile speech on its second reading on July 28, and passed all its stages on the voices. The country seems to be as well satisfied as Parliament with the lead that the Government has given it. We are all agreed that the Natives and the Administration must be protected from the sinister influences which have embarrassed a great work, nor does the Labour party's dissent imply the faintest desire to relax the obligations of our trust or to give any other interests priority to those of the Natives.

At the Administrator's request, a Royal Commission is to investigate the whole trouble and this also meets with approval, though more perhaps on account of the attention that the case has attracted abroad than because of any domestic uneasiness. The Commission's reference, which includes "the complaints and objections that have been made to the New Zealand Government and by petition to Parliament concerning the administration of Western Samoa," and specially mentions the practice of removing Natives for a definite period from one place in the islands to another, seems to cover the whole ground. The selection, too, of Sir Charles Skerrett, Chief Justice of New Zealand, and of Judge C. E. MacCormick, of the Native Land Court, has put the personnel of the Commission entirely beyond question.

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I. SOUTH AFRICA AND THE WORLD ECONOMIC CONFERENCE

AMONG the delegates from fifty countries who attended the World Economic Conference which was summoned by the Council of the League of Nations at Geneva in May, 1927, was a member appointed by the Government of the Union of South Africa.

It will be remembered that the decision to hold the Economic Conference was made by the Council in December, 1925, following a proposal by a French delegate at the Sixth Assembly, and a preparatory committee set to work in 1926 on the preliminary arrangements, including the compilation of about sixty memoranda. The documentation examined the causes which were responsible for the existing economic situation, so as to provide a basis on which the Conference could frame its recommendations. When the Seventh Assembly met in 1926 it was clear to the members of the second commission that the effectiveness of the Conference would turn upon the nature of its composition. A body of government representatives, whose discretionary power would be limited by explicit governmental instructions, would prove as unfruitful of practical decisions as would an entirely unofficial congress of academic experts. As in the case of the International Financial Conference held at Brussels in 1920 the Assembly fortunately made the all-

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important decision that the delegates representing countries should be selected by their Governments, not as spokesmen of any set policy, but on account of their personal qualifications. While therefore the delegates retained sufficient freedom to vote solely on their personal responsibility the fact of government nomination gave to the Conference a responsible character. The influence which the Brussels resolutions have had since 1920 on the financial policy of European Governments is attributable in no small degree to the method of appointment of delegates. There is every reason to hope that the resolutions of May, 1927, will in due course prove no less influential.

In the case of South Africa, the Government wisely appointed a member of the advisory Board of Trade and Industries which was newly constituted by the present Government when it assumed office in 1924 to advise on economic policy, particularly in reference to the customs tariff. The selection of an official who, though merely an adviser to the Government, is particularly well informed as to the Government's economic policy and consequently as to the practical possibility of acting on the resolutions he supported, encourages the hope that the South African Government intends an early ratification. Attention will therefore be drawn in the following pages to those resolutions which bear directly on the South African position.

Following an admirable series of resolutions relating to the general economic situation, the findings of the Conference are grouped under three heads—commerce, industry and agriculture, corresponding to the allocation of work between the three commissions of the Conference. Probably to South Africa the resolutions concerning commerce are of the greatest, and those relating to industry of the least, immediate importance, on account of the relatively small sphere of industrial activity in this country. Excluding Bantu peasants from the figures, factory production comprises hardly more than one-tenth of the occupied population of South Africa. Nevertheless, it is

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clear that the Board of Trade, the Department of Mines and Industries, the Department of Labour, and the bureau of Census and Statistics will find many suggestions for useful activity in this section of the report. The Conference, by contriving to distinguish between "rationalisation" and monopolistic combination, at the risk of straining the common use of words, has put forward a number of valuable proposals for the improvement of industrial organisation. The examination of industrial agreements, which "revealed a certain conflict of views and has occasioned reservations on the part of the representatives of different interests and countries," will prove of great value to the Government's economic advisers in their efforts to devise satisfactory public regulation of business practices, on which question the Board of Trade in 1926 issued a voluminous if somewhat ineffective report. On the statistical side it may perhaps be possible for the South African bureau to follow the suggestions of the Conference and supplement the already excellent statistical service by periodic indices of industrial production of the type already familiar in Europe and America. The agricultural section of the report, relating to co-operation and credit, is best reserved for treatment in a later article.

It is, however, the resolutions appertaining to commerce which will raise the greatest hopes in the minds of those who believe, with the Conference, that the barriers established by nations to further sectional interests are highly detrimental to the general welfare, and ultimately to those sectional interests themselves. The phrasing of the preamble to this section of the report arrests the attention. "Any strictly nationalistic policy is harmful, not only to the nation which practises it, but also to the others." One group of resolutions has reference to commercial policy and treaties. The Conference did not attempt "to pass judgment on the fundamental principles of protection and free trade respectively," but their review of the international situation compelled them "to set out

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the considerations which demand a return to a general policy of freer international trade." They emphasise the fact that an "effort to attain self-sufficiency cannot hope to succeed unless it is justified by the size, natural resources, economic advantages and geographical situation of a country." "It is too often overlooked that the attempt to stimulate artificially industries which would not otherwise flourish in a country may check the development of those activities for which it is most naturally suited." They found, moreover, that many of the causes which led to an increase of tariffs since the war have largely disappeared, and declare "that the time has come to put an end to the increase in tariffs and to move in the opposite direction." They therefore recommended: "That nations should take steps forthwith to remove or diminish those tariff barriers that gravely hamper trade, starting with those which have been imposed to counteract the effects of disturbances arising out of the war"; that States should conclude commercial treaties to this end, that the use of *tarifs de combat* for bargaining purposes should be abandoned and that the economic organisation of the League should examine the possibility of further action by the States with the same end in view.

Clearly this is a section of the report which South Africa cannot ignore. The tariff increases which have taken place, and in particular the revised tariff of 1925, were intended as much to safeguard capital invested in industries which grew up on account of the war as to encourage the establishment of new industries "natural" to South Africa. Sooner or later an investigation should be made into the question whether the first of these considerations is still sufficiently important to warrant the continuance of the higher rate of duty, and also whether the new protection afforded is diverting enterprise into the channels intended. The resolutions of the Conference, signed by the South African delegate, render it very desirable that the investigation should be made sooner rather than later, and atten-

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tion should be directed to studying the indirect effects of the tariff on other activities, as closely as its direct effect on certain industries. There are indications, moreover, that the new duties are having the effect not so much of encouraging the working-up of South African materials by South African labour as of diverting raw materials and labour from overseas to South Africa. For example, taking approximately twenty-five skilled occupations, the number of workers assuming and relinquishing domicile in the Union in the last three years is as follows:—

	Assuming domicile.	Relinquishing domicile.	Net immigration.
1925	462	402	60
1926	791	301	490
January-June, 1927	396	149	247

The principal groups of workers included in these new immigrants are in the tailoring, printing, boot making, building, furniture, and engineering trades. Again, the boot industry which has developed rapidly since the war has used steadily less South African raw material as it developed, the proportion declining from 76 per cent. in 1918-19 to 60 per cent. in 1923-24. The woollen industries have imported rapidly increasing quantities of crossbred wool in the three years that increased protection has been in force. In printing, building, furniture, engineering, clothing and textiles the bulk of the materials is imported. In industry as a whole the percentage of imported materials (55 per cent.) has hardly varied in the last ten years. An inquiry at the present time into the extent to which "natural" industries have been encouraged would be opportune. It should preferably be undertaken by an independent body.

Another aspect of the policy of high tariffs emphasised by the Conference and especially appropriate for consideration in South Africa is the very precarious foundation which customs tariffs provide for the national budget.

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During the financial year 1926-27 the customs receipts of the Union exceeded the estimates by over £885,000 (the total revenue amounting to £28,558,000). For the current year the estimated receipts from customs and excise are £9,917,000, and the actual receipts for the first six months are already £5,333,820. The estimates are clearly unreliable, with the result that the community is bearing a much heavier burden of taxation than was actually intended by the Treasury, and as with all indirect taxation the incidence of the burden is greatest on the poorer classes.

The recommendations of the Conference in regard to the form of commercial treaties accord with the decision of the Union Parliament in 1925 on the question of the method of interpretation of the most-favoured-nation clause. It was then made clear by the Minister of Finance that any concessions contained in trade agreements with foreign nations would automatically be extended to Great Britain, in other words that the widest and most unconditional interpretation of the clause would apply. In its report, the Conference "strongly recommends that the scope and form of the most-favoured-nation clause should be of the widest and most liberal character and that it should not be weakened or narrowed either by express provisions or by interpretation."

The group of resolutions relating to the form and stability of customs tariffs is again of special importance. The Conference recommended the simplification of tariff schedules, the unification of nomenclature, and abstention from frequent or sudden changes in the rate and form of duties. The South African tariff of 1925 contained fifteen classes comprising 372 items of goods, each with a maximum and minimum rate, compared with six classes and 193 items in the schedule previously in force. It also introduced a new expedient of doubtful utility, the suspended duty, which could be imposed on certain classes of goods as soon as the government advisers considered protection opportune. Again, in the terms of the 1923 Customs Act, the

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tariff on boots and shoes will begin to taper from 1928 until it has been reduced by 2½ per cent. each year from 30 to 20 per cent. In each of these cases it is clear which line of action would accord with the resolutions and spirit of the Conference. Another instance in which the legitimate expectations of the trading community have frequently been disappointed since 1919 is in the sudden application from time to time of anti-dumping regulations. The form and incidence of the regulations have invariably proved unsatisfactory and the remedy worse than the disease. The recommendation "that importing countries which find themselves compelled to take defensive measures against dumping should not resort to excessive, indirect or vexatious measures which would have a more far-reaching effect than is intended" will be welcomed in South Africa.

Altogether the section of the report dealing with commercial questions is of the greatest interest to South Africa, and we may expect to see it quoted with effect in the ensuing sessions of Parliament. The present and future Ministers of Finance are now armed with effective replies to petitioners for increased tariff assistance. The report of the international Economic Conference bears witness to the unanimity of responsible world opinion in favour of the reduction and simplification of customs tariffs, and South Africa is morally bound by the signature of its delegate not to depart from its recommendations without giving adequate reason.

II. THE SOVEREIGNTY OF SOUTH-WEST AFRICA

THE Treaty of Versailles and the League of Nations have often been attacked for putting a hypocritical cloak over the annexation of the German oversea possessions by the specious device of the mandatory system.

The question was raised in a concrete form by the terms of the treaty between the Union and Portugal defining the

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boundary between Angola and South West Africa. The preamble to this treaty states:—

Whereas under a mandate issued by the Council of the League of Nations in pursuance of Article 22 of the Treaty of Versailles, the Government of the Union of South Africa, subject to the terms of the said mandate, possesses sovereignty over the territory of South West Africa, lately under the sovereignty of Germany.

The Mandates Commission met in November 1926, and took exception to the words “possesses sovereignty” and unanimously expressed the opinion that mandatory Powers had no right of sovereignty over mandated territories. The Commission’s report to the Council stated that “it doubted ‘whether the expression ‘possesses sovereignty’ can be held to define correctly, having regard to the terms of the ‘Covenant, the relations existing between the mandatory Power and the territory placed under its mandate.’”

In July 1927 the Mandates Commission asked the Union Government to explain whether in its view the term “possesses sovereignty” expressed only the right to exercise full powers of administration or whether it implied that the Government of the Union regarded itself as being sovereign over the territory itself.

The Union representative at Geneva maintained the point of view of his Government that the sovereignty over South West Africa resides in the Union Government. The Prime Minister had previously on March 11 expressed the same view in Parliament in answer to a question. In October 1927 the Assembly of the League approved of a report from the Permanent Mandates Commission already adopted by the Council. The Commission took the view that the actual nature of the legal relations existing between a mandatory Power and its mandated territory was determined and defined, for all practical purposes, by the sum total of the effects of the rights and obligations conferred and imposed on the mandatory Power by the terms of its mandate. An examination of the terms and their cumula-

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tive effect led the Commission to the conclusion that the condition thus produced was something new to international law, something *sui generis*. That being so certain technical terms of international law were inapplicable to mandates and their use in respect of mandates had naturally resulted in misunderstandings.

This formula escapes from, but does not solve the difficulty. The Commission does not say in whom the sovereignty is vested, nor if they hold that there is no sovereign do they distinguish the powers of the mandatory from those of a possessor. No statement has since been made by the Union Government showing whether its original opinion has been in any way modified.

In expressing the view which led to this controversy the Union Government relied on the opinion of the judges of the Appellate Division of the Supreme Court as given in the judgments in the case of *Rex v. Christian* in 1924. Christian was a leader of the Bondelzwart Hottentots who rebelled in 1922. After the suppression of the rising, he was found guilty of engaging in active hostilities against the forces of the mandatory Power. The case went on appeal on the question of whether this amounted to treason or not.

Under the Roman-Dutch law—which by proclamation now forms the common law of the territory and which in this respect is pure Roman law—treason (*perduellio*) is a particular case of *crimen læsæ majestatis* and can only be committed against a person or persons in possession of *majestas* or sovereignty. Consequently, it was necessary for the Court to find as a question of fact whether the Union Government possessed *majestas* in respect of South West Africa. The judgments are complex and lengthy, but the main points may be summarised.

Article 119, read in conjunction with Article 22 of the Peace Treaty, shows that Germany was divested of her overseas possessions in favour of the Principal Allied Powers who were to allow the Council of the League of

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Nations to direct the disposal of them to mandatory Powers. In other words, the treaty takes the possessions from Germany but does not give them to anyone; the giving is to be done not by the allies, but by a third party, the Council of the League. The mandate for South West Africa was decided on in May 1919—before the treaty was signed—and the terms of the mandate were settled in December 1920. This was a mandate of the “C” type and its juridical effects were totally different from those of the “A” and “B” types.

The term “mandate” is a misnomer as it bears no analogy at all to the contract of mandate or agency but is more analogous to a trust in which the inhabitants of the mandated territories are the *cestuis-qui-trustent*. The terms of the mandate are: that the mandatory is to have full power of administration and legislation over the territory as an integral portion of the Union and may apply the laws of the Union subject to local modifications; it is to promote the moral and material well being and the social progress of the inhabitants and to observe the prohibitions contained in Article 22 of the Treaty relating to the slave trade, the traffic in arms and liquor, the military training of natives and the establishment of military and naval bases and fortifications; freedom of conscience and of religious worship is to be ensured; the annual report under Article 22 is required by the mandate to be to the satisfaction of the Council and to indicate the measures taken to carry out the obligations assumed by the mandatory. Finally, the consent of the Council is required to any modification of the mandate, and any dispute relating to the application or interpretation of the mandate which cannot be settled by negotiation is to be referred to the Permanent Court of International Justice. No limit is placed on the duration of the mandate and no sanction is provided for a breach of its terms.

The Court adopted two lines of reasoning. Sovereignty must be vested in some ultimate authority, otherwise an

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organised government could not be maintained as its acts could be flouted with impunity. The actual administration of the territory is *ex hypothesi* a subordinate authority. The League of Nations is not a State; it has no territory or subjects; it is an association of nations with common objects, the mandated territories have never been vested in the League; it cannot, and does not exercise sovereign powers; the Principal Allied Powers are not the sovereign as they do not even purport to exercise authority in mandated territories; the British Empire is in a similar position; the only authority which does exercise any power is the Government of the Union. Therefore the Union must have the sovereign power.

The other line of reasoning was to consider the actual powers of the Union and its limitations. These limitations are not inconsistent with the retention of sovereignty by the Union as no other sovereign power has been recognised. Cases of voluntary restriction of sovereign rights are well known.

De Villiers, J.A., sums up the position:—

I have come to the conclusion that *majestas* or sovereignty over South West Africa resides neither in the Principal Allied and Associated Powers, nor in the League of Nations, nor in the British Empire, but in the Government of the Union of South Africa which has full powers of legislation and administration (only limited in some respects by the mandate) and does not recognise the sovereignty of any person or body in the territory.

This paragraph was cited in Parliament by the Prime Minister who stated that the Government adhered to it.

Sovereignty is a necessarily judicial conception. Without an ultimate authority no State can exist. But as a matter of practice sovereignty may be so divided as to be unrecognisable. The recognition of an authority as a sovereign Power is not a matter of law but one of fact; the recognition may be dictated by political or commercial expediency rather than by the fulfilment of theoretical requirements in a governing body.

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It is more useful in practice to consider the powers habitually exercised by the mandatory and to compare these with the powers habitually exercised by other Powers over their dependencies. If this is done the powers exercised by the Union over South West Africa would appear to differ in their extent rather than in their nature from those exercised by the United Kingdom over Ceylon or by the United States over the Philippines. From this point of view the mandate is in effect a Bill of Rights in favour of the inhabitants of the mandated territory. These rights are more secure than any provision in a constitution as their observance is secured by the necessity for reports to the League, and the mandatory cannot by the exercise of its majority strength deny the rights due to a minority, that is, the inhabitants of the mandated territory, without unfavourable international comment. The real sovereign, as always, is public opinion ; publicity is its instrument, and the League exists to guarantee that the instrument is real.

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October 1927.

THE NAVAL PROBLEM

NO thoughtful person can fail to realise the significance of the failure of the Geneva Naval Conference and of the subsequent decision of the President of the United States to ask Congress to authorise by far the largest programme of naval armaments which any nation has proposed since the armistice of 1918. These events need not presage a naval competition between the British Commonwealth and the United States, nor the beginning of another drift towards an inevitable world war—as some American admirals and some British gloom-mongers are beginning to prophesy. They are rather eloquent proof that a new and immensely important phase has opened in international affairs, a phase which may end, it is true, in dire disaster, but which if it is properly handled, may bring about the realisation of those hopes of permanent peace which mankind has cherished so ardently since the world war. For their primary significance is that the United States is beginning to re-enter that international arena from which she retreated so abruptly in 1920. President Wilson consciously tried to lead her into international co-operation under the emblem of the dove of peace ; and failed. President Coolidge, almost unconsciously, is leading her back into world politics under the emblem of the flaming sword. For no nation can contemplate creating the most powerful armament in the world without producing far-reaching effects, both on its own outlook and on that of all other nations.

This article will consider the new situation which thus arises. But in order to set it in perspective, it will have to

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return once more to the history of the Geneva Conference—already analysed in *THE ROUND TABLE**—in the light of the fuller information which is now available. It will, however, confine itself to a discussion of the Anglo-American naval dispute—the real core of the problem—and will not, except incidentally, touch upon the relation of Japan on the one side, or of France and Italy on the other, to that problem.

I. BEFORE GENEVA

IN 1916, President Wilson, though almost a pacifist in his sympathies, had become so annoyed at the infringement of what the United States regarded as her neutral rights, through the action of the British navy in capturing American goods and vessels and taking them before British prize courts, that he invited Congress to authorise an immense addition to the American fleet—the construction within three years of ten first-class battleships, six battle cruisers, and a large number of smaller vessels. The entry of the United States into the war in 1917 and the urgent need of merchant ships, destroyers and other anti-submarine craft delayed the execution of this programme. But after the armistice it was resumed with the avowed purpose, as defined by the United States Navy Board, of creating “a navy equal to the most powerful maintained” by any other nation. Had this programme been completed, and other nations made no corresponding additions to their fleets, the American navy would have been stronger than the British navy in 1924.

In the years after the war the British Government practically stopped construction and scrapped nearly 1,800,000 tons of battleships, cruisers and destroyers. In 1921, however, seeing the steady increase of the American navy, it once more commenced building capital ships—

* *THE ROUND TABLE*, No. 68, September 1927, p. 659.

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four super-Hoods. Japan also, in 1920, began her so-called “eight-eight” programme of battleships, to be completed by 1928. In 1921 the United States Government, influenced partly by the economic slump at the time, but even more by the desire to put an end to this incipient competition in naval armaments, summoned the Washington Conference.

The basis of Mr. Hughes’ proposals was that a ratio should be fixed between the naval armaments of the various Powers roughly corresponding to their relative strength at the time, that the navies should be reduced to an agreed limit and that all war-ships above those limits should be destroyed, and that the size and gun power of all new ships should be limited under an agreed “replacement” programme. The ratio proposed was 5 for the United States and the British Empire, 3 for Japan, and 1·67 for France and Italy. As the United States’ contribution to limitation, Mr. Hughes offered to scrap all the fifteen super-dreadnoughts, most of them over 43,000 tons displacement, many of them partly built, if other Powers would scrap the corresponding vessels in their possession.

Mr. Balfour, after a brief consultation with the nations of the British Commonwealth, announced that he accepted the principle of equality between the two navies, and the Conference went into committee. In the result, the ratio proposed by Mr. Hughes was accepted for battleships and battle cruisers, the United States only scrapped eleven ships* while the British Empire retained the right to build two new 35,000 ton battleships to compensate it as the United States would have at least four battleships begun after Jutland as against one “post-Jutland” battle cruiser kept by the British Empire. The arrangement was made possible because Great Britain and Japan agreed to substitute a four Power pact of a rather meaningless kind for the Anglo-Japanese alliance, which had stood both in good stead since 1902, in order to satisfy American mis-

* Two more were under the treaty converted into aircraft carriers.

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givings, and because the United States and Japan undertook that neither would fortify their possessions in a neutral zone in the western Pacific, thereby making naval engagements between their fleets practically impossible before the treaties came to an end in 1936, but leaving, so it was said, the Philippines indefensible in the event of war.

No agreement, however, could be reached for the limitation of the numbers of auxiliary cruisers, destroyers and submarines. This was mainly due to the refusal of France, who resented the 1:67 ratio allotted to her for battleships, to accept less than an allowance of 90,000 tons for submarines and of 330,000 tons for other auxiliary craft, though the difficulty of applying the 5:5:3 ratio as between the British Empire and the United States to cruisers was clearly very great. The only limitation agreed to, therefore, was that originally proposed by Mr. Hughes, namely, that auxiliary cruisers should not exceed 10,000 tons or be armed with larger than 8-inch guns. It is said that the British delegates opposed the limit for cruisers being set so high on the ground that all but two or three cruisers at that time were under 6,000 tons and armed with 6-inch guns or less, and that if the upward limit were set at the high figure proposed by the United States, every navy would build up to that limit, with the inevitable consequence that both tonnage and expense would be increased. This has been disputed on the ground that one of the British delegates advocated the American proposal, but no verification of the facts seems to be available.

During the years 1923-24, the British prophecy was fulfilled. All the naval Powers made provision for the construction of the maximum size cruiser permitted under the Washington Treaty. The exact dates and numbers are in dispute and are really immaterial, for France, Italy, Japan, the United States and Great Britain, all adopted the new model and prepared to begin to build substantially at the same time, though the United States, as a result of her isolation from the rest of the world and of her

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determination to reduce debt by ruthless economy, went ahead with her programme much more slowly than her neighbours. By the beginning of 1927 the British Empire had eleven large post-Washington cruisers on the stocks, Japan four, France three (possibly four), Italy two, and the United States two. The United States, on the other hand, still had an immense preponderance in destroyers and submarines.

It was this situation which prompted President Coolidge to call the Geneva Conference. His object was partly to stop this budding competition in cruiser building, and partly to secure economy, by reducing or at least limiting the British and Japanese cruiser programmes, and so diminishing the cost to the United States of maintaining "parity." His invitation stated that "the general principles of the Washington Treaty offer a suitable basis" and that the United States' Government was "disposed to accept . . . an extension of the 5:5:3 ratio" to the auxiliary classes. The British Empire accepted the invitation, but made the reservation that limitation must be compatible with the special circumstances of the scattered British Commonwealth. Japan also accepted this invitation, but France and Italy declined, and were represented only by observers.

II. WHAT HAPPENED AT GENEVA

BEFORE the parties met at Geneva there had been some informal discussions between Admiral Beattie and Admiral Hilary Jones, and between Lord Cecil and Mr. Hugh Gibson, the broad outcome of which was that both sides seem to have felt that an agreement could be reached on the general basis of equality, provided the need of Great Britain for a large number of cruisers was recognised. But there does not seem to have been any discussion of the broader political issues which underlie

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the naval problem, for instance, the problem sometimes known as the "freedom of the seas," or of how the general idea of equality was to be precisely interpreted in terms of tonnage or gun power of cruisers. When the Geneva Conference met, both Governments vaguely believed that there was going to be no serious difficulty in arriving at an agreement.

The Conference opened by each party tabling its proposals. The American delegation proposed that the total cruiser tonnage should be limited to a maximum of 300,000 tons for the British Empire and the United States, and of 180,000 tons for Japan, with a corresponding figure for destroyers and submarines. The Japanese proposed that auxiliary vessels should be limited to their existing figures. Great Britain proposed that the numbers of 10,000 ton 8-inch gun cruisers should be fixed on the 5 : 5 : 3 ratio, though she named no figure ; that no other cruisers should be allowed over 7,500 tons armed with 6-inch guns ; and that economy should be secured in the future by delaying the date for the replacement of battleships and battle cruisers under the Washington Treaty, and by reducing the maximum tonnage and guns of all types of war vessels from battleships to destroyers.

Almost at once a wide and, as it proved, irreconcilable difference of opinion showed itself on two points. The first turned on the question of total cruiser tonnage. The British delegation said, in substance, that the figure proposed by the United States was wholly inadequate. The British Navy was the primary line of defence of a group of nations which comprise one quarter of the population of the earth and occupy a quarter of its surface. It also had to protect the interior lines of communication between the several parts of the Commonwealth, some of which passed through danger zones, such as the Mediterranean, and the "food lines" by which the vital supplies of Great Britain—which only produces seven weeks' supply of food from her own land—entered the country. The British

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Government must, it was contended, remain the judge of what political risk it could take, and it regarded 70 cruisers as essential for its security. What total tonnage that figure would involve depended upon the limits to be placed on the size of the individual cruisers. The delegation thought that the simplest line of procedure was for each nation to state what it needed for its own security, without thinking too much about exact parity, and see if an agreement could not be reached on this basis.

The British demand for cruisers produced immediate consternation in Washington. The United States authorities, while appreciating the special circumstances of the British Commonwealth, regarded Mr. Bridgeman's tonnage demands as preposterous—indeed as something worse, as evidently being aimed at the United States herself. Great Britain to-day, they said, had 48 cruisers and a total tonnage, if the 10,000 tonners under construction be added, of about 387,000 tons. The German navy was at the bottom of the sea, there was no new navy in the world. Why did Great Britain now demand 70 cruisers, which in Washington was taken to imply a total of nearly 600,000 tons ? There could only be one answer, that she was building a fleet which would give her supremacy at sea, by reason of her many bases all over the world, as against the United States, and so was seeking to go back on her acceptance of "parity" at Washington.

The British delegation retorted that the idea that Great Britain was building against the United States was absurd, that her tonnage demands were in the main due to the fact that the size of cruisers had been fixed at 10,000 tons at Washington, which made necessary the replacement of ships of half the size by 10,000 ton ships, as otherwise the cruisers of the British Empire would be of a type which could easily be destroyed by the cruisers which all other Powers were actually building. What she was almost entirely preoccupied with was her extremely vulnerable lines of communication from Great Britain to

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the Far East through the Mediterranean, and to Australasia round the Cape of Good Hope. They refused, therefore, to abate their demands to any considerable degree, though they eventually made a proposal which would, so it appears, allow a limit of about 425,000 tons for cruisers new and old. The United States seems to have informally agreed to go as high as 400,000 tons for cruisers, though that imposed on her, not economy, but a large increase in her building programme, if she was to maintain exact parity.

According to Lord Cecil, agreement could almost certainly have been reached about the tonnage figures, if it had not been for the second difficulty, "parity"—the issue on which the Conference eventually split. Assuming agreement on total cruiser tonnage, what limitation was to be imposed upon the types and numbers of auxiliary vessels? At the Preliminary Disarmament Conference early in 1927, the British and the American delegates had both emphasised, as against France and Italy, the importance of limiting naval power not by "gross tonnage," but by "categories." Limitation by "gross tonnage" would mean that each nation could put all its tonnage into battleships, or submarines, or aircraft carriers, as it pleased. Limitation by "categories" meant that the "tonnage and gunnage" for each class of vessel would be precisely defined. As Mr. Hugh Gibson, the American plenipotentiary, said :—

It is hard to imagine any system which would tend to create suspicion and distrust more than building programmes conceived and laid down under such loose conditions (*i.e.*, gross tonnage) . . . We believe that the maximum size of each category should be prescribed, also the maximum calibre of gun, and the maximum diameter of torpedo tube, because we are convinced that we cannot go wrong if we deal with tangible and visible characteristics rather than complicate the problem by dealing with characteristics which are not openly visible to all the world.

But when the Geneva Conference assembled, the question immediately arose, "What is meant by 'category'?"

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The British delegation said that there were manifestly two categories of cruisers, the big 10,000 ton 8-inch gun "offensive" cruiser, mainly of use for battle purposes, and the smaller 6,000 ton 6-inch gun cruiser, mainly of use for the protection of coasts and trade routes. All Mr. Gibson's arguments, it held, pointed logically and inevitably to the conclusion that each category of cruisers should be fixed according to tonnage and gun power, as otherwise competition in the different types would inevitably set in. The American delegation, on the other hand, held out for America's right to put her total tonnage into any type of cruiser she pleased, and intimated its intention of using it to build twenty-five 10,000 ton 8-inch gun ships, partly on the ground that the United States needed "long radius" ships for the Pacific, and partly on the ground that only so could she maintain parity with the British Empire, which had bases all over the world, and so could move its small cruisers freely in every ocean.

This announcement produced an immediate commotion in London. The American proposal, as it appeared there, was not for "parity" at all, but for supremacy. Whatever limit was placed on total tonnage, 300,000, or 400,000, or 500,000 tons, the British Empire would be forced to put the major part of it into relatively small vessels for patrol work in the Red Sea and the Persian Gulf, round the coast of Africa, in the Indian Ocean, on the China station, round Australia and New Zealand, and so forth. If the United States demanded the right to have as large a total tonnage as the widely scattered British Empire and also to put the whole of that tonnage into 10,000 ton 8-inch gun "offensive" ships, she was really seeking not "parity," but to create a striking force which could destroy the vital communications of the British Commonwealth. For, as the battles of Coronel and the Falkland Islands amply proved, the 8-inch gun ship can annihilate the 6-inch gun ship before the latter even comes within range. Accordingly, the British delegates were summoned to London and

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instructed that the British Government could not agree to any system of "mathematical parity" which gave each navy the same "total tonnage" and also the right to put that tonnage into any type of cruiser up to the 10,000 ton maximum. It therefore put forward another form of "parity," namely, that the number of 10,000 ton ships should be equal and that the balance of the tonnage, except for a few specified ships of intermediate size, should be used for any type of cruiser each nation preferred, provided that it was not larger than 6,000 tons nor armed with larger than 6-inch guns.

This reply produced nearly as bad an effect in Washington. Here was Great Britain demanding that the United States should debar herself from building the type of ships she required and should put most of her tonnage into a type of vessel which she could not move about the world because she had no bases, and which could not equalise this weakness by superior gun power. The British, so it appeared in Washington, were seeking not parity, but supremacy. It was obviously impossible to accept a proposal which meant that the United States should spend hundreds of millions of dollars upon ships which were unsuited to American needs, in order to gain a "parity" which was really illusory. The delegation refused to accept the British proposals unless the smaller ships were also free to carry 8-inch guns.

Thus, there was a complete deadlock. Various compromises were proposed. The British offered to build no more 10,000 ton ships until the United States had built up to their level. The United States offered a clause which would have enabled Britain to denounce the agreement if she became alarmed at the number of 10,000 ton ships being built by any other Power. Apparently an agreement could have been reached that there were two "categories" of cruisers. Another proposal was that, while no limit should be placed on the number of 10,000 ton cruisers, some of them should be armed with 6-inch or 7-inch guns. The Japanese proposed a naval holiday. But by this time

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public opinion in both countries, though calm, was set behind its national position, compromises were impossible, the Governments were suspicious and at cross purposes, and the Conference ended in disagreement thinly veiled by a few polite phrases.

After the Conference certain events took place which had a far-reaching effect. Lord Cecil, who had been one of the British delegates to Geneva, resigned from the Cabinet, because of their attitude towards disarmament, not only at Geneva, but at earlier conferences. Mr. Winston Churchill made a speech justifying the British rejection of the American proposals in which he said that while

we are in favour, as a broad guiding principle, of naval equality between the two great English-speaking nations . . . we are not now—and I hope at no future time—going to embody in a solemn international agreement any words which would bind us to the principle of mathematical parity in naval strength . . . the doctrine of naval equality, if it is to be accepted by us, must take into consideration the whole position of the two countries on the sea and their respective risks and vulnerability.

Immediately after the Conference there had been a disposition, both in Great Britain and in the United States, to consider that both Governments were to blame for the failure. Lord Cecil's resignation, however, and Mr. Winston Churchill's speech were generally taken in the United States as proof that the Conference had failed because Great Britain was not prepared to agree to "parity" in cruisers. As the Washington correspondent of the *London Times** put it, "The President was profoundly disturbed and greatly annoyed," and official Washington came to believe that the British Cabinet, or a dominant section of it, had deliberately decided to "challenge" the United States on the issue of parity last August. It was not slow to take up this "challenge," and in December it was officially announced that the Navy

* *The Times*, January 24, 1923.

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Department, with the approval of the President, was presenting to Congress a five year programme for the construction of seventy-one auxiliary vessels of various kinds, including twenty-five 10,000 ton 8-inch gun cruisers, in addition to the eight already authorised. The total tonnage was about 400,000 tons, the programme was to be completed within eight years, and to cost about \$740,000,000, or £148,000,000. Though no final decision has been reached at the time these words are written, it seems likely that this programme, at any rate as it applies to cruisers, will be approved, more or less in its original form, though whether the Act will permit the President to use his discretion as to the speed with which it is to be carried through, or require proposals for modification or delay to be referred to Congress, is still uncertain.

III. WHY THE GENEVA CONFERENCE FAILED

IT is not very difficult, in the light of all these facts, to see why the Geneva Conference failed. The first cause was a failure on both sides to take into account the political significance of the Washington Conference. The people of the United States regarded the ratification of the Washington Treaty as the ratification of an agreement that there was to be equality in future between the British and the American navies. They regarded this as a fair arrangement seeing that they were nearly three times as populous, and at least five times as wealthy as Great Britain. They regarded it also as a bargain in consideration of which they agreed to scrap eleven out of the fifteen super-dreadnoughts on which \$330,000,000 had been spent, ships which, if they had been completed, would, they believed, have given them supremacy at sea. They did not worry much about the fact that cruisers and destroyers were excluded, because that was due to the refusal of France to limit her cruisers, nor did they later concern themselves much whether Great

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Britain had rather more cruisers, because they recognised vaguely her greater needs in that respect, because they considered war "unthinkable," and believed that loyalty to the broad principle of parity would prevent anything like real competition in cruiser building between the British and themselves. Hence the indignation at the sedulously fostered belief that at Geneva Great Britain had "thrown over" parity.

In Great Britain, on the other hand, it was the text of the treaty which was studied. It was perfectly clear from the treaty that "parity" had only been established in battle-ships and battle cruisers. At Washington the widely divergent needs of the far-flung British Commonwealth and the compact American republic for auxiliary vessels had become apparent, the special needs of the British Commonwealth had been informally recognised, while the difficulty of reconciling those divergent needs with "parity" in a formal agreement had proved so great that neither the American nor the British delegations seemed to have been reluctant to postpone a solution. Accordingly, when the British Admiralty realised after the Washington Conference that all the other Powers were going to build the new Washington type of cruiser, it set to work to prepare a new programme for the replacement of obsolescent light cruisers by the new type, on a scale which gave an ample margin of security for its vital communications through the Mediterranean and round Africa. This programme was reduced by the Labour Government in 1924 from eight to five, but was partly restored by the so-called Birkenhead programme in 1925, which provided for the construction of a further nine 10,000 ton cruisers and seven 8,000 ton cruisers, four to be built the first year and three in each following year. Meanwhile, the United States, though she authorised a programme of eight 10,000 tonners, only made provision for two up to June, 1927, when the contract for the remaining six was signed.

It is perfectly clear that there was no breach of the Wash-

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ington agreement on Great Britain's side. Mr. Wilbur, Secretary of the Navy, said in Congress on January 28 :—

There could not be any possible criticism, in my judgment, of any Power signatory to the Washington Treaty, for building any number of ships, or any type of ships authorised by that agreement, regardless of the 5:5:3 ratio. Every Power had that right before the Treaty, and it was not modified or affected by the Treaty. . . . To say that because Great Britain, for instance, has built a larger tonnage of cruisers than we have built is no imputation on her part of any departure from either the letter or the spirit of the Treaty, in my judgment. On the other hand, if we had chosen to build more than the other Powers, it would have been strictly in accordance with the Treaty.

None the less, it was a profound mistake for the two Governments not to have consulted one another about what they were doing. If London had said to Washington, "We are building these ships because Europe is still a potential volcano and we must secure our communications, in view of what other Powers are building," it would anyhow have prevented the legend growing up that these cruisers were being built against the United States. It would also have made it clear to the American Administration that they must either induce Great Britain to abate her somewhat extravagant provision for "security" or make a rather larger provision for cruisers themselves, if a bitter and violent agitation for a bigger navy based on propaganda containing accusations against other Powers was not to grow up in the United States. But in fact there was no such informal exchange of views between the two Powers which had, only four years before, agreed in principle to share sea power between them on a basis of equality. If "equality" is to remain the broad relation between the two navies in future it must be accompanied by intelligent consultation about what the other Power is doing.

The second reason for the failure of the Geneva Conference was that the solution of the problem of parity was considered there almost entirely from a naval and not

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from a political point of view. The dominance of the admiralty point of view can be seen from the programmes of the two sides. The British Government proposed a scheme for effecting great economies in the future—a perfectly sound scheme—but they stuck like grim death to their big cruiser building programme. They refused to make any immediate reduction in the auxiliary armaments which it was the purpose of the Conference to consider. On the contrary, they proposed an increase. The American Government, on the other hand, while willing to raise the cruiser tonnage above the low figure they originally proposed, stuck like grim death to the right to have as large a total tonnage as was required in the special and entirely different circumstances of the British Empire, and also to put the whole of that tonnage into any type of cruisers they chose. Under no circumstances would they consider anything less than the 8-inch gun.

Had political considerations been dominant at Geneva, an agreement would have been perfectly possible, despite these difficulties. Great Britain might have agreed to the United States having rather more 10,000 ton ships if the United States had agreed to her having a somewhat larger total tonnage of cruisers. Or, as Lord Cecil told the House of Lords, there might have been an agreement if the British Government had not insisted upon exact parity in 10,000 ton ships and if the American Government had not insisted on arming all their ships with 8-inch guns.

We need not attempt to assess the exact measure of blame which attaches to either side or to any individual for the failure at the last moment to extract some sort of agreement out of the Geneva chaos. What matters is to recognise clearly the nature of the fundamental difficulty which caused the failure, for that difficulty still remains and may obstruct agreement in the future. Each side proposed "parity" but rejected the "mathematical" parity proposed by the other side. The British refused to accept "total tonnage" as parity because, if the United States were

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to have the treaty right to have as large a cruiser tonnage as was required to patrol the immensely larger coast line of Australia, New Zealand, South Africa, India, East and West Africa, to say nothing of Canada and Great Britain, and the communications between them, and also the right to put that tonnage into maximum gun ships, it would in fact be giving her the right to battle supremacy in the name of "parity." The Americans refused to accept equality in each of the two proposed cruiser classes as parity because if they had agreed by treaty to build no more of the larger type ships than Great Britain did, they would in fact, owing to the possession by Great Britain of bases all over the world, have given a permanent supremacy to the British navy outside American territorial waters, also in the name of parity.

IV. THE NEXT STEP

THE new American programme may prove to be the best thing that could have happened, failing an agreement at Geneva. For it gets out of the way, for the time being, the difficult question of parity and the ugly accusations and insinuations against Great Britain which the "Big Navy" party have been spreading in the United States in their effort to get the Administration to keep the American navy up to strength. The United States' navy was obviously under parity, and though the new American programme in its original form is considerably greater than is necessary to achieve parity, it has been received in official circles in London with complete composure. In fact, Mr. Bridgeman says that it conforms to his own ideal that each nation should build what it thinks necessary for its own defence. There will be no increase in the British programme to meet it. Indeed, three ships have been dropped from the existing programme. There should, therefore, for the next few years, be far better relations

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between the two countries in naval matters, because each will be building what it thinks it needs and controversy about parity will be stilled.

But it is important to realise that there will only be calm for a year or two and, unless the statesmen use that lull to repair the mistakes made during the years before Geneva, the last state will be worse than the first. In 1931 the replacement of battleships and battle cruisers begins under the Washington Treaty, and in 1936 this treaty itself comes to an end. If replacement begins in 1931 there will be a huge expenditure of money on both sides to replace battle fleets which to-day are equal and without rivals in the world—a perfectly useless expense which Mr. Bridgeman's proposals at Geneva were quite rightly intended to diminish. If the Washington Treaty is allowed to lapse in 1936, there will be reproduced the very situation which arose between Germany and Great Britain when the first *Dreadnought* was put into the sea. Each Power will try to design a type of ship which will be able to annihilate the ships of the other side, and huge expenditure for continuous replacement will be inevitable—an expenditure which will be extracted out of Congress and Parliament by arousing popular suspicion and resentment against the other nation. Indeed, if it were not for the Washington Treaty which limits the size of the cruisers, competition would have already set in. The new American cruisers would probably be 12,000 tons armed with 9-inch guns, the next year's British and Japanese cruisers would be 14,000 tons armed with 10-inch guns, and so on.

We have, therefore, rather less than two years in which to try to reconsider the situation before competition in replacement begins—for ships have to be laid down in 1929 if they are to be ready in 1931—and five years before the existing naval programmes are completed, or the question of the renewal of the Washington Treaty arises.

During this period the first step, from the purely naval point of view, should be to consider what "parity" really

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means. The Geneva Conference has revealed the two interpretations which one side or the other will *not* accept. Does "parity" mean the power of each navy to be on equal terms with the other in every ocean in the world? If so, it means the acquisition by the United States of naval bases in every ocean or the sharing of all British and American bases by the two fleets on equal terms. Or does parity mean equality in the Atlantic, so that neither side can interrupt the vital communications of the other, so that the United States cannot cut the British lines through the Suez Canal and round Africa, or the British cut the American lines through the Panama Canal and to the Philippines? Or again, does Great Britain claim in the name of parity the complete control of trade at sea outside the western Atlantic and the north Pacific? Or does the United States in the name of parity claim the right to have a navy which can destroy the British Commonwealth any time she likes? Or are there really two kinds of parity—parity in battle fleets and parity for the purpose of trade at sea?

Of course, viewed from a purely naval point of view, complete security is only possible by obtaining absolute supremacy on every sea, so that all enemy ships have to remain locked up in their own ports. To an American naval enthusiast, the United States' trade will never be really "safe" so long as Great Britain or any other Power has on the sea a single war vessel or merchant ship capable of being armed, or unless the United States has enough merchant shipping to carry all her trade and that of a great part of the rest of the world, which can be used as commerce raiders in time of war.* Great Britain will similarly never be "safe" unless she has such a supremacy that, whatever

* The argument commonly used that Great Britain has an advantage in being able to arm her merchant ships as cruisers as opposed to commerce raiders seems to be illusory. The number of ships of a size and speed suitable for use as *cruisers*—even apart from their total lack of armour—is almost negligible.

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war she is engaged in, she can convoy safely all her trade and officials and mails across every ocean of the world to every part of the Empire without molestation under all conceivable conditions.

It is obvious, of course, that there is no solution of the Geneva issue so long as it is looked at from a purely naval angle. Every admiralty exists and is paid to consider what will happen in the event of war, and to ensure victory if war comes. It must play for 100 per cent. security. It cannot and ought not to be expected to determine what "political," as opposed to "naval," risks its country can afford to take, for that is the business of statesmen, not of admirals to assess. Let us, therefore, look at the problem from the political angle and take into account those political factors which ought to have been considered and agreed upon before ever the Geneva Conference was asked to deal with the naval aspect of the case.

V. THE POLITICAL ISSUES

THE future of the world is going to turn on whether the British Commonwealth and the United States, in the next five or ten years, take a narrowly nationalist or a broad and statesmanlike view of their mutual relations and of world affairs. Let us consider first the narrow nationalist view and what it leads to, a view which both the United States and Britain reproach Europe for clinging to, but which they both themselves followed faithfully at Geneva.

In that event each side will simply consider how it can make sure of its own security and its own commerce and supplies. It will rely not mainly on agreement, but on the preparation of a naval force capable of enforcing respect for its wishes. A competition in naval ship-building will set in, and as a corollary, in merchant ship-building and in subsidies of various kinds paid out of taxation to secure

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a larger proportion of the carrying trade of the world. As irritation rises under the strain, each side will tend to put pressure on the other in the time-honoured way by seeking friends elsewhere. If the United States were to suggest to Germany a rapprochement which might lead to the return of her colonies or some rectification of her frontiers in Europe, and compel Great Britain once more to mass her fleet in the North Sea, then Great Britain might suggest to Japan a rapprochement which would compel the United States to divide her fleet between the Atlantic and the Pacific Oceans. So the line up for the next world war would begin and the nations would commence to range themselves on each side. Parts of the British Empire would see a hope of political independence in the coming struggle; Asia would see an opportunity of breaking the barrier of Asiatic exclusion so imperiously imposed upon her by the United States; South and Central America would consider how they could most effectively nullify the "new" Monroe Doctrine. Commercial tariffs, export embargoes, subsidies and other such devices would aggravate suspicion and competition. As time went on each Power would become profoundly divided within itself. The different parts of the British Commonwealth would begin to pull different ways. The different races of the United States would begin to divide. Finally a state of tension such as existed in Europe in 1914 would be reached, when an accident or a fool might at any time set a match to the train, and our civilisation would go under in a struggle compared to which the world war was child's play, and in which every participant, whatever the military result, would be a 100 per cent. loser. That is what the future will be if we follow the advice which is being so freely tendered from various quarters to the people of Great Britain and of the United States.

Now let us consider the more statesman-like view. The interests of the United States, and of the British nations, indeed of civilisation, are fundamentally identical. They

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are threefold—liberty, prosperity and peace. Liberty means that the world should progress neither under the banner of a Napoleon nor of a Lenin, but of political democracy—the more backward peoples being assisted by the more advanced until they can take over the control of their own affairs, which should be at the earliest possible moment. Prosperity means the economic development of the whole world so that the standard of living of all peoples may be progressively raised by the use of machinery and the investment of capital under proper safeguards against exploitation and that the markets for the products of the manufacturing nations may progressively expand. Peace means the creation of arrangements which will ensure the settlement of international disputes by reason and justice and goodwill, and not, at any rate between the civilised Powers, by war, the great enemy alike of liberty and prosperity, and the great cause of poverty, unemployment and decay.

Locked at from the broadest angle, therefore, there is no conflict between the vital interests of Great Britain and the United States. Both care about liberty—as they showed in the late war. Both need foreign supplies of food-stuffs and raw materials and have to sell their manufactures abroad. Both can only secure this result by raising the productive and therefore the consuming power of the whole of the rest of the world. Both recognise that war is the principal obstacle to the attainment of their desires.

But if this real community of interest is to be recognised as the basis of their policy two difficulties must first be solved. The first is the old difficulty known as the freedom of the seas. The second is the way in which we are to co-operate for the attainment of world peace.

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VI. THE FREEDOM OF THE SEAS

THE right of a belligerent to interfere with the trade of a neutral has been the only issue of real importance which has ever arisen between Great Britain and the United States. It produced the war of 1812. It produced the tension during the American civil war, and if it had not been for the action of Germany in invading Belgium and sinking the *Lusitania*, it might have produced a breach during the early years of the world war. The attitude of each nation has varied according to whether it was a belligerent or a neutral, and each, when it happened to be a belligerent, has extended belligerent rights to suit itself, by such devices as the doctrine of continuous voyage.

At the moment there is a movement in both countries for an international agreement establishing absolute freedom of trade by sea under all circumstances in war no less than in peace. This movement seems not to take sufficient account of recent events. The position as between the United States and Great Britain has entirely changed since the world war. They now have equal navies and each "commands" the seas in certain oceans of the world. Even if Great Britain were willing to do so the United States would almost certainly not sign an agreement restricting the use of her own naval power to this extent. It seems unlikely that the Senate would ratify an agreement which would permit European Powers to pour supplies into Mexico in the event of war and forbid the American navy to intercept them; which would prevent the United States from stopping sea-borne supplies reaching an Asiatic Power, in the event of war in the Pacific; and which, if it had been in force during the civil war, would have almost certainly resulted in the independence of the Southern States. There is a great deal to be said for an agreed revision of the laws of blockade and contraband, which

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seem to be in a very confused state, partly because of the changed conditions of the modern world and partly because the action first of the British navy and later of the American navy in interfering with trade was justified not as a legitimate development of sea law, but as "reprisals" for German infringements of international law. But this does not mean that the United States would to-day stand for neutral rights. On the contrary, if a conference were to be held to fix the rights of belligerents at sea, Great Britain and the United States would almost certainly be found standing out for drastic rights as against the whole of the rest of the world.

The basic issue is not what are the rights of a belligerent at sea, for each side really wants to be able to make the utmost use of its navy, if it becomes involved in war, but the question of *when* belligerents should be allowed to interfere with neutral commerce. Once a blockade is rightfully established the question of exactly what is contraband and what is not is of lesser importance. It is the right to interfere with trade at all that matters most. The real reason for the expansion of the United States' navy is no longer so much "parity" as to ensure the freedom of her own trade in the event of the outbreak of a war in which she herself is not involved. The attitude of the United States has changed a great deal since 1921. In that year she had recoiled from war, she was anxious for economy to compensate for the slump, she was concerned to stop the new competition in naval building which was just setting in. The Washington Treaty gave her peace, economy, and parity. In 1927 she was concerned at Geneva to secure economy as well as parity in the building of auxiliary cruisers. When the Conference failed she began to think in quite different terms. She reflected "my economic future obviously depends more and more upon my being able to buy supplies and sell goods all over the world. I am not going to acquiesce in any other Power, and especially Great Britain, being able to interrupt my

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trade every time it gets involved in a war in Europe or anywhere else. I am going to create a navy which will make her think twice before issuing fresh Orders in Council to stop my trade, and which will enable *me* and not Great Britain to decide when and where I shall trade."

That, by itself, constitutes the real danger in the situation. It means that so long as Great Britain claims the right in the name of international law as it exists to-day to interfere with neutral trade whenever she decides to go to war, the United States will claim the right to break the blockade if she does not approve of its purpose, because she wants to "outlaw" whatever war she may consider to be unjust. And that would be the position of 1812, 1862 and 1914, in an aggravated form.

What is loosely called the blockade question, if looked at fairly and squarely, however, is not so formidable as it sometimes appears. In the first place, the cutting off of trade by sea can only be effective in modern times if it is accompanied by a land blockade. Unless the railways and frontiers are blocked, a sea blockade is almost valueless. Great Britain, in the future as in the past, is very unlikely to attempt to establish a blockade in any "private" war of her own, but only as a partner in some considerable coalition such as a "public" war authorised by the League of Nations would involve. In point of fact she has only established two blockades since 1800, the first, the blockade of the whole of Europe against Napoleon; the second, the blockade of Germany by the whole of Europe. In the second place, history shows that both the United States and Great Britain have only used the blockade for purposes of which the other has, after some delay, fundamentally approved. The blockade of 1812 was imposed to defeat Napoleon's attempt to establish a military despotism over Europe. The blockade of 1862 was established to preserve the Union and to end slavery. The blockade of 1914 was established to defeat the menace of Imperial Germany. The fear and anxiety sometimes expressed in

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the United States that prosperity may be endangered if the right of blockade is retained by Great Britain seems therefore to be a little exaggerated in the light of the past and of the actual facts.

None the less there is a vital issue at stake. It is whether any nation shall have the right to interfere with the trade of neutral nations when it goes to war *on its own initiative alone*, or whether the title to exercise belligerent rights is in future to be exercised only in wars undertaken under some kind of international sanction. The exact point can be seen in the declarations of both the Republican and the Democratic parties in the United States. Mr. Kellogg in his recent correspondence with M. Briand about the outlawry of war said that the United States was willing to outlaw war "as an instrument of national policy." President Wilson, in the second of his fourteen points, insisted upon

Absolute freedom of navigation upon the seas, outside territorial waters, alike in peace and in war, except as the seas may be closed in whole or in part by international action for the enforcement of international covenants.

What is really in the minds of people in the United States, and what ought to be in the minds of people in the British Commonwealth too, is the question whether in future any naval Power, either Great Britain, or the United States or Japan is to be allowed, in waging its own "private" wars, to interrupt the trade of the rest of the world, as it is entitled to do under international law as it exists to-day. So long as "private" war is not outlawed, and naval Powers claim the right to interfere with neutral trade under international law, then naval competition is inevitable. If, on the other hand, the naval Powers are willing to consider developing a system of international treaties which would limit their own right to declare a blockade to occasions justified by international authority of some kind, then not only would a large reduction of naval

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expenditure all round seem to be in sight, but a new and vital element would be brought into the problem of world peace.

VII. WORLD PEACE

ONE of the remoter reasons for the Geneva failure was that since the unfortunate breach over the League of Nations in 1920 there has been no real consultation between public opinion in the United States and public opinion elsewhere as to how war is to be prevented. The rest of the world has gone on trying to make the best of the Covenant, the United States has retired into her shell, and except for a few enthusiasts her people have thought no more about the subject. As a result, the League has only been a partial success. Britain has been considering her naval armaments as an isolated problem, and the political influence of the United States—debarred from facing the responsibilities which as a nation she should shoulder—has fallen to the lowest level that it has touched since Theodore Roosevelt and Woodrow Wilson left the scene.

Recent events, however, seem likely to effect an alteration in this state of affairs. On the one hand, the new naval programme of the United States can hardly fail to bring home to thinking Americans that their country cannot combine a policy of refusing all organised association with the rest of the world with a steady expansion of armaments without eventual disaster. Such a programme indefinitely prolonged, would mean that the people of the United States, with no adequate way of understanding or even of hearing the views of other nations, would increasingly use her enormous strength to dictate solutions of international problems in her own interest. And that, as the experience of England in 1776, of Napoleon in 1815, and of Germany in 1914 shows, ends in a combination of the rest of the world to defend right against might.

On the other hand, the new American programme cannot

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fail to put an end to any belief which may still exist in certain circles in Great Britain that the full implication of that "equality" between the British and American navies, which was agreed to in principle at Washington, can be "dodged." Public opinion in Britain had accepted the broad principle of equality, but certain elements seem to have believed that a partial supremacy for the British navy could somehow or other be maintained under the guise of parity, just as certain naval elements in the United States seem to have believed that their own supremacy could also be established in the name of parity. If that delusion is killed once and for all on both sides, and it becomes recognised that, however difficult "parity" may be to interpret in practice, there is a genuine acceptance on both sides of the broad idea of equality, a real obstacle to good understanding and agreement will have been cleared out of the way.

The outcome of the Briand gesture about the outlawry of war is another significant event. A treaty renewing the Root Arbitration Treaty in a new form has been initialled and submitted to the Senate and to the President of the French Republic for ratification. The treaty contains some very interesting provisions. In the first place it reaffirms the extremely important but half-forgotten "Bryan" treaties of 1914 which provide that disputes "of whatever nature they may be" shall, when ordinary diplomatic proceedings have failed, be submitted for investigation and report to an International Commission, and that the parties shall not resort to war before the Commission's report is handed in, which must be within a year. In the second place, it contains a new definition of the matters which are to be excluded from the scope of compulsory arbitration. In place of the old exceptions of "national honour," "independence," and "vital interests," it substitutes four new categories, i.e., any dispute which

(a) has to do with matters within the domestic jurisdiction of either party (b) involves the interests of third parties (c) depends

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upon or involves the maintenance of the traditional attitude of the United States concerning American questions, commonly known as the Monroe Doctrine, (d) depends upon or involves the observance of the obligations of France in accordance with the Covenant of the League of Nations.

In the third place the preamble states that the purpose of the signatories is to

demonstrate their condemnation of war as an instrument of national policy in their mutual relations but also to hasten the time when the perfection of international arrangements for the pacific settlement of international disputes shall have eliminated for ever the possibility of war among any of the Powers of the world.

The importance of the draft treaty does not lie in the contribution which, if ratified, it would make to the pacific solution of international disputes. It lies rather in its reaffirmation of the Bryan treaties, in its linking together of the Monroe Doctrine and the Covenant of the League of Nations, in its denunciation of the use of war "as an instrument of national policy," and in the fact that the conclusion of a similar treaty between the United States and Great Britain, or presumably the collective British Commonwealth, is under consideration.

It is not generally realised how like the Bryan treaties are to those clauses in the Covenant of the League of Nations which deal with the prevention of war. Public opinion in the United States is apparently as unwilling as ever to become a member of the League because it considers that Geneva is the focus of the internal politics and intrigues of Europe, and because it is determined not to assume any responsibility which may entangle it in Europe's internal affairs. But the Senate has ratified more than twenty treaties on the Bryan model under which a "cooling off" period of one year is prescribed before either side can resort to war, while an International Commission is to investigate and report on the dispute. This procedure is, in principle, the same as the provisions of the Covenant, under

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which every member State undertakes to submit all disputes to judicial decision, to arbitration, or to mediation by the Council of the League during a minimum period of nine months before going to war. It mainly differs from it in that it imposes no further obligation such as is imposed on members of the League by the Covenant to interrupt all commercial and financial relations with any State which goes to war without first submitting its dispute to some pacific process of settlement. While the United States and Europe, therefore, are still far apart in so far as attendance at Geneva is concerned, they are far closer together in their attitude and their treaty obligations in the matter of the prevention of war than is usually realised. The recent meetings of the Pan-American Congress in Havana and the presence of a Canadian Minister at Washington must tend to bring home to the United States how many of the other American States have given far-reaching undertakings about war both under the Covenant and the Bryan treaties.

The balancing of the Monroe Doctrine and the Covenant of the League against one another in the new treaty is, perhaps, even more important, for it points out the road to a solution of the real naval difficulty. If it gradually becomes agreed that war must be abandoned "as an instrument of national policy" and that the only legitimate use of force in international affairs, by war or otherwise, is for purposes such as those authorised under the Monroe Doctrine or the Covenant of the League, it must naturally follow that interference with sea-borne trade by any navy will only be legitimate if it is in support of objects which mankind has, through international agreements, defined as just. The problems which would arise from the adoption of such a system are complicated and interesting, and we cannot pursue them here. It may be remarked, however, that Great Britain to-day is debarred from going to war, and therefore from imposing a blockade, without first submitting her dispute to investigation either under the Covenant or the Bryan treaties for nine months or a year.

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Few people seem to realise this in England or the United States. If further consideration should prove that some agreement to define the "occasions" when interference with trade shall alone be "lawful," the main bone of contention between the United States and Great Britain would disappear, for each would relinquish her claim to interfere with the trade of the other in "private" wars of her own, and would claim only to interfere with sea-borne trade for agreed "public" purposes. In other words, sea power, instead of being used in Anglo-American quarrels, would gradually come to be recognised as the primary means of keeping open the sea ways except when used to close them in support of arbitration or other pacific methods of settling international disputes. That American opinion is beginning to consider this aspect of the problem can be seen from the terms of a resolution submitted to (but not approved by) the Senate by Senator Capper towards the end of 1927.* Obviously no system of "sanctions" to enforce arbitration can be effective if the United States claims the right to "break" the blockade, and to transfer the trade of the blockading nation to her own merchants. Nor can economic or "bloodless" sanctions be really effective without the co-operation of the United States.

VIII. CONCLUSIONS

THERE does not seem to be much doubt that the English-speaking nations are entering "the valley of decision." The answers which they give to questions which are now coming up will decide whether the world is to drift towards a war which will end civilisation or whether mankind is going to take that definitive step towards permanent peace and the ending of war between civilised Powers for which it has been hoping with ever fainter hopes

* For the terms of the resolution see the Appendix.

Conclusions

since 1918. Other nations can do little to help or hinder the result—vast as the consequences to themselves must be. On the English-speaking peoples rests the main responsibility.

For Great Britain the issue is comparatively simple. The days of her Imperial temptations are over. She is no longer the only sea Power in the world. The choice before her is whether she will be prepared, not to relinquish her naval strength or her right to protect her vital communications against improper attack, but to recognise that she must only use it to interfere with the trade of other nations in accordance with international law and in support of peace through arbitration. That may seem difficult. But the long view shows that it is by the limitation not of her rights as a belligerent but of her right to become a belligerent that her trade and that peace which is her greatest interest are secured. If she refuses she will simply impose competition on the United States under conditions which will justify such competition, and in such a contest the greater purse will prevail.

For the United States the issue is more complicated. Her greatest difficulty is that she is now the strongest and most invulnerable State in the world. She is tempted, as other States under similar conditions have been tempted before her, to refuse the irksome restraint which law and association with her neighbours impose, and to multiply her strength in order to get her own way, confident in the righteousness of her own intentions. That way, also, in the long run, tragedy lies. The surest road to the continued prosperity and peace which she needs is co-operation with the rest of the world to end war by establishing that arbitral alternative to war which she has always advocated in the past.

Finally, there are the other nations of the English-speaking world. They have also an indispensable part to play. They are as vitally interested as the two principal parties. A quarrel between the United States and Great

The Naval Problem

Britain would tear Canada asunder and imperil all the others. Genuine Anglo-American co-operation must be the cardinal purpose of their foreign policy. They, and especially Canada, are the natural intermediaries between London and Washington. Personal contact between the statesmen of Great Britain and the United States—of the kind that has taken place between Sir Austen Chamberlain, M. Briand and Herr Stresemann with such good results for Europe in the last three years—is difficult to bring about for reasons of distance. But it can to a great extent be supplied through Ottawa. The younger nations can anyhow help to remove misunderstandings, and see that the lack of touch which did so much to cause the Geneva failure does not occur again. The first stage in the solution of this fateful naval question may well be the Imperial Conference of 1929, when the question of how and to what extent the Washington treaties are to be renewed will come up for decision.

There is then a great opportunity as there is a great responsibility before the English-speaking world. It is not a question of their combining merely for their own benefit, for that would rally the rest of the world against them. It is a question of their using their sea power as the main support of pacific methods for the settlement of international disputes. If they fail they will drive humanity to disaster worse than 1914. If they rise to the occasion they can, in association with the rest of the civilised world, give a new birth to freedom and lasting peace to mankind.

APPENDIX

Senator Capper announced on November 22, 1927, that he would offer a joint resolution which, if adopted by both Chambers and signed by the President, would put the United States on record as ready to:—

“By treaty with France and other like-minded nations

Appendix

formally renounce war as an instrument of public policy and to adjust and settle its international disputes by mediation, arbitration and conciliation.

“By formal declaration to define as an aggressor nation one which, having agreed to submit to arbitration, begins hostilities without having done so.

“By treaty with any nation to agree that the nationals of the contracting governments would be denied protection by their governments if found giving aid and comfort to an aggressor nation.

“Request the President to enter into negotiations with any nation for the purpose of concluding treaties in furtherance of this policy.”

MANCHURIA : A DRAMA OF RAILWAYS AND POLITICS

I. A TRIANGULAR STRUGGLE

IN the foreign relations of China, Japan and Russia play important parts, and the scene of their action is Manchuria. Within China proper they have interests and purposes which have provoked conflict in the past and may provoke significant conflict, or perhaps even more significant accord in the future. But nothing within the Great Wall has a concern for Japan comparable to her Manchurian interests; and for Russia too, Eastern Siberia, the Chinese Eastern Railway and Vladivostok are more important than the Yangtze. Russia and Japan have fought one another, in war and diplomacy, on this Chinese territory ever since Japan first encountered the resistance of Russia in 1894, when she was compelled to relinquish the Kwantung peninsula, the prize of the Chinese war. After a brief period, the fortunes of Japan in north-east China rose once more at the expense of Russia. The Manchurian war of 1904 gave Japan what Russia had refused her ten years before: the Anglo-Japanese alliance enabled her to increase her hold on the mainland with little fear of international consequences, and the great war presented opportunities in 1915 and 1919 which she was not slow to seize. At the close of the Paris Conference Japan was in control (though not in occupation in every case) of Manchuria, Eastern Siberia, Inner Mongolia and Shantung, with a pro-Japanese Govern-

A Triangular Struggle

ment in Peking and Japanese outposts on Lake Baikal; and the only fly in the ointment—a very effective insect too!—was the Inter-Allied Committee of Control which administered the Chinese Eastern Railway. Not for seventy years had Russian prestige in the Far East fallen so low, and the vaulting ambition of Japanese imperialists seemed to have realised itself almost by magic. But the moment of triumph was fleeting. On May 31, 1921, the United States Government warned Japan that it could not “acquiesce in any action taken by the Government of Japan which might impair existing treaty rights or the political or territorial integrity of Russia.” The tide had turned; and by the end of 1922 Japan had fallen back to her position of 1910, the year in which she annexed Korea. The Russo-Japanese struggle for the control of Northern Manchuria was apparently resumed, on terms less unfavourable to Russia than seemed possible only two years before.

Now, it has become the habit to regard Manchuria as the scene of a duel between Russia and Japan; and the foregoing paragraph may seem to lend colour to that view. In fact, however, it is the arena of a triangular struggle in which the third party, China, has begun to play a part less supine than hitherto. Manchuria is Chinese territory, though lying outside the Great Wall, and Chinese “Governments,” North and South alike, miss no opportunity of reminding Japan that Chinese rights must be respected. An indication of the Japanese attitude may be found in the fact that the official guide books issued by the Japanese Government Railways exclude Manchuria from the volume on “China,” and place Korea, Manchuria and Siberia in a volume by themselves, an arrangement which has some political significance. Japan claims a “special position” for which she has fought and which she protects largely by her control of the South Manchurian Railway; and in September 1927 the President of that railway, Mr. Jotaro Yamamoto, declared publicly that what Japan

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had bought with the blood of her soldiers at Port Arthur she would defend even to the point of war if necessary. Russia, on the other hand, seeks to regain her prestige in eastern Asia, and to retain effective control of her outlet to the Pacific Ocean at Vladivostok, which implies not only ownership of the Trans-Siberian Railway, but also the maintenance of Russian rights in the management of the Chinese Eastern Railway. The crux of this three-fold rivalry lies in the railways of Manchuria, and the railway map* is, therefore, the key to Manchurian politics.

II. THE RAILWAY POSITION

THE railways of Manchuria are of three kinds, Chinese, Japanese, and Sino-Russian; and over them *all* China has definite rights, either of actual ownership, or of purchase at given dates under specific treaty terms, or of reversion without purchase. The two pivots upon which all Manchurian railway transport turns are the South Manchurian Railway which runs from Dairen *via* Mukden to Changchun, and the Chinese Eastern Railway which runs from Manchuli (on the Manchurian-Siberian border) to Pogradichnaya where it joins a section of the Trans-Siberian line leading to Vladivostok. Both lines were originally constructed by Russia under the Sino-Russian Agreement of 1896, the southern branch from Harbin to Dairen being added to the original Chinese Eastern Railway project after Russia obtained the twenty-five year lease of Port Arthur in 1898. In 1905, this section, Changchun-Dairen, passed into the control of Japan under the Treaty of Portsmouth and has since been known as the South Manchurian Railway. Incidentally, we may note that the Japanese Government changed the gauge from five-foot to standard, so that there is now a break of gauge at Changchun.

* A map will be found at the end of this article.

The Railway Position

Under the original agreement of 1896, the Russo-Chinese Bank received the contract to construct and operate the railway and the Chinese Government subscribed five million taels to the capital of the Bank. The Chinese Eastern Railway Company was created to exploit the contract, with a president nominated by the Chinese Government and a seal granted by it. The operating rules were to conform to Russian usage, and the shares of the company to be held only by Chinese and Russian subjects. The company held the line on a lease of eighty years, with a break at the end of thirty-six when the Chinese Government might exercise its option of purchasing it; but if that option were not exercised, the whole railway would pass free of cost into the ownership of China at the expiry of the original eighty years. It will be seen, then, that the option date (1932) is approaching. When Japan took over the southern section in 1905, the original lease had twenty-seven years to run, but in 1915, as the result of the Twenty-one Demands, the term was extended to ninety-nine years in all; and the Japanese now maintain that both in 1905 and in 1915 they secured from China an undertaking not to construct new lines, parallel to, and competing with, the South Manchurian Railway. The significance of this claim will be apparent later on; and meanwhile, the terms of the Chinese Eastern Railway lease have given rise to sharp controversy between China and Russia, both in respect of the condition of re-purchase at the thirty-six year break and in respect of the current conditions of management. For the present purpose we may leave aside the French claim to an interest which is based on the fact that French capital was one of the mainstays of the Russo-Chinese Bank under the regime of the Tsars.

The railway map of Manchuria is thus in the shape of a T, and the chief cause of controversy is the exploitation by railway construction of the area on either side of the upright stroke. Both sides serve vast and rich regions,

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bearing timber, cereals, beans and minerals, and neither side, except part of South Manchuria, at present carries a large population. Without endorsing some of the more extravagant comparisons which roseate forecasts of Manchuria's future have prompted, such as the statement that it possesses greater wealth in agriculture, minerals, and water-power than the valley of the Mississippi, we can see that it offers a home and good prospects to a population many times its present numbers, and that it was no hyperbole for the vice-president of the South Manchurian Railway to say that in five years (1927-1932) the total railway mileage will have grown from its present 3,000 to 5,000, there being under actual construction in 1927 just under 600 miles of new line. And it is a fact of melancholy import for China that the three Manchurian provinces account for more than one-third of the total railways of China, the other eighteen provinces possessing some 6,000 miles against the 3,000 miles built and 600 building in Manchuria, and that the creator of the contrast is Japan.

Present evidences of development also are to be found elsewhere than in railways. The three Manchurian provinces (Fengtien, Kirin and Heilungkiang) are prosperous as none other in China: Dairen has risen in twenty years from the fortieth to the third place among the ports of China, and will soon dispute with Tientsin the right to the second; great concessions in timber, gold and water-power have brought capital in large quantities; and with this growth has come a new population. But whence? Twenty years ago the Japanese believed that they had found in Manchuria the solution of their domestic problem of overcrowding; and if the country had been continuously and effectively colonised from Japan, there would have been a very different situation both in Japan and in Manchuria from that which to-day exists. Japan has failed to colonise Manchuria and has been forced merely to exploit it. Despite inducements, the Japanese people has not overflowed into the wide regions of Manchurian prosperity

The Railway Position

which lay open to them twenty years ago, and to-day those regions are filling at the rate of at least half a million a year with Chinese from Shantung, Chihli, and even from Honan, Anhui and Kiangsu. Moreover, a most significant change has come over the character of the Chinese migration throughout the five northern provinces. Before the Chinese civil war reached its acute stage, this migration was largely seasonal—"spring come, autumn go"—and the net increase of the population in Manchuria from this source was not large; but since 1923, and by leaps and bounds since 1925, the movement of permanent settlers has grown. By junk, by rail, by steamer; from Shanghai, Haichow, Weihaiwei, in trickles; from Tsingtao and Tientsin in unbroken streams; turning their backs for ever on their congested homes, the peasantry of north China move further north to seek in Manchuria, even at the cost of a freezing winter, the security which civil war denies them at home. This growth in population, estimated at two million in four years, has great economic significance for the three eastern provinces, and especially for the rich virgin areas north of the Chinese Eastern Railway; but it has also a political significance which is not small now, and will grow greater every year. It is the sheet anchor of Chinese rights.

Of the three rivals in Manchuria, Japan is the strongest; and in order to appreciate the strength of her position, as well as the change in the whole Manchurian situation since 1905 it is necessary to study, as closely as available information permits, the railway map once more. As we open it we shall bear in mind that it is vital to Japan that the economic resources of Manchuria should be available to sustain the economic life of her islands and that it is vital to China that neither Japan nor Russia should strengthen their existing hold on Chinese territory outside the Great Wall. For Russia it is vital that the shorter line of communication to the Pacific Ocean *via* the Chinese Eastern Railway should not pass wholly out of her control. The

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foundation of Japanese power, both in trade and in war, is the South Manchurian Railway, the extended lease of which has nearly seventy years still to run under the Sino-Japanese Treaty which followed the Twenty-one Demands in 1915. The zone of the railway is protected by a division of the Japanese army stationed at Mukden; and the areas selected for business and residence in all the towns along the railway are systematically planned and provided with light and power, in both respects presenting a marked contrast to the Chinese towns beside them. The more highly developed region lies between Dairen and Mukden; but the significant railway projects, which show the trend of Japanese penetration, lie further north. A little more than one hundred miles north of Mukden is the junction of Szupingkai from which the most important new line on the west side of the T runs through Liaoyuan and Taonan to Anganki on the Chinese Eastern Railway, seventeen miles south of Tsitsihar. This line is the first limb of a general design by which the Japanese intend to divert the increasing traffic of central and north Manchuria from the Chinese Eastern Railway and Vladivostok to the South Manchurian Railway and Dairen. Subsidiary lines on either side will feed the main line. On the east side of the T the Japanese control the Changchun-Kirin line, are actually pushing it eastward to Tunhua, and have surveyed extensions south-eastward to join the line from northern Korea at Kainei and northwards to Ninguta and Hailin, the latter a station on the Chinese Eastern Railway about 80-100 miles from the Manchurian border of the maritime province.

These projects have a definite economic justification, and as the northern area begins to fill with new population they are assured of a prosperous future. It is, however, their political effect which gives them a significance ~~now~~ and hereafter. Every mile of new construction increases Japanese control, and as the railway leases are long, the period of Japanese exploitation has no immediate limits. China is thus driven to adopt her own measures in order to

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secure her part in the railway traffic and to strengthen her power to insist on her sovereign rights in Manchuria. The Chinese plan is based on the existing Peking-Mukden line, and the preparations made in 1927 for the resumption of the harbour-works at Hulutao show that the Chinese intend to make that port the future rival of Dairen. Hulutao is served by a branch line which runs seawards from Lienshan, a station on the Mukden line some distance north-east of Shanhaikwan, the point where the Great Wall reaches the Gulf. The main line runs from Peking *via* Tientsin and Chinchow to Mukden; and on September 3, 1927, the eastern extension from Mukden to Hailung was opened for all traffic by the civil Governor of Fengtien (Moh Teh-hui) in the presence of General Yang Yu-ting, the chief of staff to Chang Tso-lin. This Mukden-Hailung line is the southern section of a project which will eventually carry the Peking-Mukden railway to Kirin where it will touch the eastern section of the South Manchurian Railway and may eventually be carried beyond it northwards. In a similar fashion another north-western feeder for Hulutao has been constructed *via* Takushan to Changwu and is being pushed on to Tungliao (also called Payintala) where it will meet a Japanese-built line from Liaoyuan. Beyond that, the Chinese project is inchoate; but there are indications of an intention to establish connection between the Chinese Eastern Railway and the Peking line, independent of the South Manchurian Railway, by new lines from Hailar, or Anta, or both. Sincheng (also called Fuyu or Petuna), a town on the Upper Sungari River about equidistant from Harbin and Changchun, seems likely to play an important part in the development of Chinese railway plans in this region, but although lines running from it to Kaitung, Anta and Harbin were reported in Peking in 1927 to be projected for immediate construction, little in fact was done by the end of the year.

These projects have aroused vigorous Japanese opposition. The Japanese Government maintains that, when

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the South Manchurian Railway lease was transferred from Russia to Japan in 1905, and again on the occasion of the Sino-Japanese Treaty of May 1915 (the Twenty-one Demands), the Chinese Government engaged not to construct, prior to the expiry of the South Manchurian lease, any main line or any branch line which might be prejudicial to the interest of the Japanese line.* The Chinese deny the validity of the claim, and Tang Shao-yi is reported to have said that no such agreement was ever signed. Mr. MacMurray, the United States Minister in Peking, whose compilation is commonly regarded as the most authoritative, describes the protocol quoted by the Japanese as "alleged"; but, though uncertainty surrounds it, it is probable that some such undertaking was given by China in 1905, if not in 1915. This dispute is an important fact in Sino-Japanese relations to-day, and is often quoted to prove that Chang Tso-lin is not the puppet of Tokyo. We need not linger over the evidence for and against the authenticity of the text upon which the Japanese claim rests; for the important feature of the situation is the deliberate resolve of the Chinese to play an effective part in Manchuria. Even Nationalist opponents of Chang Tso-lin applaud his policy and console themselves with the reflection that, inconvenient as he is to-day from their domestic point of view, he has upheld Chinese rights, and when he goes he will leave behind him substantial Chinese assets in Manchuria. His imperturbable prosecution of railway construction in the face of Japanese protests and even of downright Japanese obstruction (as, for instance, at the Kirin end of the Mukden-Hailung-Kirin extension) shows how shrewdly he realises the limits of Japan's present ability to enforce protest by action. Moreover, some of the sting of the protest was drawn when Vice-President Matsuoka, of the South Manchurian Rail-

* "Alleged Secret Protocols to the Sino-Japanese Treaty of December 22, 1905," "Treaties and Agreements with and concerning China," edited by J. A. V. MacMurray, p. 554 (2 vols., New York, 1921).

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way, admitted (September 1927), that "the new as well as the existing lines will have all they can do to handle the increased traffic, and the talk of the danger of competition will be found to be exaggerated."

Three months ago (December 1927), it was China's turn to protest; for when news of the proposed loan of \$30,000,000 from J. P. Morgan and Company to the South Manchurian Railway leaked out as the result of Mr. Thomas Lamont's visit to Japan, the Nationalist Government in Nanking saw therein an American intention to buttress the position of Japan in Manchuria, and addressed a vigorous protest to Washington, accompanied by a Press campaign, in which one writer framed his charge under the caption "America helps Japan to annex Manchuria." The purpose for which the loan will be used is not yet clear; but it is known that Manchurian Railway bonds bearing a high rate of interest mature this year, and that three-fifths of the recent internal Japanese loan of 50,000,000 Yen will be absorbed by their repayment. As the company is now completing the doubling of the main line from Kaiyuan to Changchun, and has a large replacement programme in hand, as well as financial demands from several of its manufacturing subsidiaries, including the Fushan collieries, the destination of the American loan can be guessed without resort to a hunt for more sinister motives. Nor is there much ground for the charge made by the London correspondent of the *Chicago Tribune* that Japan has been preparing for warlike intervention in Manchuria. Indeed, apart from precautionary measures which are no material for sensation, there are substantial reasons for believing that the Japanese Government is pacific if watchful, and that both the domestic and the international position of the Japanese Empire demand a cautious policy in Tokyo.

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III. THE RÔLE OF JAPAN

TURNING now from the Manchurian problem in its Chinese aspect, we approach it from a point of vantage whence it leads deep into international politics. We have seen that China is not content to play a mute and minor part in the fate of the three eastern provinces ; but Chinese action in Manchuria has not yet the same import for the peace of the Far East, or indeed of Asia and Europe, that Russo-Japanese relations possess. And of the three actors in the Manchurian drama, Japan plays the leading rôle.

To diagnose the mind of Japan is no easy task, for the great war and its aftermath have introduced several undefined and confusing factors. Some of the more obvious elements in her changed position are clear enough :—

1. The fall of Imperial Germany and with it the removal of the great exemplar which, in constitution and policy alike, had become the very pattern of excellence in the minds of the Japanese oligarchs and soldiers ;

2. The change in Russia from Tsar to Soviet which, while changing nothing of the ultimate Russian purpose in Asia, introduced disconcerting novelties in European diplomacy, and gave the propagandist State a new way of entry into the domestic politics of friend and foe alike ;

3. The equally disconcerting birth and flourishing adolescence of the League of Nations which may be said to be the measure of the completeness of the change from a world ruled by the Hohenzollern-Hapsburg-Romanov tradition to the world of the " new diplomacy " ;

4. The ending of the Anglo-Japanese Alliance, which we may take as the definite moment at which the new stock-taking began in Japan, the Washington Four Power Treaty being so much less definite in form and substance

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as still to leave Japan a freedom of choice which she did not possess under the Alliance ;

5. The growth of new domestic forces, primed with " dangerous thoughts," which threaten the equilibrium of her constitutional imperialism and foreshadow the political hegemony of the proletariat.

All these and others of more obscure nature combine to make the future of Japan uncertain, even to her own most experienced leaders. What is certain is change. Now, of domestic change there need be no long dissertation in these pages ; but even domestic change is likely to be so great a factor in the evolution of a new foreign policy that it is not irrelevant. Its nature is already visible, its final effects unknown. It is the result of Japanese economic policy since 1868, accentuated and accelerated by the wild prosperity of the years of the war ; and its most extreme political manifestation is to be seen in the sudden leap from a limited to a universal male franchise, from two and a half million voters to eleven million ! Rarely has any nation so intemperately challenged its own fate. Large changes in the balance of domestic power and in the foreign policy of Japan will follow this radical electoral change. We need not attempt to foretell them ; but we cannot fail to perceive that, amid all changes, one thing remains constant and dictates to Japanese oligarch and democrat alike the ultimate aim of policy, namely, the imperious economic needs of Japan.

Japan grows at the rate of 700,000 new mouths every year ; and to-day her population of 65,000,000 is the nightmare of her Government. The old belief that an imperial policy of colonisation would provide outlets for her overflowing population is not valid ; for, though Japan annexed Korea in 1910 under the protecting screen of the Anglo-Japanese Alliance, and has every year increased her hold on Manchuria, *mainly to provide new homes for her surplus people*, the people themselves refused to emigrate, and Japanese imperialism thus lost its original justification.

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It was then seen that if colonies could not take the population, markets must supply the means of support at home ; so Manchuria, both as a market and as a source of supply, must be retained. But once in Manchuria, where was Japanese expansion to stop ? China could not give the answer ; but Russia had given it once before and might again. A large query thus hangs over the Manchurian future. Some there are who read the railway map which we described a page or two back, as conclusive evidence leading to war. Others, harking back to Russo-Japanese agreements of the past, and especially to those which were designed to baulk American plans, predict a closer rapprochement between Russia and Japan for purposes farther-reaching than anything that has yet gone before. In either event China has a vital interest. If Russia and Japan agree to share the spoils, China will pay the forfeit. If Russia and Japan pursue their rivalry in Manchuria, and fail to agree, the present impotence of China may not be fatal. Which way will the die be cast ?

Of war there is no immediate danger ; for no Power seems likely to press Japan to the point where her resistance must mean war. China will not do so, because she cannot : Russia will not do so because she prefers a back-stair approach rather than a frontal attack and has not the means to sustain another Manchurian war. Moreover, those who read the situation of 1928 in terms of 1904 and thence predict the inevitable war have missed the most significant point. The rôles of 1904 are reversed in 1928. Japan is the advancing Power, Russia the defensive. It is quite true that Russo-Japanese rivalry is the great factor ; true also that there is a real conflict of interests behind the rivalry ; but it does not follow that rivalry means war. The weaker party will not risk war, and it is not necessarily in the interest of the stronger to provoke it. Indeed we may find evidence in the railway map and in the physical resources of the two parties to show that war is a very improbable event. What Japan has done is to put herself in a position

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of such strength that Russia will hesitate to challenge her and that, in favouring circumstances, Russia may be disposed to be friendly. Japan is thinking not only of Soviet Russia in 1928, isolated, turbulent, provocative and weak ; but of Russia in, say, 1950, stable, strong and able to carry out projects in Asia more permanent than any federation of autonomous republics. If Russia can be given sufficient guarantees for her access to the Pacific Ocean and for *some* share in Manchurian development she may betake herself to other parts of Asia and there carry on the historic Russian process which from Merv to Canton has given British statesmen periodical insomnia. To bring her to that frame of mind, it may be necessary to demonstrate the futility of unreasonable ambition in Manchuria, and that demonstration Japan has been diligently preparing for the last few years.

The strength of this demonstration is, again, the Japanese control of the Manchurian railway. In the event of war, Japan can capture Vladivostok by a *coup de main* ; or, failing the success of a sudden surprise, she can compel Russia to use the circuitous route of the Amur section of the Trans-Siberian Railway, which virtually means the isolation of Vladivostok, because the Power that holds Harbin can make even the Amur line practically impassable. Within a year or two from to-day Japan will be astride of the Chinese Eastern Railway at Hailar (west of Harbin) and at Ninguta (east of Harbin) : she will be able to pour armies into Manchuria *via* Korea and Dairen, perhaps even *via* Vladivostok : and finally she is at least seven days nearer her base than Russia in Manchuria. Thus without accepting the somewhat fictitious estimates of Japanese efficiency which have had currency since 1905, when Japan defeated a corrupt and inefficient enemy far from his base, and did so with no great margin to spare, we may conclude that the scales are heavily weighted in favour of Japan, and that Russia will probably find a less hazardous stake to play elsewhere. The goodwill of Japan, moreover, even if it be

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bought at a price, is an international asset which Soviet Russia is not likely to ignore.

This is a speculative estimate in which there are many uncertain factors. The uncertainties are described above ; and we need but add here that the experience of Japan since 1914, and the effects of the war upon her whole life have set up progressive changes in Japanese politics which are likely to dethrone militarism and to give the more liberal school of thought greater power in the counsels of her policy. The militarist school is still powerful, but is losing ground. It has few representatives in the Press ; and the great personages who were wont, in former times, to win its victories—as much by controlling its intemperate zeal as by exploiting its power—have now passed from the scene. Effective control is no longer in its hands. The Tanaka Government, whose arrival in power in April 1927 was hailed as a sign that the strong hand had won in Tokyo, has so far justified neither the fears of the liberals nor the expectations of the militarists ; and everything now awaits the verdict of the new electorate at the polls. The truth is that the economic straits of Japanese finance and industry forbid adventure and that every circumstance counsels caution. Meanwhile, the Japanese Government has conducted a series of negotiations with Soviet Russia which are designed to eliminate from their relations in the Far East several subjects of possible economic conflict and therefore of political tension. Agreements concerning the exploitation of oil in northern Sakhalin and in Siberia and other questions preceded the discussion of the question of Japanese recognition of the Soviet Government ; and even as early as April 1927, when the British Government was engaged in expelling the Soviet Agent from London and Chang Tso-lin's Government had raided the Soviet Military Attaché's office in Peking, the Japanese Prime Minister, Baron Tanaka, in his first statement of policy to the Diet, pointedly referred to Russia as " our friendly neighbour."

The international consequences of a Russo-Japanese

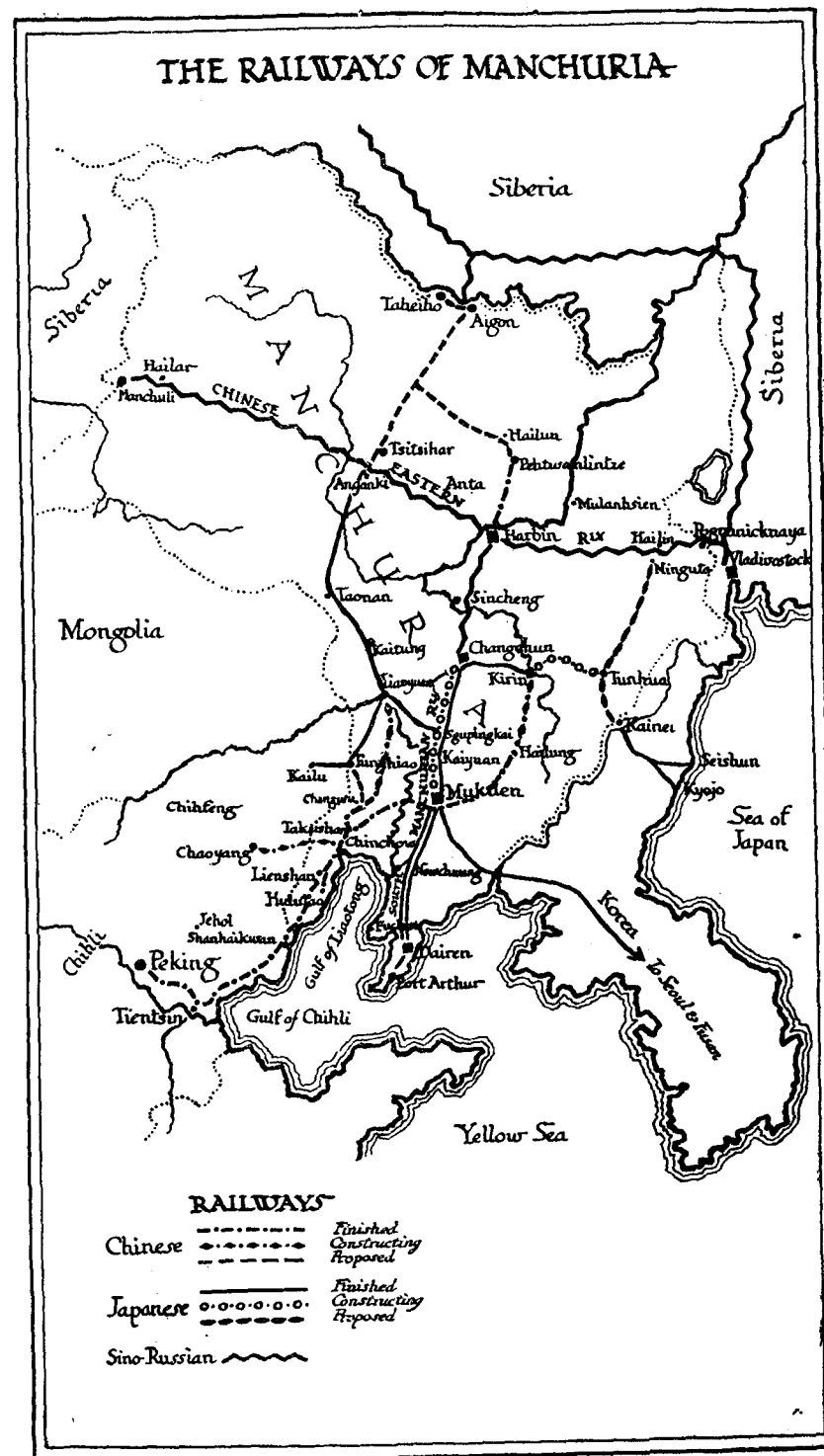
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rapprochement are incalculable, and the rapprochement itself is not yet to be regarded as a fact. But enough has been said to establish it as a possibility which no interested party can afford to ignore. To explore all the avenues down which it might lead, and to what results, is a task beyond the scope of this article and may be allowed to await further developments. There are certain reflections, none the less, to which it gives rise and which may be set down as reasons both for a watchful interest and for a suspension of judgment upon the consequences, good or evil, of such an entente. We have seen how Japan is passing through a profoundly interesting stage in political development ; and the same is true of Russia. A writer in *THE ROUND TABLE** recently said that " the revolution has still to run its course ; the new Russia has not yet arisen from the ashes." And he concluded that, while the Russia of the October revolution is going through a process of change, " the revolution has gone too deep into the bones of the people " for it to be possible to return to the old regime, and whatever new regime may be in store, " unless Russia should be involved in another foreign war, the change is more likely to be gradual than catastrophic." Now, a rapprochement with Japan might be a stabilising factor ; and if it were contemporary with a gradual resumption of normal relations between western Europe and Russia, its effects might well be good. At present Russia is still an outcast from the fold, though looking with the eye of sceptical expectation at the League of Nations. Japan, too, feels that, while her position in the League is valuable, the comparative impotence of the League in eastern Asia gives her a free hand, in circumstances which the ending of the Anglo-Japanese Alliance only serves to accentuate. Therefore, if the alleged rapprochement were to proceed to definite treaty engagements while Russia is still held at arm's length by the West, the effect might be to weaken still further the influence of the League in the Far East, and to

* *In Russia Now.* *THE ROUND TABLE*, No. 69, December, 1927.

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open the door to Russo-Japanese designs of a most formidable kind both for Great Britain and ultimately for the whole world. The ultimate effect of the suggested Russo-Japanese entente will thus depend on the one hand on Russian relations with the Western Powers, and, on the other, on the policy pursued by the same Powers in China.



A PLEA FOR NATIONAL ECONOMY, PUBLIC AND PRIVATE

I. THE TROUBLE TO-DAY

GREAT Britain is spending more than she can afford on goods for internal consumption if she is to supply the capital requirements of those parts of the Empire which are dependent on her for money for capital development, and to do her share in financing the reconstruction of Europe. If she does not lend more abroad, she may permanently lose an important part of her export trade and if she lends more, without a corresponding increase in her savings, she may risk the maintenance of the gold standard. From the standpoint of her internal economy the urgent need is for an increase in the supply of new capital in Great Britain in relation to the demand. Political tranquillity in Europe and Great Britain's power to assist in restoring and maintaining economic and political tranquillity in Europe are similarly largely dependent on an increase in the capital available to be lent by London. From the Imperial-political standpoint an increase is no less necessary if the equilibrium of the British Empire is not to be seriously disturbed owing to an increasing tendency on the part of the Dominions to look to the United States of America for loans and then for something more. From the standpoint of government finance there is little hope for the taxpayer and less still for the producer while this state of things lasts. Industrially, although the gap between prices and the cost of production in the

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country's most important industries has been sensibly lessened since the restoration of the gold standard, cotton manufactures, coal mining and the iron and steel industries are still in the dumps. Nearly half the proceeds of central taxation are devoted simply to the payment of interest on, and the amortisation of, the internal debt, that is, are extracted with some friction from the pockets of all the taxpayers simply to be put back into the pockets of those among the taxpayers who are also holders of government securities. The burden of central taxation is in fact heavy, and is for reasons of psychology felt to be much more heavy than it is. And with the burden of rates even more severe than the burden of central taxation, the country as a whole, and particularly the producer and the unemployed worker, is wallowing in gloom and looks hopelessly on the future, with the surprising yet natural result that both Government and people—at least so it seems to the casual observer—have embarked on an orgy of reckless spending.

The Government naturally in such circumstances comes in for widespread condemnation. That it has done much to reclaim bogged land—to use the Prime Minister's own metaphor—both in Europe and at home is to some degree recognised, but not perhaps with adequate gratitude. But the Government itself seems to be conscious that it has neither achieved nor visualised big results, and part of the general atmosphere of gloom is undoubtedly due to a feeling of despair in Government and people alike. Can nothing more be done than painfully to reclaim a tiny island here, a tiny field there amid the morass? Would not a bolder admission in high places of the diseases from which the country is suffering, a bold analysis giving full recognition to the gravity of the disorder, itself stir a responsive chord in the people's hearts? Among Mr. Lloyd George's greatest services to the country during the war was his readiness to face and state uncomfortable facts, and the response never failed. If in addition to a bold recognition of the deep-seated nature of the ills from which

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the life of the country is suffering, the Government could set forth a considered policy of recuperation, without pretending that it could be realised over-night, with full acceptance of the fact that the recovery must be slow and gradual, would not Britain recognise and be thankful for sincerity and respond with faith and trust and dogged determination? Nothing is worse for the psychology of Great Britain than a shallow, cloudy and insincere optimism among its leaders.

II. THE NATIONAL DEBT PROBLEM

IT is impossible in a short essay to cover more than a small portion of the ground. Agriculture is in urgent need. The unemployment problem and the problem of Imperial migration, the problem of rationalisation of industry and many others require separate but interdependent study, and the solution for each must be brought into relation to the whole. It is proposed in this article to approach the problem from the standpoint of the Budget and the National Debt, and merely to suggest here and there how other aspects of the problem bear on, or are wrapped up with, the solution of the Budget problem.

The central problem of the Budget is the problem of the internal debt. So long as the rate of interest on government securities remains at its present level, the taxpayer can get little if any relief. It is true that the rentier has been exceptionally well treated, indeed pampered, by the fall in prices generally and by the high yield on first-class securities to which he has been accustomed of late years. But human nature stands in the way of any grateful recognition of such boons when they are accompanied by very high direct taxation and the fear of even higher direct taxation. Moreover, the rentier probably knows in his bones that there is an element of insurance against speculative risks in the rate of interest offered to

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him to-day even on British government securities. The producer and the unemployed worker have no such compensation for their burden and their hopelessness as the rentier has. There is much discontent in government circles and in the country at large at the apparent failure of the efforts and sacrifices made in providing a considerable sinking fund to bring about a reduction in the nominal total of the debt or the burden of interest. And there is some risk that the Government and the taxpayer may unite despondently in the dangerous policy of reducing the sinking fund for the purpose of reducing taxation, on the ground, whether honestly believed or not, that the sinking fund policy has failed. The Colwyn Committee's report is a mine of information and should at least warn the Government against such an error, but unfortunately it is a bulky document or series of documents and lacking in conciseness. There is nothing crisp or arresting about its style or its arguments, and it has failed to produce the impression it deserves. Yet the reasons for the failure of interest rates on government securities to respond to treatment are not far to seek. The application of a real sinking fund must tend to keep rates of interest on government securities down, but neither the present sinking fund nor even a considerably larger one can be effective in securing a big reduction of these rates, if meanwhile, directly or indirectly, the Government is making new demands on the market for capital equal to, or greater in amount than, the money provided by the sinking fund.

The effect on the internal debt of the present sinking fund, appreciable in amount as it is, is minimised by several factors working in the contrary direction. To begin with a large and increasing proportion of the £50,000,000 at which the permanent figure of the sinking fund stands goes in reduction of external debt. No one with vision to see the effects on British credit can entertain serious doubts of the wisdom of Mr. Baldwin in insisting on coming to terms with our creditor, the United States Government,

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of a considerable, though uncertain, proportion of the sinking fund for the redemption of government securities tendered in payment of death duties and of further considerable amounts for the redemption of particular loans, such as the 4 per cent. Victory and Funding loans and the 3½ per cent. Conversion loan. The latter amounts are indeed, directly or indirectly, available for purchases of stock in the open market, the ideal form of application of a sinking fund, and it is merely the fact that they are earmarked for particular forms of debt, instead of being available at discretion for all forms, that diminishes the full utility of this portion of the sinking fund. This drawback is chiefly felt in connection with the problem of maturing debt and most of all perhaps in relation to the floating debt. But the ear-marking of a large amount for the redemption of securities tendered in payment of death duties is more seriously damaging to the efficient working of the sinking fund. In the last analysis, securities so tendered are in fact a form of maturing debt, the one-sided option in favour of the holder being in effect a right to anticipate the general date of maturity of the loan to which it attaches. The option exists and must be assumed to have been given in return for adequate consideration and since it has to be honoured it is no doubt inevitable that the money to meet the obligation should come out of the sinking fund provision in the Budget. It is pertinent, however, to observe that the statistical statements regarding the amount of debt maturing year by year understate the problem in so far as they ignore this special form of maturing debt, and that the magnitude of the problem of dealing with maturing debt and of securing relief to the taxpayer by renewing such debt at lower rates of interest is one of the strong arguments in favour of the maintenance of a considerable sinking fund.

The connection between internal debt, the sinking fund and death duties has been examined at length by the Colwyn Committee. The estimated yield of death duties

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in 1923. But it is not perhaps fully realised that a sinking fund devoted to repayment of external debt affords no direct assistance in solving the problem of reducing the burden of the internal debt or of dealing with maturing debt or floating debt. The sums which go to pay interest and principal upon external debt are from an economic point of view a deferred payment for unproductive expenditure outside the Empire. They have to be raised out of the proceeds of current production, but neither the interest nor the principal come back into the pockets of the British taxpayer. There is no rentier whose taxable income for the purposes of the British Treasury is increased by the payment of the interest on this debt, and the surplus capital fund of the country is diminished by the amount devoted to repayment of the principal. It is true of course that towards meeting the payments to the United States of America there are available considerable sums received in repayment of debts due from the Allies, and without these the burden would be very much greater. This fact is concealed by the Treasury's method of accounting and it is for consideration whether a departure might not advantageously be made in this respect from the generally sound rule under which the payments from the Allies are treated as revenue in the annual Budgets and the payments to America as expenditure. If both receipts and payments were passed through a special "External Debts Account" and only the balance, if any, required to make the receipts equal to the payments were charged as expenditure against the annual Budget, the true position would be more clearly brought before the public. It would then be seen that the sinking fund charges for which the taxpayer is being asked to provide were in fact much less than the nominal figure of £50,000,000 and that after all he is not making so great an effort as he thinks in the direction of amortising internal debt.

Apart from the use of the sinking fund for external debt, another factor reducing its effectiveness is the ear-marking

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in 1927-28 is £68,000,000, which is £3,000,000 more than the amount of the specially enlarged figure of £65,000,000 for the sinking fund in the same year and £18,000,000 more than the regular figure of £50,000,000, while it is nearly double the amount normally available for redemption of internal debt. The fallacy that death duties are a tax on capital has been suitably exposed in the report of the Colwyn Committee, but it has to be realised clearly that death duties, however admirable as a tax, tend to throw large blocks of government securities continually upon the market (even though that tendency is in part corrected by the option of tendering certain of them direct to Somerset House in payment of death duties) and that the facts displayed arithmetically above afford a strong economic and financial argument for a large sinking fund. In passing it may be noticed that one at least of the expedients adopted by Mr. Churchill in his last Budget for achieving a balance with a higher sinking fund was to a large extent illusory. The appropriation to revenue of the cash balance of the Road Fund, with an obligation to honour the demands of that fund, as and when they accrue, by payments out of the Exchequer, merely amounted to the cancellation of a certain number of Treasury Bills held by the Government itself for the Road Fund. Obviously this operation did nothing to increase the sinking fund monies available for use in the open market and was only a somewhat complicated change, even though an improvement, in book-keeping methods.

This last consideration leads directly to what is really the kernel of the matter. The plain fact is that the amount applied from the sinking fund in recent years in reduction of internal debt has not been enough to prevent an increase in the amount of direct obligations of the British Government in the hands of the investor, and has fallen considerably short of the amount added to the indirect obligations of the Government in the hands of the investor. While with one hand the Government has been applying

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sinking fund monies to redemption of direct government debt held by the investor, the other hand has been busily increasing its indirect obligations by the issue of colonial guaranteed loans, *e.g.*, for Palestine, loans guaranteed under the Trade Facilities Act and so forth, and in addition the Government has been calling on the National Debt Commissioners to finance large advances for the unemployment insurance fund, for the extension of the telephone system, for other capital expenditure purposes and for the Local Loans Fund. The result has been that on balance the National Debt Commissioners have been sellers not buyers of government securities. When it is remembered how large are the resources in the hands of the National Debt Commissioners available from the Post Office and Trustee Savings Banks and other sources, it is a phenomenon which should surely arrest attention that, in spite of these resources, the National Debt Commissioners are not only unable to supplement the working of the sinking fund by taking government securities off the market for their own investment purposes, but have had to sell government securities to the market in order to finance the capital expenditure of the Government. The issue of Local Loans stock to the public, instead of to the National Debt Commissioners, would at least have been a palliative, since while increasing the indirect obligations of the Government held by the investor it would have decreased the volume of direct obligations so held, and though a more far-reaching remedy is clearly needed it is surprising that the Treasury have not taken even this step to minimise the evils of a situation which they cannot but recognise as thoroughly unsound.

In these circumstances the comparative ineffectiveness of the Government's sinking fund policy needs no further explanation. A much larger sinking fund would still have failed to give an adequate return in such unfavourable conditions. It cannot be too strongly insisted that a sinking fund by itself is not enough. It must be

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supported by acts of policy in other directions. How can the Government hope to reap for the taxpayer the benefits of a gradually falling rate of interest on the occasion of its successive conversion operations if all the time in a market in which the demand for capital is tending to exceed the supply it is itself making new demands for capital in excess of the amount of capital set free by its sinking fund operations? For every £100 of government securities which they take off the market by their sinking fund purchases the National Debt Commissioners are sellers of at least £150 for other purposes. Is it surprising that since 1923 successive issues of Conversion loan have been at prices continually more favourable to the investor and that the investor in consequence is increasingly indisposed to make a satisfactory response to such offers? Is it surprising that the task of dealing with maturing debt becomes yearly more oppressive and that the floating debt still exceeds £700,000,000?

The Sisypheus-like character of the labour which the Government is attempting has not even yet been fully exposed. No sooner was a limit set to the liability for further guarantees under the Trade Facilities Act than a Bill was carried imposing on the Treasury a liability for guaranteeing loans to a total of £33,000,000 for the Electricity Commissioners. The demands of the Local Loans Fund have already been mentioned, but these are only a minor item among the demands for new capital emanating from the local authorities and other public or quasi-public bodies for purposes of housing, slum clearance, roads, sanitation and so on. Loans issued by local bodies without a government guarantee do not constitute direct or indirect obligations of the central taxpayer but they are a mortgage on the rates, and even though there is no Treasury guarantee, the borrower is in close competition with the Treasury and the largeness of the demand for new capital in relation to the supply makes these local borrowings an influence only less strong than when the Government

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itself is a borrower in keeping up the rate of interest on government securities.

Of course all capital demands are to some degree competitive, and it is only by a real modification in favour of the borrower of the relation between the demand for and supply of new capital that big results can be secured. But money borrowed on their own security by external borrowers has the merit of bringing an addition to the export trade of the country, and an addition to the taxable capacity of the nation, without any corresponding increase in its liabilities as a nation, and such loans by directly assisting production contribute to the solution of the unemployment problem and to the improvement of the national balance of trade, and money borrowed by private borrowers for productive purposes whether internal or external involves no mortgage on taxes or rates. The large demands of the local authorities therefore doubly aggravate the difficulty. They depress the prices of government securities with which they compete and they increase the cost and reduce the available supply of new capital which if lent to other borrowers for internal or external purposes would serve directly to increase the taxable capacity of taxpayer and ratepayer. The essential remedy can be simply stated—an increase in the capital fund, or in other words an increase in the new savings of the nation, and a decrease in the supply of government and other securities outstanding with the public in relation to the demand. Both Government and public can contribute to this end by a concerted effort after economy in the truest sense of the term.

The Government is in a real difficulty. Constructive social policies cost money and there is real need for constructive and reconstructive policies. It is useless to rail against Government's extravagance in general or to demand drastic cuts in staffs or the closing down of expenditure on social services. There has been and is a real need for housing schemes, slum clearance, improvements in education and sanitation, for provision for unemploy-

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ment insurance and widows' pensions. It is probable that such expenditure must ere long be increased, not diminished, and in the revolution which is taking place in industrial conditions in Britain who can say, for example, that all thought of provision of superannuation allowances for elderly coal miners or increased provision for inter-Imperial migration must be ruled out absolutely? Moreover, such expenditure if wisely directed is in the truest sense economic and even financially reproductive, if the next generation of taxpayers can be helped to attain a standard of comfort and productivity which will improve the yield of existing scales of taxation and leave a surplus either for reduction of those scales or for more rapid repayment of debt. Nevertheless there is room for doubt whether the country is really getting full value for all the new social expenditure it has undertaken. An impartial enquiry by trained economists into the economic value of much of the present expenditure on education, health, sanitation, etc., might be of very great utility in throwing light on this question. It is more than probable too that, even if it were found that the directions in which expenditure is being incurred are on the whole right and wise, the mistake is being made of attempting too much in too short a period. It may well be that a reduction in the pace at which social reform is being attempted would hasten, not retard, the achievement of the goal. In regard to expenditure on other than social services, the outstanding problem is a reduction in the burden of the debt. With the coal stoppage of 1926 and the general strike so recent a memory, the Government can hardly be blamed, if on economic and political grounds alike, it hesitates to add materially to the burden of taxation in order to increase the sinking fund. It is a reduction, not an increase, in the burden of taxation that the country, with a sound instinct, is demanding; and as has been shown, a mere increase of the sinking fund could not effect much. It would effect nothing at all if owing to the increase in taxation the

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addition to the sinking fund was balanced by a corresponding reduction in the national savings, a danger which for psychological reasons cannot be ignored. Somehow or other there must be at least a temporary reduction in government expenditure. There is the crux. There is always waste, some of it easily preventable, in the expenditure of a huge organisation and especially perhaps of a Government. An occasional drastic overhaul such as was conducted by the Geddes Committee in 1921-22 or more successfully by the Inchcape Committee in India in 1922-23 may be valuable, but there is little reason to believe that another such Committee could do much service in regard to the British Budget at the moment. It is policy which dominates the scale of expenditure, and except within narrow limits that scale can be materially altered only by acts of policy. What is needed therefore is a deliberate decision by the Government to reduce expenditure of every kind, wherever its continuance, or continuance at the present pace, is optional. Both Government and country would be surprised to find how much is really possible, if such a decision were deliberately taken and systematically applied. Every kind of avoidable new expenditure should be decisively negated for a period of, say, three years. The negative should be applied impartially to social services, defence services, departmental services, etc. Every opportunity for temporary postponement of expenditure should be ruthlessly seized. Abnegation should be extended alike to revenue and capital charges, alike to new guarantees for colonial or other loans and to extensions of the telephone system not absolutely and immediately essential. There should be no need to shut down altogether on existing avenues of expenditure, but everywhere the policy should be to go slow. Such a policy would of course lead to outcries in many influential quarters. It would be complained that the Government were adding to the already appalling figure of unemployed workers. It would be said that the policy was penny wise

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and pound foolish, that this or that item of expenditure would bring in a return of 10 per cent. or 20 per cent. and to postpone it was wasteful folly. The answer in every case must be the same. If government expenditure, direct and indirect, on capital or revenue account, continues unchecked at the pace of the last few years, there is no prospect of relief for the taxpayer, no prospect of any early diminution in the burden of the debt. But if by reduced government expenditure on capital or revenue account, direct or indirect, the balance in the capital fund can be increased even for a few years only, the supply will at least have a chance of overtaking the demand, and what is a return of 10 per cent. or 20 per cent. or even more on a particular outlay in comparison with the gain to the taxpayer when $3\frac{1}{2}$ per cent. Conversion loan stands at 88 and maturing loans can be consolidated on a 4 per cent. basis?

Much of the saving from a reduced rate of expenditure would accrue indirectly, the relief taking the form of a reduced government demand and a reduced demand by local bodies for new capital. There should, however, be a margin in the form of reduced Budget expenditure leading to an appreciable, even if small, revenue surplus. How is this to be applied? It would be safest of course to use it for a temporary increase in the sinking fund, thereby directly increasing the amount of capital seeking a new avenue for investment. The taxpayer and particularly the producer would, however, make a strong bid for a reduction in the burden of taxation. Slowing down of municipal expenditure will in due course bring to the ratepayer some relief, and it is the burden of the rates even more than of taxes which is oppressing the producer. But the relief in the burden of rates cannot be immediate, and in spite of the well-known dangers of confusing central and local taxation it is for consideration whether the Government might not with advantage leave central taxation undiminished, and apply the assumed surplus in relief of the ratepayer, possibly for a limited period only. The

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method of so doing would have to be very carefully thought out, but if a sound plan could be framed, there is little doubt that a reduction in the ratepayer's burden would be a more truly economic measure than a reduction of central taxation. Such relief would immediately stimulate production, and psychologically would be of immense value in brightening the gloom which is weighing down the spirit of employer and employed alike in many parts of the country.

However this may be, the moral stimulus which would accrue from relief in the burden whether of rates or of taxes is worth much. It is particularly important as giving a starting point for a campaign for private economy. A campaign for private saving is an essential feature of any considered plan for the restoration of the financial basis of Britain's economic position in the world. But before the sphere of direct action by the Government itself is left behind, another proposal requires consideration, offering a means, if the willing co-operation of the Bank of England could be secured, for applying a further temporary and exceptional remedy to the immediate financial situation. The essential need being for an increase in the capital fund available for new investment and in particular for a reduction in the volume of government securities outstanding with the public, a plan such as is outlined below for taking £25,000,000 worth of government stocks off the market and at the same time adding £25,000,000 to the capital immediately available for investment overseas obviously deserves full examination, even if at first sight it may appear revolutionary and unsound. The plan is simply this, that the opportunity of the amalgamation of the Government's currency note issue with the note issue of the Bank of England should be seized, to effect at least a temporary reduction in the gold reserves locked up without interest in Britain. Amalgamation has already been decided upon in principle, and it only remains to settle the exact terms and conditions of

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transfer to the Bank and to choose the most convenient moment. One of the most important points requiring decision is the extent of the fiduciary issue after amalgamation. It seems likely that the settlement of this point will give rise to a struggle between two schools of thought. One school will be demanding that, with a view to greater security, the permissible maximum of fiduciary issue after amalgamation shall be something less than the figure arrived at by adding to the existing fiduciary issue of the Bank an amount approximately equal to the fiduciary issue of currency notes at the moment of transfer. The other school of thought will argue that such excessive caution is expensive to the taxpayer and may even work economic damage to Britain in particular and to the world in general by accentuating the already threatened world shortage of gold and leading to a further fall in gold prices. This school will, however, tend to stop short of the logical outcome of its argument and be content to press for a decision that the fiduciary portion of the amalgamated issue shall be simply the aggregate of the fiduciary portions of the two note issues at the moment of amalgamation. The fear of being dubbed inflationists and of losing strength in the coming world struggle for sanity in the treatment of the gold problem will deter them from going a step further and asking for some increase in the aggregate total, and a consequent setting free of gold now locked up. If no such increase is permitted, the amalgamation of the two note issues will be little more than a book-keeping transaction leaving things very much as they are in spite of the apparent change. The figures of the Issue Department in the weekly return of the Bank of England for the week immediately following the amalgamation will undergo very large modifications, but there will be hardly any change at all in the figures of the Banking Department and the amount and proportion of the Reserve will be practically unaffected. Similarly the figures of the National Debt and floating debt will be unchanged,

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except in so far as it is decided to convert some of the floating debt ("Ways and Means advances from other departments" and Treasury Bills) held in the Currency Note Reserve into a book debt, and such conversion will not in any way reduce the real burden of the debt from the taxpayer's standpoint. But if the bolder school would take its courage in its hands and demand an increase of £25,000,000 in the aggregate fiduciary issue, a real contribution can be made to the main financial problem of the country. Such an increase would at once enable a sum of £25,000,000 to be transferred from the Issue Department of the Bank and added to the Reserve of the Banking Department, its place in the Issue Department being taken by government securities of an equivalent value transferred from the holding of government securities now shown among the assets of the Banking Department. Various alternative methods of book-keeping might conceivably be adopted for dealing with the gold thus released from the Issue Department, but it is not necessary here to enter into such technicalities. The ultimate results would not materially differ, whatever the method of accounting adopted, provided that it is assumed that the Bank is willing to dispose of the £25,000,000 of gold and temporarily at least to reduce the total gold held in reserve in Britain by that amount.

If the Bank agrees to this course, the effect would be twofold. So far as concerns the National Debt, while the nominal total would be unaffected, the Bank of England would be buyers in the market, directly or through the National Debt Commissioners, of £25,000,000 worth of government securities now held by the investing public, and their purchases on this account could not fail greatly to improve the market for such securities and to facilitate the renewal of maturing debt at prices more satisfactory to the taxpayer than has recently been possible. In the second place, with the sale abroad of £25,000,000 in gold, the amount of new capital immediately available for invest-

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ment abroad, either within or outside the British Empire, would be similarly increased by £25,000,000, and the country as a whole would be earning interest at the rate of at least £1,250,000 a year on an asset at present locked up unproductively.

The answer to the objection that such a plan is merely inflation is easy enough. If the released gold is used in such a manner as to leave world prices undisturbed and to leave the relation between British prices and world prices undisturbed, there will be neither inflation nor deflation in consequence of the adoption of the plan. Now it is known that the Federal Reserve authorities have adopted a policy of endeavouring for the time being to keep United States prices at approximately their present level, and that the Bank of England is in agreement with this policy. The fact that an extra amount of gold is available for maintaining this policy should be an assistance and not a hindrance to the authorities concerned, at a time when certain countries in Europe and elsewhere are not only demanding extra gold for the restoration of their currencies, but are also showing a tendency to make excessive demands which can be met only at the risk of bringing about a world shortage of gold, with a concomitant heavy fall in world prices. The application of the £25,000,000 of extra gold will certainly require careful management, but there is good reason to regard the Bank of England as fully competent for the task. The fact that such action was part of a general policy, of which restriction of expenditure was a main feature, would be a further safeguard against inflationary results. In these circumstances the only valid objection to the plan suggested would be that a reduction of the gold reserves of Britain by £25,000,000 or by any amount whatever is too risky to be safe. The figure of £25,000,000 is of course an arbitrary one, but if there are valid grounds for thinking that the financial authorities of Great Britain have hitherto tended to show undue caution in regard to gold reserves, it will be con-

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ceded that £25,000,000 is a moderate reduction, and it is probably true to say that, if the decision to effect a reduction is to be taken at all, it would not be worth while to contemplate a much smaller figure. The questions at issue are simply what are the real reasons for keeping a large gold reserve, what is the criterion by which its adequacy is to be determined, and whether there has or has not been undue caution in this matter hitherto. If it is once admitted that there is room for a bolder policy, the plan above outlined has clearly very great merits. It is tempting to embark on an examination of these vital questions, but they cannot be studied exhaustively in an article such as the present; even to present a few of the main arguments in summary fashion would require an *excursus* which would completely destroy the balance of this article and seriously distract the reader from its main theme. In these circumstances the writer may perhaps be forgiven if he confines himself to an expression of a personal conviction that the caution hitherto exercised by the authorities in London in the matter of the gold reserve, while it may have been fully justified for the purpose of restoring sterling to parity with gold, might now be modified, at least to the extent above suggested, with great advantage to the financial and economic interests of Great Britain. For the rest, he can only hope that those with whom the decision will rest should at once examine the matter faithfully and give the public in as full measure as possible the reasons for their conclusion whatever it be.

III. THE NEED FOR PRIVATE SAVING

EVEN more important in its practical effect than economy in public expenditure central and local, or other action by the Government, is economy in private spending. The possible accretions to the available capital fund from this source are far larger than can flow from

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governmental saving. During the war an immensely successful appeal was made for voluntary saving "to help to win the war." Is a similar response to a similar appeal impossible to-day to help to re-win national well-being? The returning Briton from overseas cannot but be startled by the apparently complete disappearance of the habit of saving out of income among the generality of the well-to-do classes. When he is told that the price asked and, still more surprising, paid for half a dozen caviare sandwiches and half a bottle of champagne at a certain London night club is £7 10s. he is shocked beyond measure and begins to despair of the future of his country. A fool and his money are soon parted, and it is well perhaps that the money thus changing hands should pass quickly into the possession of a saner and more businesslike person. But there can be no certainty that the proprietor of the night club will make a much better economic use of the money, and in any case the contagion of such manners spreads widely and rapidly. No thoughtful person can fail to recognise the immense dangers to our civilisation which are illustrated by this trivial instance of what is going on. Probably the transfer of industrial activity from north to south has something to do with the changes which have taken place in national habits of spending. The north countryman is proverbially more careful in his spending than the southerner. The prosperity of some of the luxury trades, though in some ways a set off against older industries, is not altogether a satisfactory symptom. A lessening of the internal demand due to renewed saving might temporarily check the boom in the gramophone industry, but it would be compensated in part by increased exports of gramophones, and more than compensated by the recovery in the demand for more essential goods set up by an increase in the capital devoted to more truly reproductive enterprise. Moreover, it would be a great gain merely to retard the process, necessarily painful, of transfer of labour from old industries to newer ones, and from one part of the country to another.

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An economy campaign among the public is far more difficult than it was during the war. There is little of the sweet simplicity of the appeal to refrain from any kinds of expenditure which could compete with the provision of funds and the production of munitions for the winning of the war and to invest savings in war loan. Almost any kind of private abstinence was right and wise during the war, and the appeal was reinforced by inability owing to war conditions to buy many of the goods and services normally obtainable and by governmental restrictions and prohibitions. Yet there is one class of the community, the rentier, which has at the moment a big opportunity for saving in the narrower sense of the word and is probably doing the least in proportion to its means. The rentier is not less patriotic, however, than his fellows, and if rightly approached would surely respond to an appeal to reduce his luxury expenditure, and to invest his savings wisely in the interests of himself, his family, and his country's well-being. To him the appeal could be addressed in very much the same form as during the war, except that instead of being urged to invest his savings in war loan he would be invited simply to invest wisely and with the interests of the country and Empire in mind. The expectation that could legitimately be held out to him of relief in the burden of taxation and increase in the market prices of government stocks and in the essential security of the investments already held would far more than compensate him for the prospect of a reduced yield upon future investments in government stocks. If Mr. Joseph Chamberlain's doctrine of ransom were ever appropriate, it applies with peculiar force to the rentier in Britain to-day.

It is when the appeal is addressed more widely that the bigger difficulties appear. It is not by mere thriftiness, or abstinence from luxury expenditure, that the big accretions which are needed can be won for the capital fund of the nation. It was a patriotic service during the war to permit some dilapidation in existing assets of all

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sorts, if their maintenance, renewal or replacement would not contribute to the earlier winning of the war. It would be absurd to-day to suggest to any industrialist that he should save money by letting his plant deteriorate. Rationalisation is the *cliché* of the day, and rationalisation in every direction is the truest form of private economy, for the individual as well as for industry, great and small. The prosperity of the nation and of the Empire hangs upon the economic use of its material resources. If private ownership is to continue to be the basis of our economic life, the individual owner of wealth and the individual owner of a business must recognise that in return for public recognition of his right to remain in possession he has a national duty to manage his private property and his business in a rational way with an eye to the welfare of the whole community. Private waste is a sin against the public good, and private mismanagement of a business or industry is paid for not only by the individual but also by the nation at large. Every individual should contribute what he can by personal thrift, proportioned to his means and responsibilities, but beyond the question of personal economy, the national appeal which is to secure the creation of the new capital fund must be no narrow one. In a prominent place in the offices of the War Savings Committee during the war there stood framed the words, "Where there is no vision, the people perish." Those words are no less applicable to-day to the national campaign here contemplated. It must be a campaign for a national effort, for wiser spending, for more active and more devoted service, for a national background and purpose in every individual action. Obviously the thought has outrun the narrower limits of a mere savings campaign, but to give some precision to the end in view, the immediate goal might be concretised in some such slogan as an increase of £200,000,000 a year in the national savings. In essence it is not so much things to be done by the Government that are required as a call to the people to help themselves,

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the Government showing the way by example and precept, making clear to the nation that it has it in its own power to raise itself from the slough into which it has fallen and that its leaders both recognise the facts and have a vision of the way of escape. There seems no reason why every party should not unite in the promotion of such a campaign. It is but a programme for the immediate future. It involves no sacrifice of any principles, provided only that evolution and not revolution is the ideal. It may be summed up as a concentrated effort to restore the essential financial starting point for future progress. It does not in any way prejudice the decisions to be taken hereafter regarding the lines on which such progress is to be achieved, and one advantage that may be reaped from the proposed period of going slow with governmental expenditure is that time will be given to think ahead.

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THE analysis of the situation in this essay has been confined almost entirely to the financial aspect of what is patently a much wider problem, and only a few observations can be made here as to the lines of approach to that wider problem. It is clear that we are in the midst of a big revolution in the industrial and economic conditions of Great Britain. It is equally clear that these islands cannot deal with their internal problems apart from the rest of the world and particularly the rest of the Empire. Peace in Europe is being slowly re-won and must be re-won if civilisation, as we know it, is to live. But if the British Empire is to do her bit in Europe and in the world, she must visualise her task, not as a series of isolated units, not as a number of loosely knit units working together for political ends and otherwise disconnected, but as an economic, financial, social unit, however diversified or however autonomous, the more a unit the more the parts

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are autonomous since her ideal is a Commonwealth of Nations. The campaign for national economy should not be content to think in terms of Great Britain alone. It should include the whole Empire in its vision of wise spending. One of the major financial problems, scarcely touched on above, is the provision of the vast capital needs of the Dominions and Colonies without undue recourse to external borrowing, that is, borrowing outside the Empire. It is not only in Britain that an increase in the available capital fund is to be sought. One of the remarkable changes induced by the war is the great increase in the proportion of new capital provided internally by Australia, Canada and India. Indeed, India has of late years been, on balance, a considerable contributor of new capital to Britain in the form of repayment of money previously obtained from London, now being gradually replaced by indigenous capital. If the rate of financial progress recently achieved in India can be maintained for another generation, India's position in the Empire will be improved out of all knowledge, and the realisation of her importance to the Empire, not merely as a producer of primary products and as a market for British exports, but also as a financial partner with her own investments outside India should go far to soothe that sense of inferiority which is at the root of much of her present political malaise. Yet in spite of the increase of indigenous capital in various parts of the Empire the demands on London for new capital from the Dominions and Colonies have certainly not grown less than they were in pre-war days. The Colonies and Mandated Territories have in particular largely increased their borrowings, and it may be remarked in passing that one of the problems requiring detailed examination during the next few years of financial preparation will be the co-ordination with a view to wise spending of the claims for new capital emanating from the Colonies in general and particularly those in Africa. In the result, with London's resources restricted as they have been,

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a phenomenon new in Imperial history has appeared in the financial economy of the Empire. A not inconsiderable proportion of the Empire's new capital needs is being catered for outside the Empire. Canada, and to a lesser degree Australia, have been looking to the United States of America and not to Britain for money. That Australia and Canada should be borrowing largely in the United States is a development that cannot be regarded as entirely healthy for the Empire. It is not perhaps surprising that Canada should obtain industrial capital in part from her neighbour and cousin. It is the present extent of Canada's dependence on the United States for the exploitation of her industrial resources that is disquieting, and the fact that Britain has for the time being ceased for practical purposes to compete with the United States in supplying capital to Canada. The one bright spot in the picture is the considerable contribution which Canada now makes from her own savings towards her internal needs for capital. Her borrowings in New York on government account are not in the main for new capital expenditure and may be regarded as merely a clearing up of liabilities incurred in the United States during the war. It is, however, greatly to be desired that London should recover her position as the sole external creditor of the Canadian Government, and that in so far as the people of Canada themselves cannot find all that her Government needs it should be to London and not to New York that she should turn for the balance, as well as for some part of the new industrial capital not available within Canada.

The case of Australia is different. Australia has no prospect such as exists in Canada of being able within a fairly short time to finance all her internal needs from internal sources. She will evidently be a borrower both on government and private account for years to come. It may be indeed that like Britain, though in very different circumstances, Australia is attempting too much capital

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development in too short a time, and that insufficient attention is being paid either to the need for increasing her human capital or to the need for a co-ordinated policy in new outlays of money capital. Australia is indeed devoting special efforts to securing additions to her population from out of Britain's surplus. Why then is she turning to New York for a part of the new capital needed? The answer is commonly and no doubt rightly believed to be that she has been sent to New York by the deliberate advice of the financial authorities in London, and has not gone there, and on the whole does not desire to go there, on her own initiative. The financial authorities in London had of course excellent reasons, arising from the importance of buttressing the newly restored gold standard and from the limited amount of London's present capital resources, for giving such advice. But surely here is food for thought. Is it right that Australia should be turned away from London to make room for Poland or Bulgaria? And if it is right in existing circumstances, is it not urgently desirable that what can be done should be done quickly to enable London to provide the needs of both? Something can perhaps be done by Australia herself to stimulate the supply of new capital in Australia and to slow down her demands. But the burden of the argument is back once more to the essential need for increasing London's supply of lendable capital, the proceeds of increased saving and wiser production; the fruit of true economy. Such economy will better the fortunes of the lenders, retain and increase Britain's Imperial markets, provide for more employment in Britain, more employment and increased production in the Dominions, and more scope for British migrants, and both in Britain and in the Dominions will reproduce itself over and over again in the form of new savings and new capital.

It is out of fashion nowadays to dwell on the royal position of His Majesty, but it is sometimes a useful exercise to attempt to personify the unity of the Empire

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in the person of King George V. If we picture His Majesty taking a survey of his dominions, with equal affection and care for every part, what would be the vision he would look out upon? Would it not be very much like the vision of Kingsley Fairbridge in the wide horizons of Rhodesia? Waste empty spaces overseas, crying aloud for happy colonists: waste empty lives, especially little children's lives, in the cramped dwellings of Britain's cities. The solution of social problems in Britain is in part at least to be sought in the Dominions. The King cannot create the new capital needed to solve the social problems nor can he order his subjects to leave their homes in Britain and fill up the voids overseas. Nor can his Governments do so either here or in the Dominions. No one would have it otherwise. The principles of local sovereignty, individual freedom, of decentralisation and self-rule, all demand that saving and migration alike should be voluntary. But they can and should be organised and wisely controlled. Much has been done for migration since the war, but the surprising thing is that the increase in organised migration within the Empire has barely, if at all, sufficed to keep the figures of movement of population to the Dominions up to the pre-war level. Yet surely here is the key to a large portion of the problem, of making the Empire and every part of it a better and happier place for its citizens, themselves ever rising to a higher level of living and of aspiration. And once again the first step is an increase in the new savings of the people and in special degree of the British people, so that the new capital thus provided may prepare the way for a new and vigorous population sprung from British soil, to carry the message of British freedom and pass on the torch of British idealism in every quarter of the world. A merely financial programme is apt to look cold and selfish. But, if the horizon is widened and the goal of endeavour is imaginatively seized, if the stress is laid always on the responsibilities of ownership of wealth rather than on the

Plea for National Economy, Public & Private privileges, is not the task of the Old Country and of the Empire which is called after its name, a noble task, well worth a renewed effort, evoking a cry of *Sursum Corda* in the midst of present discontents ?

East of Suez.

December, 1927.



INDIA AND THE SIMON COMMISSION

ANY despatch from India written at this time must deal first and foremost with the Statutory Commission. It is eminently desirable that all who take an interest in Indian affairs—and particularly Englishmen, who cannot shirk their ultimate responsibility for the good government and political progress of this country—should know something of the currents of opinion which are moving in Indian public life, and the forces which are acting upon it at the present moment. For the same sort of phenomena which puzzled English well-wishers of India seven years ago, when the Montagu-Chelmsford Reforms came to birth, are once more appearing. The curtain is about to fall on one act of the Indian political drama and to rise on another in which, as we all hope, the plot will be carried as far towards its *dénouement* as the circumstances and the political temper and sagacity of the peoples of India will permit. The plot is admittedly a good one and the actors capable and honest, yet the vocal part of the public will apparently have none of the play. But let us have done with metaphor. At the beginning of 1928, as at the beginning of 1921, a genuine attempt to meet the loudly and continuously expressed demand of important sections of Indian political opinion not only evokes no sympathetic response but, apparently, arouses wrath. It is not, then, to be wondered at if people in England become perturbed, or even disturbed, as they contemplate this queer situation. The following analysis is undertaken in the hope that it will help to bring about a truer perception of the real state of affairs and opinion in India and, consequently, do some-

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thing to prevent either perturbation or disturbance from passing into exasperation or misunderstanding.

In these days it is often repeated, and at first glance it may appear to be true, that the announcement of the composition of the Statutory Commission has drawn together representatives of all schools of Indian political opinion, from the most extreme members of the Congress-Swaraj party to the most moderate of the old Moderate or Liberal party, in indignant protest against the exclusion of Indians from membership of the Commission and the consequent determination to boycott it and all its activities. This is, however, as we shall see shortly, very far from being the whole truth, but a little *excursus* into the recent history of Indian politics is necessary if the present position is to be properly understood.

Indian politics have not yet entirely recovered from the effects of that amazing outburst which we call generally "non-co-operation." It is fully four years since the agitation which went by this name ceased to be an active menace to the peace and safety of India, but one still sees its traces in the obstinate way in which some of the elected representatives of the people cling to outworn methods of obstructing Government, in the use of rallying cries which have long since lost any meaning, in the multitude of groups and cliques—often held together by personal jealousies and ambitions—which have replaced the temporarily united opposition, and last—and most important of all—in the present state of Hindu-Mahomedan relations, the responsibility for which must in part at least be laid at the door of non-co-operation. That movement, by fostering defiance to constituted authority and a spirit of irresponsibility in the individual, was bound sooner or later to result in the revolt of the followers against the leaders and in dissensions, more or less serious, between the various groups and communities of which the movement was composed. All this is obvious enough, but there are some more subtle aspects of the matter which are liable to

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be overlooked. Practically the whole of India was affected, but the agitation was not a national one. It may be compared to a number of fires which break out independently in a forest, each under circumstances peculiar to itself, and consequently requiring to be handled on the spot in its own particular way. It is true that the movement derived much of its inspiration from one man, Gandhi, but there was a host of local leaders throughout India, differing widely in calibre, actuated by different motives of varying degrees of purity, and practically all of them acting on their own initiative and following their own whims as far as local conditions would permit. The so-called "All-India Leaders" used to travel about from place to place, but all they did was to blow upon a fire already alight and to inspire fresh wantonness in mobs which were only too willing to obey their prompting. The Khilafat agitation which drew its strength from the treatment of the Turkish Empire after the war, particularly the arrangements made with regard to the Hedjaz, the Holy Land of Islam, united Moslems and Hindus for a time in a common agitation; but it proved a hopelessly insufficient basis for any true or lasting union between the two great communities. The inception of the Montagu-Chelmsford Reforms in 1921 forced both of them to take thought for their future status in a self-governing India and it was not long before this process revived historic animosities and old unsolved disputes and grievances. At the same time it brought into being new and conflicting claims arising out of the changed circumstances and the wider opportunities and responsibilities which the 1919 Act brought in its train. Realities took the place of emotions and so from the end of 1922 onwards the present phase of the Hindu-Moslem situation began gradually to develop.

As the agitation subsided, the various effects became apparent. Non-co-operation had to go, partly because the conditions on which it was based had themselves gone, and partly because it failed to satisfy one of the deepest human

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instincts, the instinct to be up and doing. By the end of 1923 the new legislative bodies had established themselves and the non-co-operators had to swallow their protestations and to join the Indian Legislative Assembly and the provincial councils. But they had also to save their faces; so they developed the policy of "wrecking the Reforms from within," a policy which was nothing more than an incredibly feeble version of non-co-operation and doomed to failure almost from the outset. The Swaraj party inherited the mantle of non-co-operation both in the Assembly and the councils, but it wore it uneasily. Many of the local "leaders" of non-co-operation days found themselves in the different legislative bodies and they soon began looking askance at one another. Each of them asked himself what warranted his neighbour in assuming a larger share of authority or a more favoured place in the public eye than he himself enjoyed. Personal jealousies began, subtly but sensibly, to mar the unity of action of the Swaraj party, whilst, at the same time, the wrecking policy grew less and less popular in the country. And so, just as the Swarajists had formerly broken away from Gandhi and the old non-co-operators on a question of principle, the "Responsive Co-operators" at the end of 1925 split off from the Swarajists and proved to the world beyond all doubt that, as far as the best men in the party were concerned, the policy of wrecking from within had now gone to join that of non-co-operation in limbo. Session by session the Swaraj party has settled down more and more obviously into a number of groups, with its discipline more and more impaired. No one man can now claim to speak for it either in the Legislative Assembly or in any provincial council. Indeed, it is becoming difficult to say what the Swaraj party is or what it stands for. Even so, compared with any other political party in this country it is a model of unity and homogeneity. We have seen in previous issues*

* See THE ROUND TABLE, No. 66, March 1927, p. 318; No. 67, June 1927, pp. 546-551; No. 69, December 1927, p. 81.

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how the elections of 1926 resulted in a definite split between the Hindu and Moslem political parties and in a somewhat elaborate grouping process inside the Hindu fold itself.

Everywhere we look, we find the same thing—division upon division within ostensibly united parties, nowhere any undisputed leader who can speak with one voice for all and, overshadowing every other split, the cleavage between Hindu and Moslem, menacing and implacable. Those who wish to understand Indian politics as they are to-day must grasp these two dominant facts—first, the main division of opinion is Hindu and Mahomedan, and secondly, broadly speaking, personalities take the place of policies. (The so-called "parties" in the Indian Legislative Assembly are constantly reshuffled and regrouped as the leaders quarrel. The same is true of the electorates for both the central and provincial legislatures. Certain well-known men can rely upon constant support, but it can fairly be said that the great majority of voters in this country have no fixed political principles. How could they, indeed, when none of their politicians or parties have ever put any platform before them except one of mere opposition to the Government, which varies in the degree of its intensity? Such is the situation which non-co-operation has done more than anything else to bring about. At a time when all real patriots should have been absorbed in the task of forming genuine political parties with practical programmes making for political, social and economic progress, the country was plunged for years into turmoil, verging upon anarchy, and the belief gradually got firmly planted in the minds of large numbers of the Indian people that the whole duty of the Indian politician was to oppose the Indian Government. As a result, we get the present state of things. No parties can be truly said to represent the opinion of the different sections of the population, and there are no party leaders who can speak for anything more than a small clique or group, the composition of which is itself continually changing.

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There is another very important point which should be clearly understood by those who desire to estimate aright the importance of the movement to boycott the Simon Commission. Practically every one of the Indian owned and edited newspapers which are published in English, the papers, that is, whose opinions reach British readers both in this country and elsewhere, belong to the Congress party, i.e. the extreme left wing of Indian politics. The views which they represent are, therefore, far from being the views of India as a whole. They are, in reality, those of a few individuals who run the dwindling Swaraj-Congress party which, for all practical purposes, is the Indian National Congress.

The extraordinary difficulties which faced Lord Irwin when he set out to ascertain the sort of reception that the country was likely to give to the announcement of the composition of the Commission can thus be imagined. It is equally easy to picture those which will face Sir John Simon and his colleagues when they come to explore the labyrinth of Indian politics. The attitude of the section of the Indian press to which reference has just been made could, for the above mentioned reason, be foretold with absolute confidence. Loud and bitter denunciation was certain. No official account has, of course, been published of Lord Irwin's interviews with certain Indian gentlemen, but it is obvious from newspaper comment and the current gossip in Indian political circles that His Excellency's frank talks combined with his own personality did something to soften the acerbity of the controversy which followed the announcement of November 8. It is an exceedingly gratifying and significant fact that at no stage has the Viceroy been made the target of attack, nor has the genuineness of his desire to do what is best for India in this crisis ever been questioned. In the difficult days which lie ahead, the high esteem in which Lord Irwin is held is going to prove an asset of great value both to India and to England.

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The attitude of the leaders of the Congress-Swaraj party was as easily predictable as that of their newspapers. With one voice they broke into fierce denunciation of the composition of the Commission, of the "insult" to India conveyed by the omission of Indians, and of Parliament's claim to be the judge of the pace and of the manner of India's political progress. Naturally their conduct was endorsed at the annual session of the All-India National Congress which was held in Madras at the end of December, but of this meeting we shall have more to say later. Some supporters and members of the Congress-Swaraj party are fond of calling it the most representative party in India, and they describe the annual congress as the true parliament of India. Such a claim is merely farcical, for the truth is the exact opposite. The Congress-Swaraj party, or Congress party as we shall in future call it, is the least representative party both in the legislative bodies and in the constituencies. In fact, it is hardly an exaggeration to say that it does not exist outside the central Legislative Assembly and the provincial councils. The thorough organisation of its machinery and the flourishing condition of its party funds together with the violence and the skill of its propaganda make it at all times formidable, particularly during elections. Speakers and newspapers in England sometimes make the assumption that it is a democratic body. Nothing could be farther from the truth. It is pre-eminently the party of wealth and privilege. Its leading men are all rich and for the most part of aristocratic family, and—it is practically entirely Hindu—even its rank and file belong to the highest castes. In Madras, which is now its chief stronghold, it is the party of the Brahmins and of no other class. Its leaders are capable of making use of the masses whenever they find it possible or desirable to do so, but they have not the faintest desire for democratic government as it is understood in the West. Only the merest handful of Mahomedans belong to the Congress party, and they, almost without

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exception, come from one or two of the southern provinces where their community is in a hopeless minority and more or less at the mercy of the classes which supply the party with funds and leaders. Of this thoroughly unrepresentative party, which has again almost failed to secure representation in the various provincial legislative bodies, except in the case of Bengal and Madras, the annual All-India Congress is simply a mass meeting. It is some years since the Congress leaders could claim, with any sort of justification, that Congress included representatives of all the chief communities of India, and the extent to which they can truly claim to represent Indian public opinion can be gauged from what is said above. This, too, should be added. Even inside the Congress party, diminished as it is through defeat and defection, mutterings are once more to be heard. It is no secret that among the delegates to the Madras Congress last month there were some—and there were men of standing in the party among them—who were prepared to revolt openly against the boycott if they found the circumstances favourable and a reasonable amount of support. The possibility of a breakaway from the party must be taken into consideration. Certain of its members may be induced by both political and personal reasons, to take such a step. As has already been stated, although the Congress party is still the most coherent and the best organised political party in India, its discipline has been progressively impaired during the last three or four years.

Almost as violent as the leaders of the Congress party in denouncing the Commission and in demanding a boycott have been—*mirabile dictu*—some of the leaders of the old Moderate or Liberal party. This body no longer exists anywhere in India as an organised party, since most of its former members have drifted away into one or other of the communal or quasi-communal parties and groups. The disappearance of this once respectable, intellectual, and politically sagacious party is one of the saddest of the

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aftermaths of non-co-operation, and unfortunately it seems likely to be long enough before personal and communal animosities will subside sufficiently to allow of the formation of a successor to it. The attitude of such prominent Moderates as Sir T. B. Sapru, Sir C. Setalvad, Mr. Chintamani and others is, therefore, mainly of personal significance. They can speak for no organised band of followers, and events, particularly the recent developments in the Hindu-Moslem situation during the last three or four years, have deprived them of practically all their influence in the country. It is a great pity that such men should have declared in favour of the boycott, and it is not easy to understand their exact motives for doing so. That they feel genuinely aggrieved at the non-inclusion of Indians in the Commission may be taken for granted. But they might have been expected to see that existing conditions in India make it absolutely impossible to have, for example, really representative Hindus and Mahomedans on it. To take only one of the great problems which will have to be tackled—the constitution of the electorates—any Hindus or Mahomedans who truly represent the opinion of their communities are bound to differ with regard to its solution. And there are other problems, hardly less important or thorny, on which irreconcilable differences of view between the two are inevitable for some time to come. There are, of course, too, other communities whose claims to representation on the Commission would have had also to be met if members of the Hindu and Mahomedan communities had been included. Perhaps, however, the Liberal leaders see these difficulties and it may be that their support of the boycott movement is partly a tactical move as well as an expression of genuine resentment. Naturally they have not failed to notice the steady way in which the Congress party is crumbling and they must have asked themselves why they should not climb back over the fast accumulating debris to at least their old position. Hence, perhaps, their haste to declare for the boycott.

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They forget, as leaders in other countries have more than once forgotten, that it is not easy to go one better than the extremists. The Congress leaders see in the Commission a heaven-sent opportunity of rallying the thoughtless and the ignorant once more round their banner. However that may be, the adhesion to the boycott of certain Liberal leaders does not mean that the strong and responsible body of opinion which used to find expression in the Liberal or Moderate party has also declared in its favour. For, as we have seen, this party is now dispersed and broken. In one or two places where the Liberals have retained a corporate existence, notably in Bengal, they have refused to join in the boycott. It is in the highest degree regrettable that men like Sir T. B. Sapru and the others already mentioned, who have rendered such notable services to the cause of true nationalism and political progress in India, should have taken the line they have; but it is not too much to hope that their present attitude is not immutable.

Thus the combination of the Congress party and some of the former Liberal leaders in an attempt to boycott the Simon Commission is far from being a proof that all sections of political opinion in India have come together in a spontaneous response to an intolerable insult, although that is the impression which certain individuals and newspapers in this country are seeking to convey. A further survey of the Indian scene contradicts such an impression even more thoroughly.

Outside the Congress party, the political opinion of the Hindu and Moslem masses is on the whole reflected accurately enough by their two great representative organisations, the Hindu Mahasabha and the Moslem League, and although Hindus and Mahomedans in the Indian Legislative Assembly and in the different provincial councils may attach themselves to existing parties and groups, voting on all matters of importance is now on communal lines. Thus it may be said with a reasonable amount

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of truth that the decision of the Hindu Mahasabha and the Moslem League on the subject of the boycott will be obeyed by the majority of the two communities. Indeed, all but a negligible fraction of the Mahomedan community will abide by the decision of the Moslem League. The attitude of these two great organisations is, therefore, of obvious importance and must be described.

The great majority of the Mahomedans are concentrated in the two provinces of Bengal and the Punjab, and as their leaders decide so, as a rule, does the Moslem League decide. Soon after the announcement of the personnel of the Commission, a fully representative gathering of the Punjab provincial Moslem League decided to welcome it and to lay the Mahomedan case before it. The attitude of the Punjabi Mahomedans was thus made clear. In Bengal the path of the Mahomedans was at first not quite so plain. Their two outstanding leaders are Mr. H. K. Ghuznavi and Sir Abdur Rahim, both men of ability and long public service. Last year they were rivals for one of the Bengal ministerships and unfortunately the asperities then engendered have not yet disappeared. Mr. Ghuznavi quickly announced that he and his followers would go with their Punjab co-religionists in opposing the boycott, but Sir Abdur Rahim for a time hesitated. By the end of the year, however, he had also made it clear that neither he nor his party would support the boycott, and practically all the Bengali Mahomedans are now ranged with those of the Punjab. In Bombay the Mahomedans with a few exceptions have also taken the same line, and there is little reason to doubt that Mahomedan opinion all over India is generally opposed to the boycott.

Here, then, is one immensely important breakwater against the possible violence of a boycott, and there is a good prospect of another being erected in the south. The non-Brahmin or Justice party in the Madras Presidency is one of the most vital forces in Indian political life. It can claim, with some reason, a place among the most

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truly democratic parties in the country for it stands for the uplift of the masses and against the forces of monopoly and privilege. Hitherto, it has not declared itself, as a party, against the boycott. It is, however, to meet in conclave towards the end of this month* when its leaders intend to try to commit it to support the Commission on certain conditions. Broadly speaking, the Justice party represents everybody in the Madras Presidency except the Brahmin community, so the importance of its attitude is obvious. Its adhesion to the Commission would mean another great gap in addition to the formidable breach already made by the Mahomedans in the barrier which the boycotters are trying to put in the way.

But this is not all. There are other important absentees from the ranks of boycotters. It seems likely that, with the exception of a few extremists, the Sikhs will co-operate with the Commission, for they have important claims and grievances which they are determined to ventilate. Again, the Jains and Marwaris, two Hindu communities of immense influence, have also come down on the side of the co-operators. Let the reader try to imagine two communities largely composed of the leading financiers, brokers, bankers, shippers and so on of the country and he will be able to understand something of the position occupied in India by these two classes.

And now, what of the Hindu Mahasabha? No meeting of this body has been held since the announcement of November 8, for its so-called "special session" which was held in the Congress pavilion at Madras on December 29 was merely a meeting of certain Congress delegates presided over by the Pandit Malaviya. Such a gathering could not help passing a resolution supporting the boycott, but, it is to be noticed, the resolution was not moved by

* The Justice party decided on January 22 that they must wait and see what functions are given to the Joint Select Committee of the Indian Legislature before they could agree to co-operate with the Commission, and resolved to co-operate with other parties in preparing a draft scheme of constitution.

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the Pandit himself. The only other Mahasabha leader who was present, Dr. Moonje, was mostly concerned with Hindu social and communal affairs. His mind was obviously not very full of the boycott. This special session has absolutely no bearing on the attitude which the Hindu Mahasabha will adopt, as a body, towards the Commission.

Another thing to notice is that the outstanding leaders of the Mahasabha have been singularly ambiguous in their references to the boycott. There has been a good deal of apparent support for it, but when the pronouncements are carefully analysed they are seen to be full of loopholes in case the authors should find it necessary at a later date to co-operate with the Commission. It may, therefore, be said that the Hindu Mahasabha is, as a body, still on the fence. But if this is true of the body as a whole, it already appears to be somewhat less than true of more than one of its parts. The Punjabi Hindus do not seem to be at all enamoured of the boycott. Their chief leader, Lala Lajpat Rai, has not given it his blessing. In the Punjab, moreover, the Hindu community has grievances and troubles of its own which it obviously wants to pour into the sympathetic ears of Sir John Simon. In that province, moreover, the Congress party has very few adherents and it is not at all unlikely that the Hindus will go with their Mahomedan and Sikh neighbours before the Commission.

The Responsive Co-operators, whose history has already been traced in these pages,* have their headquarters in the Bombay Presidency. They may not be strong in numbers but their quality, with such leaders as Messrs. Jayakar and Kelkar, makes them formidable. These men have had the courage to refuse consistently to rush into the boycott. They are waiting to see what are to be the functions of the Joint Select Committee of the Indian Legislature before they make their final decision. If these functions seem to them adequate, they will co-operate,

* THE ROUND TABLE, No. 64, September 1926, p. 771.

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and if they do so, they will carry with them other people besides their avowed supporters.

Mention has already been made of those Liberals who still retain a sort of corporate existence here and there. These men are, almost without exception, Hindus, and yet, outside the United Provinces and Bombay city, where the leading Liberals reside, it is impossible to say that there is any enthusiasm for the boycott. Indeed, in Bengal and the Punjab, the two provinces, be it noted, where Hindus are in a minority, there is definite opposition to it among the Liberals. The signs seem to show that the Liberal dislike for a policy so utterly opposed to all their old ideas and tactics will grow in strength as time goes on.

Lastly, we must not forget the fifty to sixty million members of the depressed classes, a goodly slice of India's population. Once a year the spokesmen at their Congress, a pathetic gathering, ask their more fortunate fellows in the Hindu castes to grant them certain elementary human rights of which they have hitherto been deprived. They held their last annual meeting a few weeks ago, and at it spoke with one voice against the boycott, saying that they had no hope and no future except under British protection. These downtrodden folk have no votes and no political power, but British rule has at any rate protected them against the worst abuses of the caste system, and, above all, it has given them hope—a hope, among other things, that some day they too may be able to walk the earth like men. These untouchables will lay their case before the Commission.

So we see how false is the claim so loudly and continuously made by a section of the Indian Press and Indian politicians that India is united in its determination to boycott the Simon Commission. Where the ranks of the boycotters should be solid, whole platoons and companies are missing, and yet it must not be lightly assumed that because so many important interests are standing out, the boycott is doomed to utter failure. The writer

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of this article thinks that it is doomed, just as the German cause was doomed at the end of 1917, but before it is finally lost there will almost certainly be a big offensive carried out by means which the non-co-operators and Congress men have made only too familiar to us in the past. Every kind of social and religious pressure will be brought to bear upon individuals, families and groups, and strenuous efforts will be made to stampede the mobs of the towns into mass demonstrations, regardless of the almost absolute certainty that they will lead to riots and other forms of lawlessness. But these attempts should not succeed, and, in all likelihood, they will not.

Yet there have already been deplorable results of the boycott movement. Our regular readers need not be reminded of the menacing form which Hindu-Mahomedan relations have assumed of late years, nor of the real reasons for the steady deterioration in the inter-communal situation. Each community is manœuvring for a position from which it could advance to seize power at the right moment, and this explains all these developments. The "cow-music" riots are only symptoms of a deep-seated political disease. The patients have tried to cure themselves at "unity conferences," and by means of resolutions and pacts, but their condition has grown steadily worse. Help must come from outside, and from where else could it come if not from the British people and Parliament? What Hindus and Mahomedans now want above anything else is the services of a wise, impartial, kindly arbiter. Animosities and conflicting claims, when submitted to the Commission, might prove to be not so intractable after all, and the very fact that each side had been content to trust the other so far as to go to arbitration would in itself have done something to bring peace. But what has the boycott agitation done? It has already spread the belief abroad that the interests of Hindus as a community and those of Mahomedans as a community are irreconcilably opposed. The boycott movement will

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fail in so far as the Mahomedans are concerned, but if it should have any important measure of success among the Hindus, there will be added to the old grave causes of dissension between the two communities a new and deeper cause, one which will leave an ever broadening mark on Indian national life as the years go by. Whatever the Commission may recommend and Parliament may sanction, the Hindus will firmly believe that the Mahomedans stole a march on them and gained benefits at their expense. Economic and political discontents will be referred to this source, and the relations between the two sides will become ever more aggressive with results that need no description. The boycott movement has already pushed Hindus and Mahomedans further apart, it has even, as we shall see shortly, caused dissension among Mahomedans themselves, and it is separating Hindu groups and communities from each other, still further estranging already estranged "leaders," and making more and more remote the possibility of the formation of real political parties, which is perhaps the most vital condition of all for the political progress of this country. Such have already been some of the results of the boycott agitation. What, then, do the authors of the agitation hope to achieve? Are they just seeking a new lease of popular favour for an end which they have never yet declared—which, indeed, they are unable to declare, for they have nothing constructive to offer?

II. THE ANNUAL POLITICAL MEETINGS

THE various annual meetings of India's political, social and other organisations, which are generally held during Christmas week, have come and gone. The All-India National Congress and the Liberal Federation both did what was expected. They passed unanimous resolutions condemning the Simon Commission and pledg-

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ing the constituencies for which they claimed to speak to the boycott. The delegates to Congress were as unrepresentative as usual, being hardly more than Congress party workers from places where the party is still alive, together with the now familiar handful of Khilafatists. Mr. Gandhi, Pandit Malaviya and Dr. Moonje of the Hindu Mahasabha were present, but there were no other non-Congress politicians of any standing. The main resolution this year was even more fiery than usual. It demanded entire independence of the British Empire for India and a boycott of British goods. The best comment on the meeting was made by no less a person than Mr. Gandhi. He announced in the columns of his newspaper, *Young India*, that Congress had degenerated into a sort of school debating society, and he bluntly told the Congress leaders that they were holding themselves and their country up to ridicule by passing violent resolutions which they knew perfectly well could never be carried into effect. By the educated public the authors of this resolution have not been taken seriously. It has, moreover, already given rise to some misgivings, even among loyal members of the Congress party, and there is little reason to doubt that it will prove another cause of dissension inside the party. This year the president of Congress was a Dr. Ansari, an amiable figure-head, whose presidential address contained nothing worthy of special notice.

The proceedings at the Liberal Federation, which was held this year in Bombay, need not detain us. The speeches contained nothing of importance and the boycott resolution was accepted without difficulty. An outsider may be pardoned for marvelling at the speed and thoughtlessness with which some of these annual conferences pass far-reaching and highly controversial resolutions. It is obvious that the hundreds of "delegates" cannot possibly have given the requisite amount of thought to the problems involved, and, if the speeches are any criterion, the movers and supporters have also often failed

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to do so. But considerations of this kind are never allowed to impede the smooth progress of business, and so the resolutions are passed, to become either sources of embarrassment later on or, not infrequently, merely dead letters. Certainly the Congress leaders, as we have seen, have done themselves no good by their "independence" resolution, and they have already begun to try to explain it away.*

The annual meeting of the Moslem League calls for more attention. In 1924 Mr. Jinnah, a Bombay Mahomedan and formerly party leader in the Legislative Assembly, revived the Moslem League and its annual meetings have become increasingly important. The presidentship this year went to Sir Muhammad Shafi, one of the three or four outstanding leaders of the Punjab Mahomedans. The final choice lay between him and the Aga Khan, but Sir Muhammad was elected, and, as a compliment to him, it was decided to hold this year's meeting at Lahore. By this time, Mr. Jinnah's position had become somewhat ambiguous. In November he had issued a manifesto declaring for the boycott, but some ten days later he accepted the presidentship of the Bombay Moslem League, a branch of the All-India Moslem League, a majority of whose members were opposed to the boycott. Mr. Jinnah therefore announced that, while he believed in and intended to work for the boycott in his individual capacity, as president of the Bombay Moslem League he would have to be bound by the wishes of the majority of its members. Throughout December he busied himself in trying to get the election of Sir Muhammad Shafi reversed, or, failing that, to have the place of meeting altered to Calcutta. At an extraordinary meeting of delegates of the Moslem League at Delhi in the second week

* On February 12 a conference of all parties except the main bodies of Moslems decided to draft a scheme of full responsible government, though on February 19 the Pandit Motilal Nehru reasserted the Congress party's demand for complete independence, when the boycott was adopted in the Assembly by 68 votes to 62. (*The Times*, February 14 and 20, 1928).

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in December, the Khilafatists, who had turned up in strength, produced numerous proxies and announced that the League had decided to hold its meeting this year in Calcutta. This decision was never accepted by any Mahomedans except Mr. Jinnah, the Khilafatists and the other boycotters, a band weak in numbers and decidedly obscure, who had associated themselves with him, and who now proceeded to hold their own meeting in Calcutta. But Mr. Jinnah was to encounter another rebuff, for Sir Abdur Rahim refused to associate himself in any way with the Calcutta meeting, and in sheer desperation Mr. Jinnah had to instal Mr. Muhammad Yakub, the deputy President of the Legislative Assembly in the chair. He must, however, have felt that he was swimming in perilous waters, for Mr. Muhammad Yakub had already asked for a truce between Mr. Jinnah and his opponents until they could all meet in Delhi during the winter session of the Legislative Assembly, and it seemed reasonable to suppose that he had no desire to commit himself at the moment. In fact, there was no Mahomedan of any standing in public life at Mr. Jinnah's meeting. Sir Ali Imam, it is true, was present, but he has long been out of public life, and, being a Liberal of the old type, he has thrown in his lot with Sir T. B. Saprú and his other former colleagues. In spite of the smallness of the gathering and its unrepresentative character, the proceedings were by no means smooth. The opening meeting had to be adjourned, and there was opposition to the inevitable boycott resolution at every stage. At such a meeting, however, its final success was never really in doubt, and so Mr. Jinnah, with the help of the small band of Khilafatists and a larger body of young students, got another resolution passed for the boycott of the Commission.

Meanwhile, the real meeting of the Moslem League was held at Lahore at the beginning of January. It was attended by the greater part of the prominent Mahomedan leaders, and the list of members of the committee, which was

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formed to suggest a suitable constitution for India, includes most of those who count for anything in the life of their community in their own provinces and, indeed, all over India. A scrutiny of the list of delegates leaves no room for doubt as to the superior validity of the claim of this session to represent Indian Mahomedan opinion. A resolution was easily carried opposing the boycott, and it is clear that, whatever changes may take place in the opinion of other sections, the overwhelming majority of Mahomedans will stand by the Commission.

There has, of late, been a lull in Hindu-Mahomedan rioting, but the inter-communal situation has not improved in spite of it. There are uneasy rumblings in more than one of the great cities in the north, and if the boycotters manage to organise hartals and other demonstrations when the Commission arrives, there is no doubt that there will be serious trouble between the two communities. Still, let us be thankful for the present lull and hope that it may last. The progress of the boycott movement would, however, gravely endanger it, for nothing has yet been done by either Hindus or Mahomedans to remove the root causes of the trouble. The "unity resolution" passed by Congress is merely a pious expression of hope.

India,

January 12, 1928.

INTERIM OBSERVATIONS FROM THE UNITED STATES

I.

AT the present moment the country is concerned about many matters, all of which seem to be revolving in a state of animated suspense. A list would include certain important American questions in the solution of which foreign States are interested. A few references may serve to bear out this statement.

For example, it is already election year : so the Administration is wary, Congress is eccentric and business men are anxious. No one knows what to fear or hope for in the way of developments which will be capitalized for the Presidential campaign this summer and fall. It is useless to guess what fellow will fall heir to Coolidge's toga : more than that, it is useless to try to predict what two men will receive the Republican and Democratic nominations and be allowed to dispute for it. The Honorable Herbert Hoover, sprinting to the front on the first lap of the qualifying heat, seems to have outdistanced the rest of the Republicans ; but almost as these words are written his chances get a rude shock from the New York State Committee, and the wiseacres now tell you that Dawes will swing out to the front and leave the over-zealous Secretary of Commerce trailing in the ruck. As for Democratic hopes, they turn around Al Smith, Governor of New York State ; but everyone who reads

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this article will have read elsewhere of his "wet" propensities and his Roman Catholic affiliations. Certainly the Democratic brethren below the Mason and Dixon Line know these two things about "Al," and they do not relish the prospect of mustering the Solid South behind the banners of King Alcohol and the Pope. Furled banners, of course—for if he were nominated, little about liquor and less about Rome would come into open public discussion.

Then, too, the Naval Appropriation Bill is before Congress. The admirals are on the rampage again, broadcasting their alarmist talk for domestic consumption, without realizing perhaps that the fanatic who runs amuck in his mania is apt to injure the innocent bystander. It is not an elevating spectacle—one department of government at loggerheads with the Chief Executive—but that is the situation. The admirals, the Secretary of the Navy, and his assistant, testifying before a somewhat bewildered Naval Affairs Committee, contend that the principle of British-American parity has never been recognised in fact by London, that the Geneva Conference broke down on this point, that the way to get parity is to get it, and that the proposed five-year program for the expenditure of eight hundred million dollars will take the controversy out of the realm of formulas and settle it in accordance with facts. And they reply that if the British Government still maintains that parity has already been achieved, and regards the new naval program as a challenge to supremacy—not as a means to real parity—then the British Government can meet what it is pleased to regard as a challenge in its own way. And if this be competition in naval armaments, then somebody not the United States is responsible for it!

The technical point in dispute between the President and the navy is simply this:—Shall the statute require the program to be completed in five years' time, or shall the statute allow the President the discretion to spread construction over a longer period depending upon "conditions" and upon the Treasury balance? "The plan I

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have endorsed," says Mr. Coolidge, "does not contemplate any limitation of time as to the beginning or the completion of this tentative program." Though the President accedes in principle to a certain amount of replacement and to a certain increase in naval strength, it is clear that on grounds of domestic economy and of international policy he is opposed to a sudden big building boom. He would have the schedule carried out "as conditions dictate"; surely this is a suggestion that a fresh attempt will be made to reach an agreement with other naval Powers.

The opposing views of the President and one of his departments are here set forth rather more definitely than they have appeared in print. The explanation imputes motives; one can never be strictly sure on that count. But, however the conflicting motives may be precisely delineated, one can be sure that the dispute is genuine and bitter. And however a bewildered Congress may finally decide, it is to the President's credit that he has spoken his mind on the subject to the admirals. The *New York Times* of January 25 takes pains to report his views in detail, and anyone who understands Washington journalism realizes, from the dispatch itself, that the President, not the journalist, made this interview:

Big navy talk or inflammatory statements by naval officers, the President feels, not only create wrong impressions abroad, but do not influence sentiment in Congress in favor of larger appropriations for national defense. Such statements appear yearly, the President indicated to-day, about the time Congress is considering the military and naval Bills.

The President cannot understand why the newspapers or the people should take such statements of officers seriously. Since they appear so often, he feels the public should not be alarmed by them, although at times exaggerated statements upon the nation's military effectiveness are credited to responsible military officials.

Statements of this character, in the President's opinion, are ineffective in influencing Congressional action, but even may be harmful in their effect upon sentiment abroad. He feels that service men should not speak without due regard to the Government's policy, yet he has found no method to prevent unwise statements.

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If the President were to attempt to put a muzzle on service men, he believes, there would be a nation-wide protest against interference with the freedom of speech. Therefore, while disapproving statements that may contain "alarums of war," or which picture the army and navy as ineffective, the President has found no way to stop it.

The future of the merchant marine is linked with that of the navy. It is natural, therefore, that at this same moment Congress should be deciding between the relative merits of government and private ownership of the commercial fleet built up during the war. Here again the President holds a view emphatically opposed to that of the interested department of government. Mr. Coolidge would put an end to the ownership and operation of vessels by the Shipping Board. He holds, further, that a direct subsidy to private companies operating merchant ships is a costly way of carrying on an essentially commercial enterprise. But Congress, apparently, does not share his view, for the Jones Bill, designed to continue this ownership and operation by Government, has just passed the Senate by a substantial majority. It remains to be seen whether the President will veto the bill or not.

With the election season at hand, with the naval building program in dispute, with the future of the American merchant marine at stake, with the renewal of the French treaty still under discussion, with the fate of the Dawes plan to be determined before the end of the year, with the question of Russian recognition reviving itself in unexpected ways, the Administration has its fingers full. The solution of these questions will have a bearing upon the relations between Europe and the United States. It is once more the ancient pity, therefore, that except for its renunciation of the League and the usual American practice of dealing piecemeal with European affairs, no principles of the conduct of foreign relations have been established by the Republican Administration during the past eight years. We still lunge at this windmill, or get knocked down by that.

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Only in relation to Latin America is there an orderly and fairly consistent story. Here, in spite of the Mexican dispute and the Nicaraguan bedevilment, the outlines of a foreign policy appear to be taking shape, and the conference in Cuba is to-day the forum for its promulgation.

II.

THE Sixth Annual Conference of American States, better known as the Pan-American Congress, convened on January sixteenth at Havana. The agenda is expected to keep the delegates busy until the end of February, so an article written two weeks after the curtain rolls up and four weeks before it is calculated to roll down can hardly take the form of a report. Yet it is necessary to write something, however tentative and ambiguous, about the Sixth Conference, even under obvious handicaps. *Per contra*, it was not necessary to write anything in other years, however complete and accurate, about the previous five, with no handicaps at all.

The United States Government attaches an unusual degree of importance to this gathering. Its spokesmen have said so on several occasions, and the acts of the Administration have confirmed its words. A delegation was appointed, made up of able and seasoned men; the Secretary of State was present at the opening session; and the President himself, riding on the battleship *Texas*, flanked by the cruiser *Memphis*, and protected in the rear by eight destroyers, landed at Havana and made a speech. It was not a very good speech—John Barrett, former Director-General of the Pan-American Union, had hoped for a better one. "The general belief in all Spanish America," he told the Associated Press, "is that it will be a statement or interpretation of the present and future Pan-American policy of the United States which will be known by the name of the 'Coolidge Doctrine,' which will rival and supplant

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the famous Monroe Doctrine, after the latter has kept itself in the center of the stage of the international or inter-Pan-American affairs of the United States for one hundred and four years."

This general belief, if indeed all Spanish America believed it, was not fulfilled. Will Rogers, the cowboy wit, who makes jokes and is said to stir up international goodwill wherever he goes, seemed to think that the President's address didn't amount to much. "He opened his act," said Will, "with Christopher Columbus and he closed with Columbus, and he never got much closer to 1928." That hardly seems possible. At all events it is a conspicuous thing for any President of the United States to leave the mainland during his administration and put out to sea, even though the distance is only a hundred miles and the objective is an island pro-consulate.

Now if the writer ventures to set down a few observations and a few timorous prophecies, he is encouraged by the example of President Machado of Cuba. This gentleman, greeting the representatives of twenty-one American nations as they arrived in his "home town," assured them that they had not come all the way for nothing. "Since liberty has won," he said, "the most transcendental act in the internal life of America will probably be the holding at Havana of the Sixth Pan-American Conference." It is easy now, two weeks after the opening, to be certain that there's not going to be anything transcendental about it. President Machado was misled. He ought to have known that Charles Evans Hughes doesn't go to conferences like that. Nor do the other members of the United States delegation; Ambassador Fletcher, borrowed back from Rome because of his diplomatic experience in Cuba, Chile and Mexico; former Judge Morgan O'Brien; James Brown Scott of the Carnegie Endowment for International Peace; former Senator Oscar Underwood; President Wilbur of Leland Stanford University, brother of the Secretary of the Navy; Dr. Rowe, the mainstay of the Pan-American

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Union; the new ambassador to Cuba. And the new ambassador to Mexico? One cannot be quite sure of the last delegate on the list. Even as a partner in J. P. Morgan and Company, Dwight Morrow took a moral holiday now and then and let his imagination run free. Perhaps, with scope, he might have given the Havana Conference a transcendental bias. Perhaps it was because he lacked scope that he returned to Mexico on pressing business a few days after the meetings began and has not been seen in Cuba since. Perhaps not. At all events, whatever observations and prophecies may here be set down, they can scarcely be further from the mark than President Machado's.

III.

THE idea of a Pan-American Congress did not originate with the United States. More than a hundred years ago the great South American hero and liberator, Bolivar, proposed that the young republics should create a league for preserving peace among themselves and for resisting that power of Spain from which they had just freed themselves. In such a league the United States then had no logical place, but the Governments of Mexico and Colombia, reading more than was intended into the three-year-old Monroe Doctrine, asked that an invitation should be sent to the sympathetic republic of the north. The invitation was accepted, but for some reason the delegates from the United States failed to put in an appearance, and thus it went on for fifty years.

Conferences were called at irregular intervals; their object was always the same—to discuss ways and means for preserving the peace and defending against European aggression—but the United States took no part in them. Then, in 1881, the direction of affairs passed to Washington. Trade with Latin-American countries had assumed a

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certain importance, and too much of it seemed to be running towards Europe. So James G. Blaine, Secretary of State in the Garfield Administration, extended a general invitation "to all the independent countries of North and South America to meet and discuss the methods of preventing war between the nations of America." In Bolivar's day it had been important to preserve the peace—but only as the most effective way of presenting a united front to Spain if she should ever try to regain her lost colonies. In Blaine's day peace was to be preserved, not as a condition of independence, but as a favourable basis for trade. From this moment, under the leadership of the United States, the Pan-American Congress has been economic rather than political in character, "to cultivate"—as Blaine himself said—"such friendly commercial relations with all American countries as would lead to a large increase in the export trade of the United States."

Never, perhaps, has the North American attitude towards these gatherings been more clearly expressed than by Elihu Root in 1906, when, as Secretary of State under Roosevelt, he addressed the Third Conference at Rio :

According to your program (he said) no great and single impressive thing is to be done by you, no political questions are to be discussed ; no controversies are to be settled ; no judgment is to be passed upon the conduct of any State ; but many subjects are to be considered which afford the possibility of removing barriers to intercourse, of ascertaining for the common benefit what advances have been made by each nation in knowledge, in experience, in enterprise, in the solution of difficult questions of government and in ethical standards ; of perfecting our knowledge of each other and of doing away with the misconceptions, the misunderstandings and the resultant prejudices that are such fruitful sources of controversy.

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IV.

THE first five conferences were non-political and non-controversial. They concerned themselves with such unexciting topics as commercial treaties, patent and trademark rights, immigration laws and health problems. In all these questions, because of her advanced economic status, the United States took the position of natural leadership. But she used that dominant influence somewhat unnaturally to exclude a number of issues which seemed important to her weaker neighbours.

In 1923, for the first time, a disquieting note was heard in the orchestra—some of the Latin-American States gave notice that they wished to discuss politics. Except for an agreement on a mild program for dealing with international disputes by means of commissions of inquiry, their efforts met with no practical success, for American prestige was great enough to quash them. "This meeting," wrote *El Mundo* of Havana, "was entirely under the control of the United States. The same old patents, trade-marks, and sanitation. . . ." Nevertheless a warning had been sounded, and Washington heeded it, and if since 1923 certain Latin countries have been preparing for 1928, so has the United States. Not that her conception of the essential nature of a Pan-American Conference has undergone a change: it is safe to say that Washington has no intention of joining a League of Nations of the Western Hemisphere. But two things have become clear: the discussion of political questions can no longer be avoided if any considerable number of the twenty-one States wish to bring them up, and the influence of the United States can no longer be exerted immoderately.

It is, then, something more than a new technique for handling an old situation—this visit of President Coolidge

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to Havana, and the distinguished character of the mission from Washington. It is scarcely what the liberal writers would have us believe, a mere trick to dazzle the delegates from the lesser States and flatter them into a stupor of sweet complaisance. One can, of course, interpret events this way and protest that serious differences cannot be settled by staging a stately spectacle, even though it culminates in the arrival of Lindbergh by air in the middle of the Conference. But our liberals, for once, are probably wrong. Washington is in a sober mood. The gestures are honest, not hypocritical, and the attitude of Mr. Hughes and his colleagues, for perhaps the first time in the history of our Latin-American relations, is one of candor and accommodation.

Past history led one to expect, for example, that the United States would seize the chairmanship of the Sixth Conference, direct the deliberations of the more important committees, and keep the discussion of controversial questions out of public hearing. But is it not more than a gesture for Mr. Hughes to vote for the election of Pueyrredon of Argentina as moderator of the Assembly, to second the nomination of the fractious Dr. Guerrero of Salvador to be chairman of the important Committee on International Public Law, and to decline to be chairman of the Committee on the Pan-American Union in favor of Dr. Herrera of Colombia? Was it mere "eye-wash" for the American delegation to concede the right to a public discussion of all questions, however controversial, which might fall within the general scope of the conference? Was it hypocrisy or was it candor that lay behind the following despatch sent from Havana to the *New York Times*:—

Ex-Secretary Hughes and Mr. Fletcher, with others of the delegation, are ready to meet the inquiring or complaining South Americans in the whole matter of intervention in Nicaragua. It is not strictly before the Congress, but if the matter is raised or brought in even by a side wind, the Americans are not afraid of it, will not seek to rule it out on technical grounds, and will be ready to discuss it frankly with the delegates from other nations.

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At the end of January, two weeks into the Conference, a proposal emerged from the Committee on the Pan-American Union. "Hereafter," ran the resolution, "the Board should be made up of special representatives of each nation, and not, as at present, of the diplomatic representatives of Latin-American States at Washington, sitting under the chairmanship of the United States Secretary of State." This might be thought to be a blow at the measure of control hitherto exercised by the "Colossus of the North"; but Hughes let it pass without protest, and seemed content to secure an amendment allowing each State at its option to continue the previous practice. Here is a new technique, surely, but the record of these early actions, read as one story, gives gratifying evidence of a new spirit as well.

V.

IF Goliath has shown himself to be not such a formidable Goliath, David has shown himself to be not such a dangerous David. It now seems clear that the Latin States do not present such a united front after all. Is it the capitalistic spirit of the United States to which the liberal nations of the south are supposed to take exception? Protests on this score will scarcely come from the Governments of Peru, Cuba, Venezuela, Panama and Nicaragua, where, to put it mildly, American capital is a silent partner. Is it true that the Latin States are turning away from Washington towards Geneva and discovering there a new focus of unity? Fifteen countries may possibly be thus dividing their dependence, but their combined population is only twenty-one million. They contrast with five States—Mexico, Costa Rica, Ecuador, Brazil and the Argentine, who do not participate in the Geneva Assembly, and who boast a population of fifty-one million. Are they supposed to be united by ties of color? They most assuredly are

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not. Or by ties of language—when Spanish and Portuguese and native tongues divide them? Or by their own harmonious relations to one another? It should be remembered that Brazil and the Argentine both carry wounds of a war over territory which now is Uruguay; Bolivia, Peru and Chile do not regard the Tacna-Arica dispute as settled; and Mexico still nurses a grievance against Venezuela. These acute antipathies between the countries involved are stronger far than their common apprehension of American "imperialism."

Some of the Latin Governments are to-day in power because of just such American intervention as others object to, many of them need American capital at this stage of their material development, and almost all of them subsist largely on trade with the United States. For as the United States has extended its commerce southward until its trade in that direction amounts to more than eight hundred and fifty million dollars a year, so, reciprocally, the commerce of these southern nations with their prosperous northern neighbour has increased by leaps and bounds. In the period between 1910 and 1914 their annual shipments to the United States amounted to less than four hundred and fifty million dollars; in 1926 the figure stood at more than a billion. In orthodox economics, the seller of goods is supposed to be better off than the buyer. To the extent to which this maxim is true, Latin-America has a trade advantage over the United States to the tune of one hundred and fifty million dollars a year. It has been estimated that seven of the Latin States represented at Havana carry on more than half their foreign trade with the United States. Others send a third or more of their export produce to American ports, while only five countries send less than a third to these markets. Just as the Government at Washington has come to see that its trade relations with Latin-America are too vast to be jeopardised by arrogance, so their commerce with us is now seen to be too valuable to be destroyed by petulance; and

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the one thing that seems to appear out of Havana is the conviction that arrogance and petulance respectively will not be allowed to play any important part in the proceedings.

The *New York World* is regarded as the most powerful anti-administration newspaper in the United States. It has been ruthless in its criticism of the foreign policies of Harding and Coolidge. A year ago it exposed the situation in Nicaragua in a series of brilliant and fearless editorials. But of the Havana Conference—at least in its early stages—the *World* has another story to tell, and a gratifying one:—

In the very region where our imperialism is said to operate, we have repeatedly refused to convert our interventions into conquests. We may not deserve much credit for that, but in the whole wide world where so many are ready to criticise us, is there any record of self-restraint comparable to it?

We have not always known how to act on the principles we profess. We have not always understood the Latin peoples. We have not a diplomatic service of high enough quality. We have not thought out our policy clearly, nor known how to express it. We have not properly appraised the growth of national feeling among our neighbors. On the other hand, this should also be said: Our delegation at Havana expresses a new phase in our diplomacy. It belongs to the period of Morrow and the Lindbergh mission. But it has to deal with unresolved muddles like Nicaragua, which are left over from an earlier phase of our diplomacy. We wish our neighbors would take this into account.

If the substance of this comment, written ten days after the opening of the Sixth Conference of American States, can be repeated when it ends, the Conference may be regarded as a distinguished success. Nothing "transcendental," but just plain, useful progress in the business of international accommodation.

Interim Observations from the United States

VI.

THE change of front toward Latin-America may be of more than local significance. It was in the Western Hemisphere that the United States first felt its power, used it inconsiderately to its advantage, and now appears to have learned that its own interests can be best and permanently furthered, not by the flat exercise of strength, but through applying the principle of mutuality. Among the nations of the world the United States holds no such position as it does in the Western Hemisphere; but it is, nevertheless, perhaps the most powerful political unit in the world to-day. European people, sometimes frankly, sometimes grudgingly, sometimes by the indirect testimony of their dislike, seem to acknowledge a new dominant factor in international affairs. But the shift is not generally understood in the United States. Our little arrogances, our dogmatic attitudes, our diplomatic brusqueness all indicate that, though we are beginning to taste the strange wine of power, we do not truly comprehend its nature or our own.

For that reason, the spirit of the Havana Conference may be a promising sign. Secretary Kellogg's recent dismissal of unfounded charges in the gun-elevation controversy with Great Britain was a deliberate effort toward goodwill, however slow it may have been in coming. Coolidge's outburst against the admirals was another. An honest effort, not a frivolous one, was made to meet the French overtures for a new arbitration treaty; and Washington's proposal that submarines be forever abolished by international convention was a constructive effort, even though it may have been regarded as "an insult" in certain foreign quarters.

"America Comes of Age," wrote André Siegfried of the social, political and economic life of the United States as

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he saw it a year ago. If the Havana Conference of 1928 in the end is anything more than another example of the same old sort of thing, it will be because, at last, in international relations, America is coming of age.

The United States of America.

February, 1928.

THE WORKING OF THE REFORMS : AN INDIAN VIEW

THE writer of these notes—for they are nothing more—has not been in the highway of Indian politics ; but he has wandered in its by-paths. It is, therefore, not as a politician that he records his opinions, but rather as an observer, and, he will be the first to admit, as a not wholly disinterested observer.

The Indian legislatures, provincial and central, have a characteristic which marks them off from similar institutions in other countries. They reflect a fragmentation in their composition which makes the will of the majority ineffective, or rather renders impossible the evolution of a common will, with the result that by skilful manœuvring the Executive, with rare exceptions, can still be master of the situation ; this may be a good thing as long as it continues to be irremovable, but it inevitably destroys morale. The following factors contribute to this result :—(1) the communal constituencies ; (2) the special electorates ; (3) the official bloc ; and (4) the nominated members.

Before embarking upon an examination of these factors, it may be well to consider a concrete example, such as the Bombay Legislative Council. Its composition is as follows :—

	Seats.	Votes.
	(in round figures)	
Non-Mahomedan constituencies, urban and rural	46	600,000
Mahomedan, urban and rural	27	90,000
European	2	9,000
Landholders	3	1,600
University	1	6,300
Commerce and industry	7	730
Official bloc and nominated members ..	25	—

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It is obvious that the minority representing 107,630 voters could, with the approval of the Executive, impose its will on the representatives of the 600,000 voters. Probably such an alignment does not in practice actually occur, or, if it does, with modifications. For example, the members representing the university and commerce and industry might vote with the “real” majority, and an equally small number of the non-Mahomedan members support the “real” minority ; but the result is substantially the same, i.e., the will of the majority of voters can easily be defeated, and actually is so defeated. Mahomedan representatives, who form the largest of the minority bloc, hold the balance of power except in cases where this bloc is broken up as it was in Bengal during the years 1924–1926.

Communal Constituencies

The following are communal constituencies :—Mahomedans in all the provinces except Burma ; Europeans in many provinces, both for the provincial council and the Assembly* ; Indian Christians for the provincial council only in the Madras Presidency ; Anglo-Indians for the provincial councils in Madras, Bengal and Burma ; Karens for the provincial council in Burma ; eight Indian constituencies for the provincial council in Burma ; the Sikhs in the Punjab, both for the provincial council and the Assembly.

The total number of constituencies in British India (provincial and central), to leave out of account the Council of State, is 823. Of these 207 are Mahomedan, 20 European, and 36 miscellaneous, making a total of 263 communal constituencies, or nearly 32 per cent. of the whole. A communal constituency consists of qualified voters who profess a common religion, such as Islam or Sikhism, or who belong to a particular race, e.g., European residents, and in Burma, Indian residents. Such voters are debarred from exercising the franchise in the general constituencies,

* The word Assembly in this article means the Indian Legislative Assembly

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but they may do so, if qualified, in special constituencies, for example, in university or commercial constituencies. Persons with communal qualifications may not stand for general constituencies. The result is that the latter are practically Hindu with a sprinkling of Indian Christians, and sometimes a few Anglo-Indians and Parsees, unless these communities are themselves large enough to be formed into separate electorates. Some of the results of this system are fairly obvious. In the last Assembly (1924-1926) the Mahomedan constituencies failed to throw up anyone of more than ordinary ability, with the exception of Mr. Jinnah. Mr. Jinnah would, however, have been acceptable even to a general constituency. Sir Mahomed Habibullah, now member of the Viceroy's Executive Council, has stated publicly on more than one occasion that he owed his political position, in pre-Reform days, to electorates with a substantial Hindu majority. He was, it will be recollected, for several terms a member of the old unreformed Madras Legislative Council. In the second place, the division of constituencies into commercial, Mahomedan and, lastly, general (in practice Hindu), has resulted in Moslem and Hindu extremists being returned practically unfettered by any obligation to the members of any other community except their own. The recent assertion by Hindu and Moslem leaders of their so-called religious rights, "music before mosques" on one side, or "cow killing" on the other, is the result of neither being accountable to the electors who profess the religion of the other. In the third place a communal bloc results in demands for a share of appointments in the clerical, administrative and technical public services, without regard to the fitness or otherwise of their candidates. A prominent feature in the question paper of the Assembly, and also of such provincial councils as those of Bengal or the Punjab, are interpellations regarding the proportionate number of Moslems and Hindus in the Government service. In fairness, however, to the Moslem

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community, it ought to be said that the number of Moslems actually so employed, particularly in the higher grades is comparatively small. The Moslem bloc in Bengal has evidently imposed its will upon the Government, inasmuch as its claim to a minimum of 40 per cent. of future appointments in some of the services has been accepted, and, presumably, the arrangement is already in operation. Where they exist, the European groups have come to be the chief supporters of the Moslem bloc in the legislatures. The European community would, the writer believes, even agree to Moslem communal electorates being established in provinces which may in the future have a clear majority of Moslem electors, though it would ensure such a majority complete control through their representatives, who would be unresponsive to the demands of the minorities. The claim to have even a majority protected by giving it an electorate confined to its own co-religionists has already been made by certain Moslem leaders. The Indian Christians also successfully demanded minority protection in the Madras Presidency which, for this purpose, has been divided into five constituencies ; but a substantial number of them would sorrowfully recognise that the results have not come up to their expectations. With a small representation (just five members) it has been impossible for them to exercise any real influence on behalf of their community. A growing consciousness that it is necessary for them to throw themselves into the general life of the country if their influence is to be felt has led one of their prominent leaders, the present Madras Minister, Diwan Bahadur Arogyaswami Mudaliar, himself the representative of such a constituency, to declare that the precaution of a communal electorate for Christians is no longer necessary. It is, indeed, pathetic to observe that the existence of Christian constituencies has emphasised the cleavage between Roman Catholics and Protestants. In most cases elections have been fought on the sectarian affiliations of candidates rather than on their political creeds. Indian

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residents in Burma are divided into eight constituencies. The inconsistency between the Hindu demand for the abolition of communal constituencies in India and the success of their co-religionists at the other side of the Bay of Bengal in obtaining communal protection, has not been brought to the notice of the public. Yet, it is only in Burma that Indians, both Hindus and Moslems, are united in a common electoral roll, and the system appears to have worked quite happily. It might help to allay Burman-Indian antagonism if the protective device of Indian constituencies were to be abolished.

Special Electorates

But the fragmentation which results from the Indian electoral system is not exhausted by the machinery for the protection of the communities. By the creation of "special electorates," landed and commercial interests have also been placed in what must be regarded as a privileged position. The composition of the Bengal Legislative Council is probably the best example. The number of seats is as follows:—non-Mahomedan 46, communal 46, special constituencies: universities 2, landholders 5, Bengal Chamber of Commerce (European) 6, Jute Mills Association, Indian Tea Association, Indian Mining Association, Calcutta Trades Association (all European) 5, Bengal National Chamber of Commerce, Bengal Marwari Association, Bengal Mahajan Sabha (all Indian) 4. Thus, there are 22 special seats in all. These special constituencies are small—one of them contains only 54 voters, another 52. The voters' roll reveals the fact that the non-Mahomedan and communal constituencies, which return 92 members, comprise more than a million voters, while the total number in the special electorates which are represented by 22 members comes to a little over 12,000. Each of them is, moreover, entitled to a vote in the territorial constituencies whether non-Mahomedan or communal.

A striking illustration of the inequality in the exercise

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of voting power is to be found in the Madras electoral roll. The non-Mahomedan constituency of South Arcot and the Madras Trades Association (European) both return one member each. The former comprises 73,866, the latter only 16 voters.

Nominated Members

In the Legislative Assembly the nominated members fall into four different classes. First in order of importance, are the officials of the central Government itself on whom the responsibility for the conduct of business largely falls. They reply to questions, give notice of Government Bills and resolutions, and take an important part in the debates. The tone of the House is largely determined by the leader of the House who is usually the Home Member. Sir Malcolm Hailey, in the opinion of the non-official members, was probably the ablest leader the Assembly has had. When he resigned his position to become Governor of the Punjab, the standard of debate of the whole House fell. His withdrawal, in the opinion of most people, had a very remarkable effect. Usually behind the leader of the House there sits the head of the Government Publicity Department (a nominated member) who rarely intervenes in debate, but is understood to write a daily report of the proceedings for the Viceroy's perusal, and scoffers say corrects the speeches of the Front Bench for the Indian Hansard. Every now and then, an official nominated member disappears from the floor of the House, and a notification in the *Gazette* announces that he has resigned his seat. This is apt to happen about budget time, when the Finance Member needs the assistance of the people in his office who have been dealing with the details. New members are then sworn in and take their seats, only to be dispossessed in their turn, when the budget has been finally disposed of. In the meantime, the temporarily deposed officials may be seen in the lobbies, or even poking their noses into the Chamber which they dare not enter.

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An incident caused some merriment two or three years ago. The Foreign Secretary, according to an announcement in the *Gazette*, had resigned his seat, and his understudy in the department was nominated to fill the vacancy. The next day the Foreign Secretary was sworn in as member of the Council of State where he made a speech on frontier affairs. A day or two later, the resignation of his seat in the Upper House, and that of his successor in the Assembly were both solemnly gazetted. On the fourth day he re-appeared in the Lower House, took the oath of allegiance and resumed his seat, and this fresh nomination was with equal solemnity recorded in the *Gazette*. The writer also recollects another incident. A nominated official member was unable to attend an important sitting at the end of the session—he was either unwell or had to leave Delhi on urgent business. The Government were anxious about the result of a particular division; so the seat was declared vacant and a youth, a member of the Indian Civil Service, who was attached to the Legislative Department to learn the work, was nominated to the vacancy. The new member was a familiar figure in the Chamber, as he had been assiduous in attendance at the Clerk's table before his sudden promotion. There is a saying in Delhi that the resignations of nominated official members are always in the hands of the Governor-General. These quick changes somewhat detract from the importance of the rank and file official nominated members.

The second group of official nominated members includes provincial representatives (two each from the major and one each from the minor provinces), and few, if any, responsibilities devolve upon these men. They form a rather forlorn group of "backwoodsmen," as they sometimes call themselves. They are useful to the Government on the rare occasions when provincial matters are brought up—as for example, during the debate on the amendment of the Criminal Procedure Code after the passing of the Bengal Criminal Law Amendment Act. They only intervene in

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debate with the permission of the leader of the House. Occasionally this group includes men whom the provincial Government is at the moment unable to employ, or can spare most easily. They may be senior Indian members of a provincial service, and occasionally some of them extend their sleeping hours to the sittings of the House. The writer cannot help wondering whether, as an alternative to maintaining the voting strength of the Government at the public expense, it would not be cheaper and equally effective if the Opposition were to be handicapped by losing a certain number of votes. Ordinarily one or two members of this group perform the useful, if thankless, task of Government whips.

The non-official nominated members are a small group appointed by the Governor-General or the Governor, as the case may be, to the central and provincial legislatures respectively. Sometimes they are people who have lost their seats at the elections; sometimes they are there to speak for some interest which is not represented or inadequately represented. Occasionally the nomination is a *solatium* to some magnate or important person whom it is desired to reward. This, at least, is the interpretation put upon these appointments by the elected group. They usually vote with the Government and are reckoned among its supporters. Lastly, the non-official nominated members representing specific interests recognised at the time of their appointment form an interesting group who cannot be counted upon invariably to support Government measures. The best known of this group in the Assembly is Mr. N. M. Joshi, who represents industrial labour and whose independent attitude, both towards the Government whose nominee he is and towards Indian industrial interests, has won him an acknowledged position in the country. To the credit of the Government be it said, he has been renominated each time after the dissolution of the Assembly.

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The Electorate

The ordinary constituencies, especially the ones for the Assembly, are too large, not so much from the point of view of the number of voters, as of the large extent of ground which would have to be covered if candidates were to attempt to get into touch with everyone or even with the majority of qualified electors. In single town constituencies this handicap does not, of course, exist; but in the Madras Presidency a Legislative Assembly constituency may include three, sometimes even four, civil districts. Communications are bad and the candidate cannot cover more than a fraction of the area. Agents are frequently employed to tour the constituency. This state of affairs probably explains why such a comparatively small number of electors go to the polls, particularly in the rural districts. A member of the Assembly informed the writer that he had had his picture printed on a postcard and sent round, as most of his constituents were illiterate. This device was, he believed, effective, and his opposition to the Finance Member's proposal to raise the postcard rate from one farthing to a halfpenny rested on very solid grounds. Elections are expensive. It is estimated that the last one in a certain province for the return of 91 members to the provincial council and 13 members to the Assembly, a total of 104, cost, if the writer's memory does not play him false, over £100,000 in lawful expenditure—that is to say, about £1,000 a member. In the United Provinces, he has been informed that a landlord's candidate does not scruple to spend as much as £5,000 to further his candidature. At any rate, the general belief is gaining ground that an election is an expensive affair, and as the life of legislatures (with the exception of the Council of State) is only three years, candidates without money at their back will not be forthcoming.

In this connection a question might be pertinently put with regard to the purity of elections. The electorates are

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too large and the voters too scattered to be exposed to much risk of corruption, and the cost would anyhow probably be too great for the evil to spread far. On the other hand, there is an impression that money is paid to influence results. It may be that agents are entrusted with large sums for their expenses, or they may be remunerated according to results. The writer has been told so by independent observers, including a friendly British official. It is also alleged that the "third candidate" trick is in vogue in certain electorates; that is to say, a third candidate has himself nominated and then may be bought off by one or both of the other candidates. The first public reference to this matter of corruption was last Christmas, when the president of the All-India Conference of Indian Christians, in his inaugural address, said—"If credence is to be given to even half the stories that are current about the methods used in the last elections, there are shoals ahead which need to be avoided." Stories may be unverified rumours or gossip, but they play a large part in the formation of opinion; at any rate, the facts need investigation.

Out of a total of 823 seats, 179 are filled by unopposed candidates. The most remarkable cases of lack of opposition on a large scale occurred in the fifty-seven European constituencies. In only one of these was an election actually held. It is indicative either of an overwhelming unanimity or, more probably, of a dearth of candidates. So easy has it become for a European with political ambitions to become a member, that an offer from any individual would probably be accepted without question, provided, of course, that he had the minimum requisite qualities, and, what is even more important, the time. In one of the legislatures an English journalist, who was "covering" the proceedings for his paper, found it more convenient and interesting, when a vacancy occurred, to transfer his activities from the Press gallery to the floor of the House without renouncing his responsibilities to his journal as its parliamentary correspondent. To a few members the

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legislatures prove only the stepping stone to a "snug billet," such as a public prosecutorship in a district; and occasionally support given a Ministry may be thus rewarded, but in this respect India only repeats the experience of other countries with parliamentary institutions.

Three years is too short a life for both the provincial legislatures and the Assembly. The elections take place in November or December and the legislatures meet in the middle of January. The political parties live in the aftermath of the elections during the first year, and they attempt to arouse interest in the country by their opposition to the Executive; the second year they settle down to work, but during the third one the coming elections loom large, and attention is distracted from public business to the political chances of the future. So, as a matter of fact, the legislature is not given an adequate opportunity of proving itself. This question of the life of the legislatures might well be made the subject of enquiry.

The creditable results of the working of the reformed legislatures are much larger than political partisanship will allow. In the first place their educative value is great to large numbers of non-official members who are brought for the first time into touch with the machinery of government. On Ministers particularly the effect is profound; they soon become conscious of political responsibility, and, even when they are out of office, they show the same care in making public pronouncements, as, say, the Labour members of Mr. MacDonald's late Cabinet. In the second place the legislatures have helped members to understand what standards ought to govern administration. In every legislature membership of the Finance Committee is a much sought after privilege; the same applies to the Railway Finance Committee. On both these bodies members of every party have shown themselves helpful critics of Government policy. The Public Accounts Committees too have given their members an insight into the canons of financial purity. They have also stimulated

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a sense of care in the responsible officials who realise that they are accountable for breaches of financial rules. These committees have authority to summon the officials concerned to give explanations and they may be cross-examined by their members. In the domain of pure legislation the Assembly and the majority of the provincial councils have a record of which they need not be ashamed. The budget is vigilantly scanned, and the present Assembly has already produced non-official experts who by dint of hard work are in a position to offer able and very pertinent criticism of it and the accounts when they are presented to the House by the central Government. The writer recognises that the thanks of many members are due to Sir Basil Blackett for the example that he has set in stimulating interest in financial problems, and the generous way in which he has placed his knowledge and experience at the disposal of members of the committees over which he has presided. The road of Swaraj is tedious and slow, and many an Indian believes that artificial obstacles block its fairway, but at any rate he can find consolation in the fact that the actual experience of the working of our limited parliamentary institutions has not been wholly wasted time.

GREAT BRITAIN: THE PRAYER BOOK AND OTHER MATTERS

I. THE PRAYER BOOK

NOT for a long time has a decision of the House of Commons moved the people of England in the way that its rejection of the Prayer-book Measure on December 15 last moved them.* The venerable Archbishop of Canterbury, widely regarded as the very prototype of Christian statesmanship and charity, who thus saw the principal work of his long archiepiscopate rejected after it had been carried by a large majority in the House of Lords; the dramatic manner in which the labour of the twenty-one years spent on it was overthrown on the last test to which, by law, it had to be submitted; the fact that this occurred on one of those rare occasions when a first-class issue is decided on the debate preceding the division, the result uncertain to the last; the innate instinct in most people for theological controversy; the ever-surviving force of the cry of "no popery," and the determination of the Protestants to oppose any compromise of what they regard as an essential after-Reformation settlement; the zeal of the Anglo-Catholics; all combined to make the occasion in every way memorable. A mediæval atmosphere pervaded the debates in both Houses. One could almost hear the stake being erected in Palace Yard.

* The figures in the division were: Ayes, 205; Noes, 230.

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The measure which produced the crisis is the last in a long chain of events, which began three and a half centuries ago with the split from Rome in Henry VIII's time, a split which in the first instance was political rather than doctrinal. The first Anglican Prayer-book—the one to which Lord Halifax would have us return to-day—appeared in Edward VI's reign in 1549. It introduced the use of the English language in the services, which were also simplified. Another Prayer-book followed three years later and yet another in 1559 at the beginning of Elizabeth's reign. The differences between these books cannot be gone into here and we must pass over the next century, which saw the Puritan movement regarded by many as the real Reformation in England develop, to the year 1662, after the restoration of Charles II when the Prayer-book we now use was compiled. Like its predecessors, it was a compromise, as is recognised in the opening lines of the preface:

It hath been the wisdom of the Church of England ever since the first compiling of her publick Liturgy to keep the mean between the two extremes, of too much stiffness in refusing, and of too much easiness in admitting any variation from it.

The next event to notice is the spiritual revival at first Evangelical in the eighteenth century and then Catholic in the first half of the nineteenth. This last was known as the Tractarian movement, and many of its leaders—Newman among them—went over to Rome, but the movement went on inside the Church. In 1874 the Public Worship Regulation Act was passed, with the warm approval of Queen Victoria, to check ritualistic tendencies, but the imprisonment of refractory clergymen proved of little use. It merely made martyrs of them. At the moment the Anglo-Catholics, as they call themselves, and their sympathisers constitute a powerful section. In 1906 the situation was such that a royal commission was appointed to enquire into the question of ecclesiastical

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discipline. The unanimous view of this commission, which included members of strong Protestant views, was that

the law of public worship in the Church of England is too narrow for the religious life of the present generation. It needlessly condemns much which a great section of Church people, including many of her most devoted members, value; and modern thought and feeling are characterised by a care for ceremonial, a sense of dignity in worship, and an appreciation of the continuity of the Church, which were not similarly felt at the time when the law took its present shape. In an age which has witnessed an extraordinary revival of spiritual life and activity the Church has had to work under regulations fitted for a different condition of things, without that power of self-adjustment which is inherent in the conception of a living Church.

This commission was appointed purely and simply to go into the question of discipline. It certainly did not consider the need of reforms to be an adequate reason for allowing defiant lawlessness to go unchecked pending their adoption, but it definitely came to the conclusion that alterations would have to be made in the Prayer-book before there was any change in the ecclesiastical courts. The Church, thereupon, embarked upon the task of revising the Prayer-book, and for the last twenty-one years the work has off and on continued until to-day. The result is the deposited book which has just been rejected by the House of Commons.

Why then was it rejected? The Joint Ecclesiastical Committee of both Houses recommended that the book, which contains the old Prayer-book as well as the revised one—either may be used—should proceed. The House of Lords approved it by a large majority. It is often called the Bishops' Prayer-book, but in point of fact it came before Parliament with the endorsement of Convocation and of the National Church Assembly, a body formed in 1919 with the consent of Parliament. Only four bishops were against it out of 38; 253 of the clergy and 330 of the laity were for it and only 37 clergy and 92 laity against. As the full

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membership of the Assembly is 40 bishops, 319 clergy and 352 laity, the proposals could certainly claim the overwhelming support of the Church in so far as it was represented by this body. It received the approval too of about 80 per cent. of the members of the diocesan conferences throughout the country. Two of the great Nonconformist bodies, the Baptists and the United Methodists, officially advised that the proposals should be rejected, but the other four took no action and three of their most conspicuous leaders were willing, according to the Archbishop of York even desirous, that they should pass. Why, then, was the deposited book thrown out?

To answer this question it is necessary to consider the character of the proposed changes, but first there are the doubts which have been raised in certain quarters as to the competence of Parliament to deal with such questions at all. It is contended that they are for theological experts and not for a political assembly and for that very reason the Enabling Act of 1919 was passed to constitute the National Church Assembly. The Joint Ecclesiastical Committee of Parliament itself was of opinion that Parliament should not interfere in matters so clearly within the province of the National Church Assembly as the doctrines and ceremonial of the Church, unless the proposed change of doctrine would materially alter the character of the national Church, as recognised by the Act of Settlement and the oath sworn by His Majesty at his coronation. In this case the evidence and the Archbishops' opinion had convinced them that no change of constitutional importance was involved.

The vast majority of the people of Great Britain and Northern Ireland are, however, instinctively jealous of any change that appears to threaten to compromise the Reformation settlement. They are inclined to be impatient of the niceties of theological exposition which satisfactorily prove to the learned that an innovation involves no change of doctrine and leads away from instead of in the

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direction of Rome. The very fact that the demand for greater comprehensiveness has been forced on by the activities of the Anglo-Catholics has made them suspicious. Nor can interest in the matter be confined to Anglicans, for the Church of England, being established, is the official Church of the nation and stands for the formal recognition of religion by the State. Any action, therefore, which it takes is of interest to all. It is the duty of Nonconformists just as much as of anyone else to vote against any alterations in its rules which appear to them to be contrary to the highest interests of the nation. The Church must continue to submit to the control so long as it remains established and enjoys the peculiar privileges of being so. The Archbishop of Canterbury himself said in the House of Lords: "Every member of the House has, in my view, his absolute right to vote freely upon a matter of this kind and it would be impertinent on my part to suggest anything else."

We will now consider the changes which the deposited book embodies. Public attention has been concentrated upon those which are suspected of favouring Anglo-Catholics, but there are others which make a different appeal. A Free Church member of Parliament, who had served on the Ecclesiastical Committee, in the course of the debate, expressed his preference for the deposited book over the existing Prayer-book, notwithstanding the contentious passages. Permission is given in the new book to shorten services, to omit the Athanasian creed, also psalms of an imprecatory character and the words which assume the withholding of grace from children who have not been baptised. As, however, none of these changes are contentious, not even—since the war—the sanction given to prayers for the dead, it is unnecessary to describe them in detail.

Practices which are admittedly illegal under the Prayer-book of 1662 have long been introduced into the Church services. On the other hand, the enforcement of any discip-

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linary measures against the incumbent responsible for these innovations has been well nigh impossible, not only because the rules are out of date and so much out of date that hardly any service now held in a church, no matter to what school of thought it belongs, is strictly legal; but because they needlessly condemn much, which a great section of Church people, including many of her most devoted members, value. A Prayer-book designed to meet the social, political and economic conditions of the people of England in the seventeenth century cannot, it has been pointed out, be expected in all respects to meet those of the twentieth. The claim of its sponsors is, indeed, that the new Prayer-book, like the Balfour Report on inter-Imperial relations, merely sets a seal on what is already the tacitly recognised practice. Revision generally has, the bishops tell us, had two main objects: (1) to bring the Prayer-book into line with the changed circumstances of the times and (2) to provide a legal comprehensiveness for those whom the existing law needlessly places in the position of law breakers.

This brings us to the contentious passages. No one minds the legalisation of any irregularities except those which are suspected of a Roman flavour. To omit an unintentional slip, which might have left an opening for some incumbent who wished to avoid acknowledging the supremacy of the King, the opposition has concentrated upon the part of the book which has to do with the sacrament. There are two proposed alterations. One affects the prayer of consecration and the other would legalise continuous reservation of the sacrament. The former, which raises a very technical point, has attracted less criticism,* and we do not propose to discuss it here, except to point out that, in the opinion of some authorities, the tendency is away from, rather than in the direction of Rome, and it has

* In Bishop Knox's view the consecration prayer raises a more serious point than the question of reservation—i.e., the effect of consecration on the bread and wine. (See *The Times*, February 2, 1928.)

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not been welcomed by the Anglo-Catholics, certainly not by the extreme wing.

The brunt of the storm has broken upon the rubrics which permit reservation. The object of the new provisions is, its sponsors have explained, to meet a practical difficulty. In large towns the demand on the part of the sick and disabled for the sacrament is already great, and it is increasing. Sometimes a single incumbent has as many as seven or eight cases of the kind in a single day, and going through the ceremony of communion so many times imposes a spiritual strain upon the incumbent, who himself partakes. If he happens to be an Anglo-Catholic, moreover, he will consider it obligatory to do so fasting. The reservation of the consecrated elements would obviate this difficulty.

To turn now to the objections, if reservation were to be confined to the one purpose of administering the sacrament to the sick forthwith or even the same day, there would be little criticism; but many even of those who support the new Prayer-book see no reason for perpetual reservation. It is the opportunities of adoration which reservation carries with it that have aroused the opposition. It is obvious that, although services of adoration can be stopped, individuals who are so minded cannot be prevented by any regulations from adoring the consecrated elements if they are kept in a church. The Archbishop of Canterbury was himself, he informed the Lords, at first against reservation being sanctioned even for the sick, for fear of superstition, the evidence, however, thoroughly satisfied him that it was both necessary and justified. The deposited book forbids it for any other purpose, and devotional services are prohibited. The Archbishop gave the House of Lords an emphatic assurance that, although the balance of emphasis may here and there be altered, in his deliberate judgment, nothing that they had suggested makes any change in the doctrinal position of the Church of England.

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Reservation is not sanctioned by the present Prayer-book, but the reader must realise that it is practised at the present moment in a number* of churches, and has been going on for years, usually with the authority of the Bishop of the diocese. The difficulty of bringing to an end a practice which has been sanctioned by themselves or their predecessors for the sake of sick communicants is strongly felt by the bishops, who are afraid of driving men out of the Church who could ill be spared. The Church of England has ever, it is pointed out, included men who place the emphasis on its catholic, as well as those who place it on its protestant character. It is, and always has been, a comprehensive Church. The idea underlying the new proposals is to start afresh with "a body of rules enacted, not in 1662 but in 1927," which would afford a reasonable basis for both sections. The consideration, indeed, that carried most weight with the bishops in framing their proposals was, it is clear, to secure peace in the Church at last.

I would take (said the Archbishop of Canterbury) still larger ground by saying that the giving to us of this Book would mean the liberation of the Church from the great mass of those petty strifes which have troubled us up and down the country in the past, and would conduce to the Church's firm progress towards doing better the work to which we long to give ourselves wholeheartedly and together both at home and overseas.

Why, then, did the bishops' arguments fail to convince the House of Commons? The answer is the strength of the Protestant feeling and a deep-rooted dislike of what is called sacramentalism and priestcraft. The majority of the members of the House of Commons did not believe that the co-operation which the Archbishop expected would be secured, and they were sure that disobedience would still

* According to the Archbishop of Canterbury, the number of churches in which continuous reservation is practised is well under 700—i.e., between 4½ and 5 per cent. out of the total number.

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continue. The question to them was not so much how the new book could be expanded by moderate Churchmen, but "how it could without absurdity and without exaggeration be used by those who are anxious for still further extremes in a Roman direction." During the debate opponents of the measure concerned themselves less with the practices which it legalised than with those which it did not, but which had, nevertheless, become current within the Church. The present chaotic condition of the diocese of London, where a number of incumbents have been allowed to introduce services and uses which will not be legalised; the declaration of the Bishop of London that the new book secures to the Anglo-Catholics all that they have been fighting for for forty years; the statement signed by 1,400 Anglo-Catholic priests (a number which, the Archbishop of York declared, had dwindled to 700 on a referendum) that they would not desist from their illegal practices; a particular service of dedication recently celebrated by the Bishop of St. Albans, were advanced as reasons for voting against the new proposals. What guarantee is there, they asked, that the bishops will be able, or indeed in some cases willing, in future any more than in the past, to suppress these illegalities and others which may be introduced? The way to deal with law breakers is not to alter the law in order to justify practices which are now forbidden, for that will only encourage them to continue in their courses, but to administer the law as it is. The House was impressed by the dilemma which Sir John Simon put to it.

Either the promoters of this new Book (he said) are doing nothing very drastic, are touching no material point of doctrine, are really contenting themselves with securing more appropriate words for expressing the same thing; or they are really assisting and facilitating a doctrinal change. It is one or the other. If it be the first, if it be a comparatively small thing, then what is the meaning of suggesting that, if we pass this Book, we are going to produce peace in the Church of England, and, if we do not, we are going to create more bitterness?

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The very acceptance of the new measure by Anglo-Catholics excited suspicion.

It is unnecessary to dwell upon the other points on to which hostile criticism fastened: the omission, for instance, of the black rubric which prohibits the adoration of any corporeal presence at the end of the alternative form of communion service, and the power given to the Archbishops and Bishops to make "such rules as are required or allowed to be made by them under any rubrick of the deposited book." There was reluctance to leave any door open through which illegal services or practices might, even indirectly, be facilitated. Then there was the question of further disciplinary power. Some of the critics would have approved of the new proposals if they had been accompanied by others for the enforcement of discipline. As regards this question, the bishops' view is that compulsion has been proved to be the least effective way of dealing with an obstinate conscience, and that order cannot be restored by mere rules. The Archbishop of York put it in this way:—

The only way (he said) you can restore order where it is broken in any community is by restoring the sense of loyalty. Loyalty everywhere is the basis of law. What we hope to do by this Book is to make an appeal to that sense of loyalty.

The good spirit shown by the Anglo-Catholics during the negotiations over the new book had made a deep impression on both Archbishops, and there was unwillingness to spoil the prospect of voluntary co-operation by holding out threats. Encouraging assurances had, moreover, been received with regard to the majority of them. The Archbishop of Canterbury gave the House of Lords his word, however, that the bishops "intend the book to be obeyed and intend to use all their efforts to secure that it shall be obeyed." It was also pointed out that the question of the ecclesiastical courts had been considered and proposals would in due course be brought before the House

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of Lords. Disciplinary measures could always be considered later if they proved necessary.

Immediately after the rejection of the deposited book, the bishops met and resolved to reintroduce it "with such changes, and such changes only, as may tend to remove misapprehensions and to make clearer and more explicit its intentions and limitations"—the difficulty of modifying a compromise which had taken so many years to effect is obvious. On December 21 they issued a new and considered Prayer-book. They omitted the authority which the previous measure gave them to make or rescind rules under the rubrics. The most important of these rules, which they had already published, governing the manner of the reservation of the sacrament, now appear as rubrics in the alternative service for the communion of the sick. They confined their own powers to interpreting these and to settling any doubts or diversities that may arise. The black rubric is now inserted at the end of the alternative communion service and the prayer for the King is made obligatory. It was also provided that the consecrated elements may, at the bishop's discretion, be reserved not only in a specified part of the church, but also "if need be" in the wall of the vestry. The amendments are, however, admittedly small. The deposited book remains, in substance, what it was before.

However that may be, the amendments at once aroused criticism in both camps. They were assailed on the one hand by the Bishop of Birmingham and by the Churchmen's Union, of which the Dean of St. Paul's is president, as inadequate, on the grounds, among others, that they do not exclude reservation of the sacrament from places where worship continuously takes place; that they do not prohibit the indication of the place by a lamp or otherwise, or the putting up of a notice that a church is one in which "the blessed sacrament is reserved," and that they do not affirm that non-fasting communion is not a sin. On the other hand, there were strong Anglo-Catholic

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objections to the provision that the consecrated elements may be reserved in the vestry. Sir H. Slessor pointed out that the Anglo-Catholics (who have no wish to conceal anything) are not content with reservation for the sick. He claimed the right to treat the sacrament with due veneration and adoration.

A general approval has now been given to these amendments by the three Houses of the Church Assembly. The voting this time was as follows:—

				For.	Against.	Majority.
Bishops	..	..	..	35	5	30
Clergy	..	..	..	247	35	212
Laity	..	..	..	196	86	110

We need not concern ourselves here with the various proposals for amendment subsequently made at the revision stage in the Houses of Clergy and Laity, except to say that one of them would meet the Anglo-Catholic objection by removing the words about reservation in the vestry, and another would make it clear that fasting before communion was optional, and the bishops are asked to reconsider a part of the prayer of consecration. The deposited book, when revised, will be presented to Convocation, and is expected to be resubmitted in its final form to Parliament about Whitsuntide. It is no part of a bare narrative such as this to speculate upon the prospects of it meeting with better success the next time it comes before the House of Commons. One event may stand in its way. The conversations which took place at Malines with the late Cardinal Mercier on the question of reunion with the approval of the Archbishop of Canterbury, have now been published, and the attitude taken up by the Anglican representatives is considered unlikely to have a reassuring effect upon Protestant suspicions.

Suppose, then, that the deposited book is rejected a second time. What then? The Archbishops have given us their answer to this question. "We should," said the Archbishop of York when the measure came before the

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House of Lords, "be then back to the existing situation, which is admittedly bad. It would be aggravated because what are we to do with all the permissions which have already been granted and which are now to be legalised by this measure?" Could bishops forbid practices which they had themselves proposed to legalise, and which Parliament had refused to legalise? According to the Archbishop, we should in that event see a direct and definite challenge of Parliament. The question of religion would thus once more be brought into politics.

This, in its turn, brings up the issue of disestablishment and the effect which disestablishment under existing circumstances would have both upon the Church of England and the country. These are, however, questions of too far-reaching a character to be discussed in this article.

II. POLITICAL AND ECONOMIC

EXCEPT for the Prayer-book controversy, which has not followed party lines, little has happened on the political side since our December number appeared. Its estimate of the position of the Government still seems to hold. After the by-elections at Faversham and West Bristol Mr. Baldwin had every reason to feel relief that, after three years of office and criticism from friends as well as foes, he had not lost more ground. Labour, it is true, had won Northampton, but if the votes polled by Mr. Hailwood, the independent candidate, had been given to the official candidate, he would have carried the seat, and Northampton is a thoroughly radical town. At Faversham, too, where a Conservative was again returned, although he polled 1,435 fewer votes than his predecessor, the 1,090 which went to Mr. Hailwood must again be set against the lost votes. People even began to predict that if they won West Bristol and Lancaster, the Government would go to the country, in the hope of catching the Labour party

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out of pocket and the Liberals, who had fared badly, out of heart. Then came West Bristol, and a Conservative was again returned. But "no change" on the political barometer is not necessarily the same thing as "set fair," and there was another side to the picture. At West Bristol, for instance, as at Brixton, Westbury, Southend and Canterbury, fewer Conservative votes were polled than in 1924. Whatever may be said about the figures, moreover, Northampton was a win for Labour, and although it did not capture Faversham or West Bristol, it added votes to its poll. The agricultural classes, too, have been getting restive. There has been talk of supporting independent agricultural candidates at the next general election. The Chancellor of the Exchequer did not wait for Lancaster. He told us on February 3 that there will be no general election this year. The "flappers" are first to receive their votes, and the promised credits to be provided for agriculture.

But the surprise of the quarter was still to come. At Lancaster, which three years ago returned a Conservative with a majority of 4,158, the Liberal candidate won the by-election on February 9 by 1,829 votes. It is easy, no doubt, to exaggerate the importance of a single by-election. The Liberals have yet to show that Lancaster is anything more than just another "up" in the ups and downs that have marked their recent fortunes, and if Labour's progress has been relatively steady, it has also been comparatively slow. Both parties, moreover, are weakened by internal differences. Their opponents would scoff to-day at the idea of either being able singly to challenge the Government successfully, and the prospect of their combining is at least as distant as Birnam Wood was once from Dunsinane. One lesson, at all events, can be learnt from Lancaster. It is one thing to be loved for one's own sake and quite another to depend upon the unattractiveness of one's rivals. Such a prop is apt to let one down. The Conservatives cannot afford to take things easily.

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As regards the immediate future, the programme for the session only contains two important measures—the franchise Bill and the Bill for agricultural credits. There is nothing in it about the House of Lords, or social legislation. In the matter of industrial depression Mr. Churchill is for bringing relief through the rates rather than by reducing taxation, in which, the Liberals say, he is taking a leaf out of their book. They have just produced one of 500 pages on industry, which lack of space prevents us from dealing with in this sketch of current events. This brings us to the economic side.

Here the quarter has not lacked interest, but there is at present little fresh to report. The industrial disputes to which reference was made in our last issue have not yet come to a head. The Mond Conference has survived infantile disorders. A pamphlet issued by the employers in the engineering industry strongly emphasising the policy that each concern should settle its own troubles, came as a damper, and Mr. Cook tried to nip the movement in the bud. He insisted that the Mond team had no brief to speak for employers generally, and that the T.U.C. Committee was without an opposite number. But Labour knows the standing of Sir Alfred Mond and his friends. They are said to represent £1,000,000,000 of capital between them, and their names speak for themselves. The discussions will continue. At the moment, however, there is nothing more to say. Sir Alfred Mond himself is away on a tour in the Middle East. The better spirit in industry for which Mr. Ben Turner appealed is beyond dispute.

The disputes, it is true, go on. In the cotton industry the men were not unnaturally unwilling to discuss hours and wages with the spinners and the manufacturers unless all other means of effecting economies were first gone into, and the spinners in the American section—the Egyptian section and the manufacturers were against a breach—gave a month's notice to terminate the wages and

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hours agreements. But at the instance of the spinners themselves the conversations are now being resumed. Public sympathy has leaned towards the side of the men. People see little use, after the experience of the coal trade, in lengthening hours. They know that foreign competition is the main difficulty here too. The East, which used to be only a customer, has since the war begun to manufacture as well. The trouble in cotton is the number of different interests concerned with the various processes. Spinning is only one of them. This makes combination—difficult enough in any case with such individualistic people—ten times as hard to bring about. The Yarn Association has made another fruitless attempt at an agreement for the control of production. An advance summary—their report is not yet out—has, however, just been issued by the Joint Committee of Cotton Trade Organisations, which started its investigations about a year ago, at the instance of the Manchester Chamber of Commerce. The Committee does not deal with the question of wages or hours, but it emphasises the need of closer co-operation between manufacturers, finishers and weavers, and suggests the appointment of special sub-committees to deal with the different points. This may give the impulse that is wanted, but at the moment we must leave the question at that.

There are other troubles. The engineering trade unions have decided to ask for 8s. a week, and for a corresponding increase in piece-work prices. Time rates, which average about 49 per cent. higher than in 1914 for skilled men as against 82 per cent. increase in the case of engineering labourers, are well below the advance in the cost of living, though hours are shorter than before the war, and the piece workers, from a third to a half of the total number, come off better than the time workers. The effect of the increase would be to raise the weekly ton rate of the skilled man to amounts varying from 67.6 per cent. to 73 per cent. above the 1914 level; the weekly time rate of labourers would be raised to 117.5 per cent. The ship-building

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unions, whose rates compare unfavourably with those in the sheltered trades, are also demanding an increase of 10s. a week. The two disputes affect the wages of about 1,000,000 workers. Things are no doubt better in ship-building than last year but it was helped by the arrears after the coal strike and it remains to be seen whether the improvement will be maintained in normal seasons. Prices have on the whole not yet reached an economic level. There are fewer fresh orders than one would wish—not enough to fill the shipyards—and there is still more than 20 per cent. of unemployment in the industry. The engineering position varies with the locality and the kind of work. Unemployment ranged from 4.2 per cent. in electrical business, to 11.7 per cent. in marine engineering, and from 4.3 per cent. in the south-eastern district, to over 12 per cent. in the north.

There is, unfortunately, no improvement in the coal industry upon which our chief industries depend. A statistical summary issued by the Mines Department last January showed losses in every district for the quarter up to the end of September. To make things worse, Italy, which used to take 9,600,000 tons from us before the war, a figure which had already dropped to 7,000,000 in 1927, though she now uses far more coal, is constantly calling for larger deliveries of German reparations coal. She is at present getting 420,000 tons a month. There has, however, been progress in organisation. The new South Wales Coal Marketing Association, referred to in our last number, began operations on January 1. The Association is based on two principles: The first is a contribution to a pool of 3d. a ton on output from each colliery, to be used to compensate collieries which lose trade by not accepting uneconomic prices for their coal. The second divides the collieries into groups according to the description and grading of their coals, and sets up a committee in each group to stabilise prices. It does not, however, provide for any restriction of output.

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The Yorkshire, Derbyshire and Nottinghamshire coal owners have now produced a similar scheme to prevent the undercutting of prices, based on the creation of a pool, fed by a levy of 3d. a ton on all coal raised, which will be used to subsidise exports in order to relieve the home market of its congestion. But, unlike the South Wales scheme, this one also provides for the control of output. The proposals have had a lukewarm reception from the Yorkshire miners. They say that the scheme would be used against other districts where the miners would suffer.

The effect of the coal strike failure on the position of trade unionism, can be judged by the figures recently issued by the Registrar General of Friendly Societies. Membership had declined from 7,000,000 in 1920 to 4,146,000 at the end of 1926, and the funds from £12,750,000 to £8,650,000.

The bankers have just delivered their usual review of the economic position. It may be said that it is their *métier* to be hopeful, but this time they do not, at all events, speak alone. The Federation of British Industries, for instance, supports their attitude. And there are undoubtedly brighter patches. The favourable balance of £96,000,000, which the estimate just issued by the Board of Trade for 1927 shows, takes into account "invisible exports," and is little more than half of what it was before the war. But to leave out of account the disastrous year of the coal strike, 1926, when there was actually an adverse balance of trade of £7,000,000, the figure would represent a distinct advance on the year 1925 when there was a balance on the right side of only £54,000,000. A number of new industries have also sprung up in the south and the midlands since the war, and there is a certain improvement in ship building. But with agriculture, cotton and other great industries, especially coal upon which our export trade depends still in difficulties, and over a million unemployed, it is difficult to look upon the future as yet in any sense assured.

IRELAND : EVENTS IN THE FREE STATE

I. POLITICAL

THE most notable event of the last quarter has been the successful flotation of the second National Loan, or rather the first portion thereof. The total loan is to be £15,000,000, and of this £7,089,175 was issued in December. It is a five per cent. stock redeemable in 1950-60, and the price of issue is 97 per cent. £4,006,925 was issued in Ireland and the balance representing fifteen million dollars in New York. Free State holdings may be converted into American bonds. The loan was oversubscribed on the day of issue in New York and a few days afterwards in Dublin. The decision not to issue the whole loan at once was obviously wise because it is not all wanted at present and after four years' agricultural depression money here is scarce. Nor in his present precarious position can Mr. Cosgrave desire to fill the national treasury for the possible advantage of a Republican administration in the near future. The secret of the American flotation was well kept and its success of good omen. It is justified because it renews and strengthens our old and friendly relations with the United States on the basis of business instead of begging, and because the arrangement by which the pounds lent are convertible at a fixed rate into dollars effectively removes any anxiety as to the future of our currency. In addition it will help to anchor Irish-American sentiment to a constructive outlook in Irish

affairs. It was indeed high time that Mr. Cosgrave's administration turned their attention to America and capitalised not only the dollars but the goodwill which was to be had for the asking. Up to the present they have left this fertile field almost entirely to their adversaries. Without American dollars Mr. de Valera could never have fought the last two elections, as, indeed, he has publicly admitted. Mr. Cosgrave's visit to the United States, although entirely non-political, is another move in the right direction. It is a timely and very proper acknowledgment of our deep debt of gratitude to the American people, and his presence and personality have done much to advertise the present position and future prospects of the Free State. It is to be hoped that it has brought home to Irish Americans that the time for their interference in Irish politics is gone never to return, and that the time for their assistance in our economic development on a business basis has arrived.

Mr. de Valera is also in America on one of his periodical begging missions. On this occasion he is seeking to raise funds for the starting of a Republican daily paper. The attitude of his party to the new National Loan was strangely inconsistent. His own contribution was a petulant complaint that the Dail was not allowed to discuss the terms of the loan before flotation. Amongst his followers divided opinions were apparent: Mr. S. French, Deputy for and Lord Mayor of Cork, publicly supported the investment in the loan of Cork Harbour Board funds, whilst his colleague Mr. P. J. Rutledge, T.D., in a speech at Ballina, stated that the wealth of the country was in the hands of England's faithful garrison who subscribed heavily to the loan in order to maintain the tradition of keeping Ireland subservient to England. Mr. Rutledge is supposed to be one of Fianna Fail's leading statesmen. His statement is typical of the backwoods mentality which he represents. His leader Mr. de Valera, too, at the Fianna Fail Ard Fheis, or party convention, in

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November, repeated his usual stereotyped statements that his party aimed at securing the complete freedom of Ireland under a republican form of government, that the Constitution was imposed from abroad, that Irish industries should be protected, and that Ireland must be not merely free but Gaelic as well. His only new suggestions were that his party would use the power of initiative given by the Constitution to remove the oath, that drink was at the bottom of the Treaty and a fresh temperance campaign was necessary, and that the Senate should be abolished and the Dail reduced in numbers. Under Article 48 of the Constitution in case the Oireachtas fails to make provision within two years for the initiation by the people of proposals for laws or constitutional amendments it shall, on the petition of not less than seventy-five thousand voters on the register, either make such provisions or submit the question to the people for decision in a referendum. Acting under this article Fianna Fail has now secured the necessary 75,000 signatures to a petition requesting that provision be made for the initiation by the people of proposals for laws and in particular for the deletion of Article 17 which contains the famous oath now taken by members of the Oireachtas and the substitution for the same of a new article providing that elected members of the Oireachtas shall become members on publicly signing the roll. This is only the first step, but it raises questions of serious importance. The Government introduced a Bill in the last Dail to abolish the initiative and they must now either re-introduce this Bill or submit the question to a referendum. Either course will involve grave risks, because the Bill may be difficult to pass and a referendum create fresh political disturbance without a decisive result, as so many voters are indifferent when principles rather than personalities are at stake. It is, however, difficult to understand on what line of argument Mr. de Valera can demand the abolition of an oath which he has sworn twice and describes as an empty

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formula. Either it is of no importance or he should never have sworn it. In any event if he succeeds in removing it he will have nothing left to live for. All this pother comes of allowing our Constitution to be drafted by a committee of doctrinaire lawyers and professors who seem to have searched the world for all the latest democratic stunts quite regardless of whether they were suitable to the peculiar genius and conditions of our people. For over a hundred years our politics have been entirely abnormal and seldom concerned with constructive affairs, and we are neither used nor trained to decide questions of political principle by methods which are not always effective even in communities whose political education is more advanced than ours. The initiative is in theory supposed to increase electoral responsibility and curb the power of political organizations. Mr. de Valera proposes to use it for an exactly opposite purpose, hoping that his political machine will be victorious over the apathy of the electorate. The last thing he cares about is the merits of the initiative itself as a part of our political machinery, but he has undoubtedly scored politically in its present application.

Another important constitutional question which must come up for solution during the coming year will be the method of electing the Senate. The defects of the existing method were clearly proved in the first triennial election which was held in October 1925, the chief being that the whole of the Free State was treated as one constituency, and that the electors were called upon to decide upon the merits of nearly eighty candidates, a large proportion of whom were quite unknown to them. The result was that no candidate, no matter how distinguished, had any chance of election on his merits, and could only succeed if he had some organized interest at his back. For instance, two unknown Dublin publicans were elected because they represented the protest of the liquor trade against the temperance policy of Mr. O'Higgins, whilst distinguished men like Dr. Douglas Hyde and Mr. S. L. Brown, K.C.,

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were almost at the bottom of the poll. Another election is due in the autumn of this year when some of the best Senators retire on the completion of their term of office, and if the same result is to be avoided some new method of election must be devised. This necessity has long been recognized and the private committee which the Government set up over a year and a half ago to consider the revision of the Constitution is believed to have reported on this amongst other questions. The Government are about to introduce a Bill and it is possible that a joint committee of both Houses will be set up to agree on a solution. There is indeed a general consensus of opinion amongst those who have seriously considered the matter that the Senate should not be elected by the ordinary voter. The Constitution rightly requires that it shall be composed of citizens who have done honour to the nation by means of useful public service, or who represent important aspects of the nation's life. The principle of triennial election for a twelve year period of office ought to be preserved, likewise the method of election by the Senate itself to fill casual vacancies. For the triennial election it is suggested that a panel of candidates should be formed consisting of all retiring Senators who desire to seek re-election and, say, thirty-five other candidates nominated to the panel by representative vocational bodies and institutions, such as the Benchers of the King's Inns, the Royal College of Surgeons, the Trades Union Congress, the Incorporated Law Society, the Institute of Civil Engineers, the Irish Farmers' Union, the united chambers of commerce, the universities, and similar bodies. This list is merely suggestive. These nominated candidates should then be submitted to a Joint Committee of the Oireachtas with power by a majority to strike out any candidate who did not fulfil the requirements of the Constitution. The complete panel should then be voted on by both Houses of the Oireachtas sitting and voting together as a unit in a secret ballot conducted according to the principles of propor-

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tional representation. The advantages of some such method of election over the present system need hardly be emphasized. The cost would be negligible and since the panel would be almost certain to be a good one, the Senators elected from it would adequately represent the type of citizen contemplated by the Constitution. It will be recollected that some years ago the Cumann nan Gaedheal party took the high-minded and courageous decision, recently re-affirmed, not to fight local elections, on the ground that politics should not enter into local affairs. Is it too much to hope that all parties could by agreement take a similar decision in regard to the elections to the Senate, and so secure an impartial second chamber composed of our elder statesmen and distinguished citizens, who should have power not only of criticism and delay as at present, but the right to enforce a limited veto by compelling a joint vote of the two Houses on any measure it had rejected?

The Dail adjourned at the end of November and will not meet again till February 15. Before it rose the Government had suffered its first defeat on a motion by Captain Redmond for the appointment of a commission to inquire into the grievances of ex-British servicemen against the British and Free State Governments. That such grievances undoubtedly exist did not lessen the incongruous spectacle of Fianna Fail marching into the division lobbies behind the gallant captain. Politics make strange bed-fellows. A motion by the Labour party for the increase of old age pensions, which has been postponed till after the adjournment, suggests fresh breakers ahead, but it is clear from various acrimonious exchanges in the Dail that there is no love lost between Labour and Fianna Fail. Mr. de Valera has already made several tactical mistakes. The Public Safety Act, passed after the murder of Kevin O'Higgins, has been a source of embarrassment to the Government, because it is constantly cited as an example of their tyrannical tendencies. Mr. Cosgrave therefore

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seized with alacrity the introduction by Mr. de Valera of a Bill for its repeal to agree immediately that its operation should terminate next year. Mr. de Valera also refused with a bad grace to accept the chairmanship of the important Committee of Public Accounts formerly held by Mr. Johnson, the leader of the Labour party in the old Dail. The speeches of his lieutenants are still full of bitterness. They preach a policy of complete economic separation from England as a panacea for all our ills, and thus make a bid for support from economic discontent and the old separatist spirit. But they have not thought out their policy to its logical conclusion and the Government has more than held its own in debate. This was particularly noticeable in the protracted debate on unemployment. Mr. Hogan, the Minister for Agriculture, aptly said that all this talk about protection and the ruralization of industry is due to a vague idea that we are a chosen people, and must be sheltered from the world and that we have not the courage or energy or brains to go out and take our place with the other Philistines. Mr. Hugo Flinn, who is the bright particular star of Republican economic thought, enunciated the profound conclusion that as we had only one market our purchasers were in a position to compel us to keep producing for that market at the bare cost of production added to that of bare subsistence, but Mr. Hogan pointed out that in fact our cattle commanded a better price than Canadian cattle in the English market for the good reason that they were better value, and that Mr. Flinn's magnificent generality was nonsense. At the end of the debate, which seemed to range over every aspect of our economic position, the Government agreed to set up a small commission to inquire into what immediate steps could be taken to relieve unemployment on a limited scale. This commission, which is presided over by Mr. Vincent Rice, K.C., has already made some recommendations on minor questions. But no panacea can be evolved for dealing with this serious problem, nor can anything

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useful be achieved unless we recognize that our own ignorance and lack of confidence lie at the root of our economic troubles. Tariffs are no substitute for technical skill and efficiency.

It is difficult to foretell what will happen when the Dail re-assembles. Mr. Cosgrave has clearly no desire to remain in office as a kind of political prisoner and would welcome any reasonable excuse for making Mr. de Valera practise what he preaches. On the other hand, no party wants another election this year because the war chests are empty and the result uncertain. It is difficult to see how any other permanent Government could be formed in the present Dail. Fianna Fail are rapidly settling down to the humdrum events of parliamentary life and trying to understand the machinery of government, but it is difficult to descend from the clouds of abstract eloquence about oaths to the solid earth of currency and creameries. Mr. de Valera's potential Government, when it materializes, will have far more to fear from the extreme wing of its own party and Miss MacSwiney's followers than any other source, because knowing his weakness they will undoubtedly seek to force his hand. There lies the real danger, and it is one which it would be foolish to minimise.

The Governor-General, Mr. T. M. Healy, K.C., has just retired at the end of his five years' term of office. It cannot be denied that the appointment of Mr. Healy was a stroke of genius. It dissolved at once the covert suggestion that the Viceregal Lodge would be made a hotbed of snobbery and English intrigue where once virtuous Ministers would be corrupted and influenced. Instead of a great nobleman with a royal court we were given "an old man of the people," as Kevin O'Higgins described him, living in democratic simplicity. It is true that there were many who, remembering the days when Mr. Healy earned the title of "Tiger Tim," wondered how long he would be able to bear the yoke of silence and the demands of ceremonial speeches where there was little

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outlet for a wit not only caustic but sometimes savage. But Mr. Healy rose loyally to the occasion, and if the viceregal volcano rumbled audibly on a few occasions, it never really erupted. But the old Tim Healy is not really dead, as may be noted by his last official utterance, in which he reminded us that we had heard talk about "our foreign king," but he was a gentleman, and we knew his pedigree. "I wish we knew," added Mr. Healy, "as much about those who talk about his 'interference' in Irish affairs." This is the true Healy touch which made him the terror of his adversaries. His statement that the English during his years of office had never interfered in any Irish matter was both characteristic and valuable. He has now left the Viceregal Lodge, as Mr. Cosgrave said, for a well-earned rest with the affection and admiration of everyone in Ireland and elsewhere who has the pleasure of knowing him. *Ad multos annos!* His successor, Mr. James MacNeill, a brother of Professor John MacNeill, the distinguished Irish scholar and former Education Minister, is also an excellent selection. Formerly an Indian civil servant of high rank, he has discharged his duties as High Commissioner of the Free State in Great Britain with tact and ability during a very difficult period, and his long administrative training will enable him to carry out the purely ceremonial duties of his new office without an effort. He has never taken an active part in the *Sturm und Drang* of Irish politics and so will not suffer from any of Mr. Healy's disabilities or temptations. The position of Governor-General is undoubtedly difficult because it is still the subject of political controversy and the Republicans are bound to ignore him in every way. This makes it almost impossible to re-construct the broken social life of Dublin on a national rather than a party basis. But Mr. MacNeill will certainly not fail for want of tact or ability.

Economic and General

II. ECONOMIC AND GENERAL

SPEAKING at Waterford on December 28, Mr. P. Hogan, Minister for Agriculture, explained to a farmers' congress the development of his agricultural policy. Mr. Hogan is one of the ablest and most lucid members of our present Government. He knows where he is going and how to get there. The Dairy Produce Act, which was passed at his instance in 1924, consists of five parts. Parts one and five, dealing respectively with efficient creameries and clean milk, were put into operation in 1925. Part three, providing conditions for the registration of creameries and exporters' premises, was put into operation in the autumn of 1925. Part two, providing that butter can only be exported from registered premises and laying down conditions in regard to packing and export, was put into operation in the spring of 1927; and part four, which deals with the national trade mark, will be put into operation in the autumn of this year. The results of the Act up to date are that clean milk is being delivered to first-class creameries that are making first-class butter. The cost of administering the Act is only £17,000—a small price to pay for the saving of a trade worth at the present almost £5,000,000 a year and capable of immense development. Since 1925 our butter and cream exports have increased by £1,500,000 and at the same time we have reduced our winter imports of butter from £687,000 to £333,000. Very wisely Mr. Hogan refused to permit the introduction of the national mark on Irish butter until its quality was definitely high. No creamery will be allowed to use the national brand until its organization and output are consistently up to a first-class standard, as tested by exhaustive examination and inspection over a long period. Already Mr. Hogan states that seventy per cent. of the Irish creameries would qualify, so much have things improved since the Act was passed,

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and nothing will be left undone to raise the remainder to the same standard. As a corollary to this policy a faculty of dairy science has been established at University College, Cork, and here the creamery managers of the future are being scientifically trained. This year Mr. Hogan hopes to pass an Act which will be the completion of his policy. It will attack the faults of the present co-operative system whereby a few farmers have to bear the burden of responsibility. In future all who deal with the co-operative creameries will have to share the risks as well as the gains. His live stock policy is to increase the number and improve the quality of dairy shorthorns in order that we may produce both beef and milk of the best quality. Since 1922 the number of cow testing associations has increased by nearly one hundred per cent. and already the output of milk per cow has improved immensely. By means of the Live Stock Breeding Act inferior beasts are being eliminated, and within three or four more years the live stock of the Free State will be regenerated. There seems no reason why our dairy export should not be doubled in five years if this policy continues and the farmers can arrange to market their butter through a single national organization. It is both practical and scientific and an object lesson in self-help and intelligent development.

The report of the tribunal on prices raises economic questions of another order. In the Free State there are practically no co-operative shops and very few multiple stores, retail prices are too high and the number of small retail shops excessive. The tribunal was set up to inquire into these problems. In an interesting and exhaustive report it finds that this multiplicity of shops does not create competition or tend to reduce prices, but has, in fact, the contrary effect. Prices are fixed at levels which enable the least efficient shop to live, and it is allowed to live to the advantage of the more efficient shops in the same trade, and at the expense of the consuming public. Someone has cynically said that we are not only a nation of shopkeepers but the

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worst shopkeepers in the world. The difficulty is that if the small shopkeeper in Ireland goes out of business he has nowhere else to go. The tribunal recommends the establishment of a permanent prices board whose duty it would be to study current and future problems of the supplies and prices of articles of general consumption, and to issue periodical reports, and who should have power to demand detailed information from individual traders. The tribunal had not, however, the courage of its convictions, for it refuses to recommend the licensing of shops. This course is, nevertheless, recommended by one of its members, Professor Joseph Johnston, of Trinity College, in an interesting addendum to the report. He believes that an annual licence fee of £5 would obliterate the inefficient small shopkeeper and yield a substantial return by way of taxation. He also pleads strongly for the establishment of a national economic council to co-ordinate and complete our national economic policy. He points out that although we have many economic policies we are still without a conscious and complete *economic policy*, because we have not yet created an institution which is capable of developing one. Expert officials see things through their departmental searchlight which obscures what it does not reveal. The function of a national economic council would be to throw a diffused light over the margins of questions which are for the time being in the full glare of departmental examination, and to co-ordinate the manipulation, so to speak, of departmental searchlights. The proposal for the establishment of such a council is essentially a proposal for organised co-operation and team work between the expert officials of the Ministries and the various administrative agencies of economic policies. A council of this kind could also undertake the examination by sub-committees of all those questions that now require the setting up of special commissions. Altogether Professor Johnston's suggestion seems well worthy of careful consideration ; and he points out that a similar council has existed

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in France since 1925. The complexity of modern life and government makes some such co-ordinating body almost essential.

The results of the first year's working of the Carlow beet sugar factory are decidedly encouraging. While a minimum of 5,000 acres of beet was originally stipulated, the area actually sown under contract last year was 9,423 acres, distributed over eleven counties. The total yield was 85,588 tons, representing an average of over nine tons per acre. The amount paid by the company to growers of beet was £255,000, and sugar content averaged 17.3 per cent., a figure excelled only by Czechoslovakia. Although the company did not succeed in selling the whole of the pulp in this country, beet growers and other farmers showed commendable enterprise in experimenting with the factory's by-products. During the limited operating season nearly 800 men were employed for a period of about one hundred days. After the close of the season more than two hundred men continued to be employed on the cleaning and repairing of the machinery. The sum paid by the company in wages and salaries was £100,000, whilst the outlay on material bought in Ireland was £30,000. The prospects for the coming season are good. Over 15,000 acres have been contracted for by nearly 6,500 farmers. If the same yield and sugar content are obtained a crop of nearly 125,000 tons of beet may be expected, which will mean an output of about 18,000 tons of sugar, or about one-sixth of the total sugar requirements of the company. A French company is considering the establishment of another factory in County Cork.

In the current issue of *Studies*, the well-known Irish Catholic quarterly, Father Devane, S.J., pleads not only for the absolute exclusion of evil literature, but also for a tariff on all other imported literature, excepting only scientific, professional, technical, trade, literary and art journals. In support of his demand he cites the Canadian tariff of twenty-five per cent. on American fiction magazines, and asserts

that we are in the stranglehold of an alien press. There can be no doubt that the circulation of English newspapers has increased enormously in Ireland during recent years, and our own daily papers have been reduced from seven to three. But this is largely their own fault, and the English papers have succeeded in securing an Irish circulation because they are better edited and better produced. But why stop at papers? It is not merely a question of Anglicization but of Los Angelesization. The American film is asserting a far more demoralizing influence than the English newspaper, which is at the worst inane. But to suggest the setting up of a general censorship of culture is absurd. The function of the law is not to make people good but to preserve public decency and order. This can be done under the existing laws. A tariff on imported literature is only begging the question and it cannot prevent any foreign newspaper printing an edition in Ireland if the circulation is worth while. But it is just the kind of suggestion which would commend itself to Fianna Fail, whose new daily paper will require hothouse treatment if it is to live. We may therefore see a tariff on foreign thought in the near future. It remains to be seen whether the long-suffering man in the street will submit patiently to this new project for his betterment. It would be more honest totally to prohibit the importation of all foreign literature, but even then, terrible thought, we could listen in to Daventry.

The Irish Free State,
February 1928.

CANADA

I. THE INTERNATIONAL CONTACTS OF CANADA

THE most notable political development of the past six months has been the steady increase in the international contacts of Canada. It is now nearly a whole year since the establishment of the Canadian Legation at Washington became an accomplished fact and through it and the reciprocal Legation which the Government of the United States has established in Ottawa, an efficient channel of diplomatic intercourse between the Governments of Canada and the United States is now in full working order. The Government of France is evidently impressed with the benefits which would accrue from following the example of the United States, for negotiations which were begun by Senator Dandurand during his last visit to Europe have culminated in definite arrangements, now ratified by both Governments, for a French Legation at Ottawa and a Canadian Legation in Paris to come shortly into existence. Neither Government has announced the name of the Minister whom it will appoint, but it is taken for granted that Baron de Vitrolles, who is at present stationed in Montreal as Consul-General for France, will be elevated to the rank of Minister and transferred to Ottawa. Rumour credits the King Government with the intention of entrusting the Canadian Legation in Paris to the Hon. Philippe Roy, who is now stationed there with the rank of Commissioner-General, but the suggestion has also been

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made that Senator Dandurand, who has served as President of the Assembly of the League of Nations and has a better acquaintance than most Canadian statesmen with the politics of Europe, may take the post. His selection would solve satisfactorily the problem involved in Canada's acquisition of a seat upon the Council of the League of Nations last September, but the difficulty, which would confront the Government in finding a suitable successor to Senator Dandurand as leader in the Senate, may prove an insurmountable obstacle to his appointment. It is at the moment not known that any other Government intends to accredit Ministers to Ottawa, but undoubtedly the diplomatic representatives of other countries will experience disabilities arising from the inferiority of their official status, and some of them at least will exercise pressure upon their Governments for its improvement.*

The steps taken by the United States and French Governments have undoubtedly brought to a head the problem of improving the links of communication between Ottawa and Downing Street. The last Imperial Conference, when it recommended that Governors-General should cease to be political officers of the British Government, and should henceforth be only representatives of the Crown and restricted to constitutional and social functions, discerned that, when they ceased to be channels of communication between the Dominion Governments and Downing Street, some substitute agency, which would fulfil this latter function, must be provided. The Conference gave its formal blessing to the establishment of some form of definite diplomatic relations between the British and Dominion Governments, but left the working out of a practical plan to future discussion between the Governments concerned. There has naturally been considerable hesitation about launching an experiment which, on the surface, seems to be incompatible with the idea of the

* Since this article was written it has been announced that there is also to be a Canadian Minister at Tokyo.

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diplomatic solidarity of the Commonwealth, but realisation has gradually come that the advantages may well outweigh any possible drawbacks. Undoubtedly under existing conditions Washington is much better informed about Canadian affairs and the trend of Canadian opinion than Downing Street can possibly be. The Coolidge Administration possesses at Ottawa in Mr. Phillips and his subordinates a staff of competent observers who act as its eyes and ears about Canadian affairs; they can report upon current developments in the political and economic field, appraise the probable palatability to Canadian opinion of policies planned at Washington in relation to Canada, form valuable personal relations with important personages in different spheres of life, and further the interests of their country by the sort of private representations which are often more effective than official despatches. To-day there is not a single person in Canada authorised to perform these very useful functions for the British Government; for its information about Canadian affairs it must rely upon press messages, private communications, and data furnished by the Canadian Government of the day. Obviously this condition of affairs imposes severe handicaps upon the Foreign Office and other departments of the British Government in evolving policies which may vitally affect Canadian interests, and the decision has now been taken to remove this handicap.

More than once during his Canadian tour Mr. Amery, the Secretary for the Dominions and Colonies in the Baldwin Ministry, intimated that he would discuss with the King Government the question of British representation in Canada, and it is now known that the problems involved have been the subject of exhaustive conferences at Ottawa. The King Government undoubtedly welcomes the experiment, and apparently the chief point left for determination is the status which will be given the British representative. Mr. Amery has plainly stated that he regards the appointment of diplomatic agents accredited

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to members of the same political family as inappropriate, and the title of High Commissioner may be given to the new official. But in some quarters the view prevails that an official endowed with a less exalted status, and analogous to the liaison official sent to Downing Street some years ago by the Government of Australia, might serve more effectively the purposes of liaison between the two Governments; the latter course, moreover, would obviate any necessity for a change in the status of Canada's High Commissioner in London, which might otherwise be necessary. But it is not anticipated that any differences of opinion between the two Governments will develop, and probably Mr. Amery's reunion with his colleagues in London will be followed by the announcement that the British Government has accredited a competent representative to Ottawa. And it is altogether probable that this step will be followed by similar appointments at the other Dominion capitals.

An interesting and important consequence which should follow these developments will be a notable change in the political and social atmosphere of the Canadian capital. Hitherto it has been a point of call for almost every prominent personage who has visited the Dominion, but it has lacked one of the ingredients which give a special flavour to the life of capitals, a foreign diplomatic corps. A few countries, like the United States and Belgium, have maintained their consulates in Ottawa, but others have preferred to keep them in the great commercial centres of Montreal and Toronto. Now the United States and France are providing Ottawa with the nucleus of a real diplomatic corps, and it is certain to see substantial augmentation at no distant date. Ottawa, in short, will henceforth rank as a diplomatic centre of some importance, and a new element will be introduced into its political society. Now in the light of the grave responsibilities which Canada shoulders, partly as the result of her partnership in the British Commonwealth, partly as the fruit of

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her membership of the League of Nations, and particularly now from her possession of a seat upon its Council, her politicians have with a few notable and praiseworthy exceptions shown a deplorable indifference to the branch of statecraft known as foreign affairs. Whole sessions of Parliament have gone by with only a few casual hours devoted to discussions, often half-hearted and ill-informed about these most vital of national interests. Indifference has been largely the offspring of ignorance; in political society in Ottawa conversation has turned freely and learnedly upon tariffs, immigration, transportation problems and such domestic issues, but foreign affairs have virtually been taboo outside limited circles. There was no incentive to discuss this interesting subject, and it had come to be regarded as the fitting preserve of the genus known as "highbrows." Now, however, there will exist in Ottawa an extensive coterie of people to whom foreign affairs and the problems of international relationships are the staple interest in life. Moreover, Ottawa is still a comparatively small city where everybody of any importance meets everybody else, and the diplomatists and the politicians are sure to be thrown into constant intercourse with one another. The resultant exchange of views is bound to be mutually profitable, and if from it there befalls the politicians of Canada a useful process of education in international problems, there may accrue from the new experiment a gain which amply compensates for any disadvantages attaching to the new order of things.

But meanwhile the affairs of another country have forced themselves in an unpleasant fashion upon the attention of the King Government. At the end of October Sir Henry Thornton, the President of the Canadian National Railways, left for Mexico at the invitation of the Calles Government to undertake an investigation of the Mexican transportation system and to furnish a report upon it. Popular rumour indeed associated his mission with a plan of the Calles Government to relieve its financial difficulties by

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the sale of the State-owned railways to a powerful group of Canadian and American capitalists. As a highly paid public servant, Sir Henry had of necessity to obtain leave of absence from the King Government, and consent to his mission was freely given. Now for months past considerable indignation had prevailed among Canadian Roman Catholics about the treatment accorded to their Church and its adherents by the Calles Government, but at the time of Sir Henry's departure the only note of criticism came on November 16 from *Le Droit*, a French-Canadian daily paper published in Ottawa, which indulged in some critical observations about the propriety of his mission. However, Roman Catholic murmurs of disapproval grew apace, and, after Sir Henry had completed his investigation and returned to Canada, they found public expression through the pen of a well-known Roman Catholic prelate, Bishop Fallon of London, Ontario, who has never hesitated to intervene in politics when the interests of his Church were at stake. On December 16 this influential prelate addressed an open letter to Mr. King, in which he demanded an explanation of the Government's conduct in loaning the services of Sir Henry Thornton to the Government of Mexico, whom he described as

A gang of venal ruffians and treacherous assassins who have displaced civilisation by savagery and have destroyed the last vestige of civil and religious liberty in the Republic of Mexico.

Quoting at length the severe animadversions recently passed by the Pope upon the policy of the Mexican Government, he asserted that the Thornton mission was a deliberate affront to the Roman Catholics of Canada, who constituted almost 40 per cent. of the population, that the episode was "the most disgraceful, indecent and indefensible" in Canadian history; and that he felt called upon "as a Canadian, jealous of the honour of my country, and as a Roman Catholic bishop" to protest against it with all his energy.

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Mr. King felt it necessary to reply to this démarche of Bishop Fallon, and in a public statement he defended the attitude of the Government, and explained that the Thornton mission was animated by the same spirit of goodwill as was responsible for the visit to Mexico of the intrepid aviator, Colonel Lindbergh. Sir Henry Thornton also essayed an explanatory statement, and all might have been well if General Medina Barron, Consul-General for Mexico at Toronto, had not intervened with an elaborate defence of the policy of the Calles Government towards the Roman Catholic Church, and accompanied it by a sharp attack upon Bishop Fallon. His reply aroused great fury in Roman Catholic circles, and Mr. Charles Marcil, a French-Canadian Liberal, who is the oldest member of the House of Commons and once served as its Speaker, publicly demanded the recall of the offending Consul-General.

Mr. Henri Bourassa also proceeded to take the war-path in the pages of his paper *Le Devoir*, wherein he declared that the explanations of Mr. King were unsatisfying, merely "fine gruel for cats," and that he would demand further light upon the episode upon the floor of Parliament. Then Mr. Marcil followed up his demand by giving formal notice of a parliamentary motion which invites the House of Commons to insist not merely on the recall of General Barron, but on the termination of all intercourse with the present Mexican Government until it halts its persecution of the Roman Catholic Church and permits the restoration of civil and religious liberty in Mexico. The motion also asks for a repudiation of the Thornton mission, lest it be interpreted as indicating that the Calles Government enjoys any sympathy from the Canadian people. It is known that strenuous efforts were made to restrain Mr. Marcil from raising the issue in Parliament, but he has remained deaf to all persuasion, and he has now been fortified in his course by resolutions of approval passed by numerous Roman Catholic societies. General Barron did not improve matters by another statement, in which he reiterated

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his defence of the Calles Government, and declared that Mr. Marcil and his allies did not represent the sentiments of the Canadian people.

Now Mr. Marcil has been as unswerving a supporter of the King Government as he has been a devout adherent of the Roman Catholic Church, and his resolution, when it comes up for debate, will undoubtedly confront the Ministry with an embarrassing situation, as almost two-thirds of its followers in the Commons are Roman Catholics. General Barron has lately denied a report that he would tender his resignation, and Mr. Marcil has also stated that such a development would not procure the withdrawal of his resolution, because its main object was to draw attention to the inhuman persecution of Catholics in Mexico. The Government, however, need not fear a parliamentary defeat upon this issue, because neither Conservatives nor Liberals of the Protestant faith could, without endangering their own political future, support a motion rebuking the Government for improper cordiality towards an anti-Catholic Government; but what they must fear is that the episode will leave among Roman Catholic voters a legacy of displeasure which might have disastrous results for Liberal candidates at the next general election.

II. THE CONSERVATIVE CONVENTION

THE major political event of the past six months was the National Convention of the Conservative party, held at Winnipeg in October. The first gathering of its kind in the party's history, it was summoned, following the election of 1926, to draft a national platform and to select a successor to Mr. Arthur Meighen, who, having led Conservatism to three successive defeats, has retired from public life. Judged by the externals of politics, the Convention was successful. It brought together the largest number of delegates that ever attended a political gathering

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in Canada ; it exhibited impressive harmony in its deliberations ; it produced a platform of constructive character ; and, in Mr. R. B. Bennett, K.C., it selected a leader of experience and ability.

The sole threat of possible schism within the party came when Mr. Meighen, delivering his valedictory address to active politics, sought to defend and to justify his famous pronouncement at Hamilton in 1926. On that occasion, it will be recalled, Mr. Meighen laid it down as part of Conservative policy that, in the future, no Canadian Government or Parliament should send troops from Canada to fight without first securing a mandate to do so through a general election. It was not a popular policy. Conservative newspapers, either by their silence or by open attack, condemned it ; a number of Mr. Meighen's chief lieutenants refused to subscribe to it ; and in the province of Ontario, nominally a Conservative stronghold, it was denounced as a bribe to Quebec and an impairment of Imperial solidarity. Precisely what connection this unfavourable reaction had with the Conservative defeat in 1926, it is difficult to determine. Mr. Meighen, yielding to the supplications of his advisers, did not stress his policy during the election ; his opponents made the most of it, but it is impossible to say with what effect. Thus while the Conservative loss of some twelve seats in Ontario may have been partly caused thereby, it is a notable fact that in other portions of Canada where such a doctrine might be expected to be unpopular, Conservative strength remained unimpaired. The reverses sustained in Quebec, or in constituencies outside Quebec where French-Canadian and foreign votes are a factor, could hardly have been the consequence of this policy. However, Mr. Meighen's supporters, or some of the most influential of them, held a different view. They charged, quite openly, that the Hamilton policy had been contemptuously rejected by Quebec as a bribe, and that, in addition, it had demoralised the spirit and enthusiasm of the rank and file of Conservatives. It

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was to dispute this judgment, and to vindicate himself from the charge that he had been un-British, that Mr. Meighen appeared at Winnipeg, and it cannot be said that he was unsuccessful. Easily the most persuasive political orator in the Dominion, he carried the Convention with him in a brilliant attack upon the idea that there could be anything anti-British in a policy upholding the people's right to pronounce for or against active participation in war. He made no attempt to recommit the Conservative party to his Hamilton pronouncement—and it does not now stand committed to it—but, had he desired it, any resolution which he might have moved toward that end would undoubtedly have been carried. The ultimate result, probably, would have been a very serious schism in the party—a contingency indicated by a bitter speech from Mr. G. Howard Ferguson, Premier of Ontario. But, for the moment at all events, Mr. Meighen was easily triumphant.

Mr. Meighen's retirement from politics, inevitable after the Conservative disaster of 1926, is, outside the orbit of extreme partisanship, viewed with regret. Yet, despite his undeniably great talents as a parliamentarian, he was not a political success. He had, even his warmest admirers admit, two deplorable defects. The first was a propensity to underrate and belittle his opponents. The second—and more fatal one—was his inability to judge men. Thus it was on the strength of ill-selected advice that he became a Jeremiah, preaching disaster that could only be averted by higher and still higher tariffs. The broad, generous, confident spirit which Conservatism boasted as its most cherished tradition gave way to fault-finding, scolding, and sometimes to irritable and undignified abuse. On both sides, indeed, there was an absence of size and measure. Politics, for a time, resolved themselves into a sort of personal vendetta between Mr. Meighen and Mr. King. While Mr. Meighen preached blue-ruin, forces which he did not seem to perceive were at work. Large

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expenditures were being planned and made upon water power development for the production of electrical energy; mighty increases were afoot in the production of pulp and paper; northern Ontario and northern Quebec began to yield unheard-of mineral riches. The west, too, was being transformed. With almost fewer farmers, the prairies were producing more bushels of grain, and a larger number of livestock; there was a marked increase of dairy products, and a material development in the production of other commodities over a widely extended area. The whole country marched forward, and the result was that the Conservative party lost ground. Mr. King, with his easy optimism and glowing promises, became a more inviting figure than Mr. Meighen, with his bleak prophecies of disaster. This situation added to the antagonism of Quebec, which refused to let the sun go down upon its anti-conscriptionist wrath of 1917, and produced the Conservative débâcle of 1926.

The Winnipeg Convention was an attempt of the Conservative party to repair its fortunes. The policy of protection, upon which Mr. Meighen staked almost everything, was reaffirmed—but in a minor key. The word “protection,” indeed, was conspicuously absent from the resolution with which the Convention declared its fiscal faith; and instead of the doctrine, preached between 1924 and 1926, that even the British preference might be profitably sacrificed to the development of Canadian industries, there was a declaration of allegiance to inter-Imperial trade. The influence of the West, rapidly becoming the centre of political gravity, was here and everywhere evident in the party’s deliberations. Practically all the resolutions adopted were in the minor key. Hardly one of them proclaims, in clear-cut and unmistakable terms, an issue over which high passions could be excited in a contest with the Liberals. The variations between what the party declared ought to be done, and what the Government in office are now doing were, in

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most cases, hardly more than disagreements about administrative details, or aspects of policy that do not involve principles. Conservatism apparently is fairly content to offer itself to the electors as an alternative Government to that which now holds office, not as a champion of violent and drastic changes in existing policies, but as a party capable of giving Canada an administration more efficient than that which is being given by the existing Ministry. Illustrative of this tendency was the resolution passed dealing with Imperial relations. In the light of the denunciations which Conservative leaders have frequently voiced against Mr. King for alleged separatist tendencies, and for failure to make Canada shoulder a larger share of the burden of Imperial defence, it might have been expected that some expression of this conviction would be placed on record. But the resolution on Imperial relations, after reaffirming the party’s adherence to the principle of “loyalty to the Crown and to the maintenance of the British connection,” simply said :

This convention expresses its satisfaction with the position attained by Canada as a nation within the British Empire, which was acknowledged at the close of the great war by our participation in the Imperial Conference and Canada’s signature affixed to the Treaty of Versailles, and also by Canada’s admission to the League of Nations.

This convention rejoices in the powers and freedom of action which Canada as a nation has attained largely through the efforts and sacrifices of our soldiers, and pledges itself anew to the ideal of a united Canada.

This convention emphasises the fact that the Conservative party cherishes the traditions and purposes of the British family of nations, and believes that in the co-operation of the British nations will be found good for Canada and for the world.

There is not a line in this pronouncement to which Mr. Mackenzie King does not subscribe; and, indeed, there is no sentiment in it which he has not voiced, times without number, during the past few years. As with Imperial

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relations, so with immigration ; the Convention declared for :

1. Securing a larger percentage of British settlers.
2. Taking full advantage of the assistance tendered by the British Government to promote Empire settlement.
3. Making arrangements between the two Governments to ensure proper training of the youth of the British Isles as agriculturists to qualify them better as Canadian settlers.

This, almost to the last comma, is the immigration policy, on paper at all events, of the King Government.

In electing Mr. R. B. Bennett as party leader, the Convention made an almost inevitable choice. He has not the parliamentary ability of Mr. Meighen, and it is doubtful whether he is Mr. Meighen's intellectual equal in several other respects ; but he nevertheless is a powerful, aggressive personality and a force to be reckoned with. A lawyer of distinction, a financier whose wealth is reputed to run into millions, widely-travelled and well-read, Mr. Bennett represents a perhaps more cultivated type of mind than is common in Dominion politics. Like Mr. Meighen, he has little surface humour, and lacks the lightness of touch that gave Sir Wilfrid Laurier his charm and distinguishes Mr. Lloyd George. But he has vitality and poise, and never gives the impression that he is fanatical or bitter or driven by jealousies or animosities. There is about him, too, a boyish impetuosity that is very attractive. He dramatises politics, and, when a situation becomes spectacular, he grapples with it with a zest and glee that compel admiration and seldom invite bitterness. His speeches, always vigorous, have little poison in them, and rarely make enemies of his opponents. There was, indeed, no Conservative in Parliament in recent years more liked and respected by the Progressives. Notwithstanding his wealth and his party label, he is by no means a reactionary. In Parliament, as a young member, he fought against lobbying and secret campaign funds,

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and as late as last year he disturbed his party and many of its most influential supporters by a proposal to reduce the National Debt by what many interpreted to be virtual confiscation of the profits of banks and insurance companies. It is not that he is revolutionary. He is not, and never will be, the leader of any movement seeking to impose any new or drastic policy upon the Canadian people. He will never promise those who follow him a new heaven and earth. He has no creed such as the Labour party in England offers to the masses there. Nor does he believe that a reconstruction of Canadian society is necessary or desirable. He is really perfectly conservative about property, Canadian political institutions, and Canadian ideals ; neither faddist nor Bourbon, neither revolutionary nor reactionary. And he will never permit formulæ, creeds, or theories to shape his solution of problems.

Mr. Bennett is a thorough-going believer in the British connection. The Imperialism of Canadian Conservative leaders has always been tinctured by nationalism. Sir John Macdonald's relations with Downing Street were not always cordial ; Sir Robert Borden was frankly suspect as a nationalist ; and by the extreme Imperialist wing of his followers Mr. Meighen was openly charged with separatist tendencies. No such doubts can be entertained regarding Mr. Bennett. He went into the province of Quebec only two years ago, and before an unsympathetic audience championed the obligation of Canada to share in Imperial defence. He stood in Parliament last session and expressed doubt as to the wisdom of a Canadian Embassy at Washington. And since he became leader of his party he has taken occasion in all his public pronouncements to stress the desirability of inter-Imperial trade. In this, indeed, he is not afraid to run counter to the industrialists in his party, many of whom are outspoken opponents of the British preference.

Whether Mr. Bennett is destined soon to lead his party

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into the Promised Land remains to be seen. But one thing, at least, is sure. It is that, if he be true to his past, he will lead it in no mean or ignoble way, but with a mind acutely responsive to high impulses, with courage and intellectual address, and with a fine sense of the dignity and the obligations of politics.

Canada.

January 23, 1928.

AUSTRALIA

I. AUSTRALIA AND PACIFIC RELATIONS

DOMINION status is too often spoken of as if it were a matter of privilege. The real essence of Dominion status—the factor which makes it worth while—is the assumption of responsibility. Dominion status in the sense that each Dominion takes the responsibility for its own security would be the most powerful integrating factor in the Empire, because it is a responsibility which could not be discharged except in co-operation with, and with the assistance of, Great Britain and the other Dominions. The only true and effective responsibility within the Empire is a joint responsibility both in policy and in burdens.

On the other hand, in a widespread Empire it is only natural that our interests and our security should depend to a special degree on our geographical situation. It is being increasingly realised that world problems become simpler if we appreciate the fact that they have a regional aspect. If all the regional problems are understood, the whole world problem becomes easier of solution. It is thus right that Australia, which enjoys Dominion status, should discharge the responsibility which such status involves by taking a very special interest in Pacific problems. It is not intended in saying this to minimise in any way the dependence of Australia on European problems and the part which is played by Great Britain in that field.

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The last thing which Australia should do is to take up a disinterested attitude towards European affairs. But our view will have to be bifocal. After the developments which have taken place since the war, it can no longer be said that the whole destiny of the world is going to be determined by a concentration of European forces like that which preceded the great war. The huge armaments of America and Japan indicate that the Pacific is as important an area of diplomacy and strategy as the North Sea. The problems of Europe are just now extremely exacting. They absorb the attention of British statesmen. There is reason to believe that British interests in the Pacific are suffering from this diversion of attention and absorption in matters more important for Imperial security. If one visits Fiji after leaving Honolulu, and sees the half-developed condition of that colony, one experiences a shock.

Policy, of course, is not merely a matter of armaments and diplomacy. To frame a policy we must have an objective, and the choice of that objective must be based on the view we take of our interests, on our vision with regard to our future development, and on some conception of the relations which we are likely to establish with our neighbours.

There is every reason why Australia should realise the special interests she has in the south Pacific, the importance of the economic development of that area, its relation to her security, and the magnitude of the problems involved. It is her duty to equip herself in every way for co-operation with Britain in a policy which will protect Australia and at the same time safeguard the interests of the Pacific peoples as well as those of the Empire.

The merest glance at the problems of the Pacific is sufficient to show that Australia could not handle them unaided. Its northern parts are bounded by vast countries with vast Oriental populations. There is no part of the world in which so many changes are likely. These Oriental races are extremely capable, but they have for the most part been living for centuries in dire poverty, with great resources

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hardly utilised, with nature hardly tamed, subject to drought, famine, flood and pestilence. They have lately been in contact with Western culture, and it is working in them like a ferment, leading them to demand higher standards, and freedom from the thralldom of poverty. Their man power is stupendous; their economic potentialities are almost as great. A vast adjustment seems certain to take place in this area within the next two or three generations. The only reaction which Australia has so far shown to these developments has been the announcement of the White Australia policy. Such a policy is indeed essential as a measure of defence, for the existence of Australia as a British community depends upon her preventing the British element in her population from being overwhelmed. On the other hand, although her vacant spaces and her high standards are an attraction to crowded communities, it is realised that emigration would not solve their population and economic difficulties.

The problems of the north Pacific are indeed so momentous that Australia feels profoundly relieved that they are definitely an Imperial responsibility. The relation of Great Britain to India and the long alliance with Japan, Britain's trade and financial interests in the Asiatic countries which border on the Pacific, her special interests in China and the British settlements there, and the employment of her subjects in administrative departments in that country are all elements in the great traditions of British policy in the Far East. Australians have the utmost confidence in the conduct of that policy by Great Britain. But those who think also feel that the responsibility which thus falls upon the people of the British Isles is a heavy one for a nation which is already staggering under many burdens. There is room indeed for a further understanding and discussion of this phase of British policy. The fact that Great Britain is now proceeding with the construction of the Singapore base without any Australian contribution is unsatisfactory to people in Australia who are inspired by true

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Imperial patriotism. And yet sufficient doubt has been thrown on the policy pursued with regard to this base to confuse Australian opinion. It seems to contemplate a Pacific fleet such as Lord Jellicoe recommended in his report. Yet there is no sign that either Britain or Australia would or could authorise the expenditure involved in this recommendation. But if there is to be no base at Singapore, then there must be a base or bases in Australia, the whole cost of which would naturally be borne by Australia.

The position in the south Pacific is different. There Australia has definite interests deliberately undertaken. British New Guinea was practically forced on Great Britain in 1883. There was then an urgent demand that she should annex all the islands in the south Pacific. At the Peace Conference Australia fought hard for the annexation of the German colonies taken in the war. One of the benefits derived from Imperial co-operation was realised when the British Empire delegation decided upon a mandate for these territories instead of annexation. The mandate forbids military development, fortifications and bases, and as the same rules apply to the Japanese mandate north of the equator, the position of Australia is incomparably better under the mandate than it would have been in the event of annexation. New Guinea and Nauru under the mandate, and Papua under direct administration, involve the definite entry of Australia into the south Pacific region. These are commitments which render it necessary that a policy for the Pacific should figure in an Australian national programme. They give rise to important problems relating to the care of native races, economic development, economic relations with Australia, transport and communications, and contact with other nations interested in the Pacific.

So far few of these problems have been forced on the attention of the Australian public. The idea that Australia requires a Monroe Doctrine for the south Pacific

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which was the pretext alike for the agitation in the 'eighties, and for Mr. Hughes' demands at the Peace Conference, is a very questionable one. No other nation holds its south Pacific possessions in force. Every such nation is therefore interested in peace in the Pacific, and the very existence of these colonies is a factor which makes for stability. It is quite conceivable that the fact that Germany owned colonies in the Pacific formed an extra inducement to Japan to come into the war against her. It is neither necessary nor desirable that Australia should adopt an exclusive policy in this ocean. The strategic factors in the south Pacific are at present not unfavourable.

It cannot be denied that the commitments which Australia has undertaken in the Pacific are onerous ones for a nation of six million people with a vast continent to develop. She could never have undertaken them, had she not the authority and weight of the British Empire behind her. Our connexion with the Empire, however, sometimes disposes us to forget that our relations with these islands are a responsibility, and not merely a privilege. We cannot discharge this responsibility unless we are genuinely interested in it and in the problems that are involved; unless we are interested in the native races and are willing to spare capital for their development. As a people, we need to realise that we have deliberately chosen a rôle in the south Pacific and that Australia will be judged by the success or failure of our performance. We need, if we are to do these areas justice, to develop a Pacific sense. The interest of the area is so great, its potentialities so striking that we shall be lacking in imagination if we do not appreciate the nature of the part that it is ours to play.

So far our record is one of which we need not be ashamed. The ideals set by Sir Hubert Murray, the Administrator of Papua, and our officials in the mandated territory have been high, and no interests in Australia have gained sufficient influence to impair the realisation of these ideals.

The great blot on our record, in so far as the mandate is

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concerned, was the futile and stupid expropriation of the German settlers and the harsh way in which it was carried out. But for the action taken under the peace and reparation settlement, the New Guinea administration cannot be blamed. It may be doubted, however, whether Australians sufficiently realise the importance and the difficulty of the problems presented by these territories. It is not enough to say that the islands are to be administered in the interests of the natives, and that they will be protected from capitalistic exploitation. The natives of Papua and New Guinea are suffering to a considerable extent from troubles of a deep-seated character. Their numbers have been greatly reduced during the last century or two by a variety of causes. Contact with white races and imported diseases on the one hand, underfeeding and undesirable customs on the other, have been playing their part for many years. It is believed that some of these troubles were in operation before the arrival of the white man, and that after a long period of decline, their number is now increasing in most parts of the Pacific. It is to the credit of the administration that they are getting the best advice with regard to ethnological and anthropological conditions, and that research is being conducted in tropical hygiene. But the Federal Government have decreed that these territories shall be self-supporting. With the exception of some minor grants and loans, there is no financial assistance. Many things which the expert advisers consider should be done in the interests of the territories and their inhabitants are not done for lack of money. These territories are undercapitalised.

As we gain experience, several major problems stand out with regard to which definite decisions of policy must be made within the next few years. In the first place, it has been laid down that the improvement of the economic condition of the natives is necessary in their own interest and a part of the process which may raise them in the scale of civilisation. How is this to be done? Are the

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natives to work in plantations under indenture? Is their village or tribal organisation to be made the basis of the organisation of production? Or are they to be encouraged to become peasant proprietors? The feeling in Australia is distinctly for one of the two latter methods. But there is a very grave doubt whether they are feasible with the standard hitherto reached by the natives in the South Seas. So far it has not been possible to give up the system of indentured labour. This system cannot, however, be regarded as satisfactory. It breaks up the native organisation without substituting anything for it. Other forms of production, such as handicraft and kindred economic undertakings, are being tried and show a certain amount of promise. Progress along these lines will, however, be painfully slow.

When we see the economic development under American leadership in the Hawaiian group, we begin to realise the enormous potentialities of these tropical islands. Australia is not entitled to allow them to go undeveloped. If she does not develop them, others will. She has everything, moreover, to gain by their development from a business point of view. But it may be that with the natives as they are at present, economic development is not possible. The development of Hawaii is the result of a plentiful supply of labour obtained from other, mainly Eastern, countries. Our policy is against such a course. We are influenced partly by the mistaken view that it would threaten the White Australia policy, and partly by the far more just view that the introduction of new races would cause the old ones to disappear, or at any rate destroy their primitive customs and ethics.

As far as our general economic policy is concerned, the opening up of trade routes and the improvement of shipping and other methods of communication are essential. Whatever it may cost, we owe it to the islands. But the policy of protecting ourselves by tariffs from the products of our own territories and neighbouring islands is a

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short-sighted one and unworthy of Australia. The banana duty has embittered people in the Pacific against her, and destroyed the trade with Fiji, which it was so important to maintain. Hawaii could only be developed by being brought within the tariff wall of the United States. If Australia were wise, she would assist to develop the islands, at any rate those which are under British control, by special tariff concessions. There is a narrow area along the north-east coast of Australia, the products of which compete with those of the islands, but it should be possible to adjust the tariff schedule so as to do justice to the latter. Our duty to the territories demands it.

Finally, Australia should participate in every policy which aims at making the Pacific pacific in fact as well as in name. It stands to reason that a community which has so many commitments and so small a population as Australia, must be interested in the maintenance of peace. The whole objective of Australian policy in the Pacific Ocean should be peace. Since the war there has been a *cliché* that the next war will be in the Pacific. It is part of our duty to falsify this prophecy. So far, in our peace policy, we have co-operated with the British Empire through the League of Nations. This has meant absorption in the extremely urgent European problems which have engaged the attention of the League. But Pacific problems have never received any special consideration. If European statesmen have envisaged them at all, they have done so through a European perspective. Yet there is everything to be gained by the adoption of a new and more appropriate point of view in relation to Pacific problems. The analogy of Europe does not hold good for the Pacific. The characteristic of European problems is concentration; the characteristic of Pacific problems is dispersion. In the spacious view of the Pacific there is safety. To appreciate its problems aright, the European must divest himself of some of his preconceptions. The perspective of the Washington Conference was far more accurate and useful.

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But at Washington principles and practical methods were only pushed half-way. It was a thousand pities that the "Washington" atmosphere was absent at Geneva. If we try again to attain those urgent objectives, peace and security, we should approach the subject from the regional aspect. Even if the problems of Europe prove too obstinate, it may be possible to solve those which pertain to the Pacific.

II. THE FEDERAL CHRONICLE

THE transfer of the seat of government to Canberra has affected Federal politics all through 1927. Not until the end of September had sufficient departments been transferred to enable Parliament to meet and transact its ordinary business. The work of creating even the ordinary amenities of city life at Canberra, is, of course, still proceeding, and members have displayed a daily and minute interest in the efforts of the Federal Capital Commission, which controls the development of the Federal Territory. Beset already with acute housing and transport problems, the Commission has had to meet and parry a thousand demands, from foot-paths, street names and swimming baths to ornamental lakes, fly screen windows and a railway across to the sea. There have been the inevitable complaints of expense, inconvenience and isolation, and especially of the lack of contact with the business world, but the member who was hardy enough to ask for a referendum upon the abandonment of "this mistaken project" was promptly crushed by the Prime Minister. The story of Canberra must be without parallel in the Empire: only Washington could afford a close analogy.

When the Houses met on September 28, their tasks were determined partly by the Government's desire to push on with its legislative programme, and partly by the fact that three months of the financial year had already run, and fresh supply was almost immediately necessary. The

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Estimates, the Budget and a Supply Bill were at once introduced, and financial measures will occupy the bulk of members' attention up to the Christmas adjournment.* The accumulated reflections of members have found expression in prolonged debates, of which the Housing Bill, foreshadowed in the Prime Minister's policy speech in 1925, has been the substantial outcome. To assist persons of small means to purchase their homes and to secure an increase in dwellings commensurate with the growth of population, has been found necessary by almost all the Governments of Western Europe, especially in belligerent countries since the war. But in a federation, housing would seem to be the responsibility not of the Federal, but of the State authority, and this consideration is reinforced in Australia by the fact that each of the States has at least one housing scheme. Nevertheless, the Government urged that there was a field which the Commonwealth might usefully occupy, while avoiding the duplication of existing machinery. Firstly, the funds of State Savings Banks, out of which State housing schemes are provided, are very largely employed in loans for governmental purposes, and only 11 per cent. of the total deposits have been invested in housing. Secondly, even this money is available only within narrow limits. They vary widely from State to State, but in general, and with Victoria excepted, it may be said that assistance is confined to persons with incomes of less than £400 per annum, that the maximum advance is £1,000, and that assistance is given only to erect houses, not to purchase houses already built. At the last census, 40 per cent. of the homes in Australia were owned by the persons occupying them, and 12 per cent. were occupied by persons who were in the process of purchasing them.

The Commonwealth's contribution to this problem is

* Since the article was written, a Bill to amend the Commonwealth Conciliation and Arbitration Act has been introduced. The debate on the second reading has been adjourned till after the recess.

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conceived along very simple lines. It could not without overlapping build houses itself; but it could greatly enlarge the usefulness of most of the State schemes by making additional funds available for them in the first place, and, in the second, by making those funds available under more liberal conditions. The Housing Bill therefore empowered the Commonwealth Savings Bank to make to any prescribed housing authority advances from a housing fund of £20,000,000 comprising a proportion of increases in deposits, a proportion of Savings Bank loans repaid, and sums borrowed for the Bank by the Treasurer. But no advances might be made unless, in respect of such advances, the housing authority had secured enlarged powers. It must be enabled to make advances for the purchase as well as for the erection of dwellings, to advance up to 90 per cent. of the valuation of the property, with a maximum advance of £1,800, and to assist persons with incomes of less than £640 per annum. To secure the scheme against speculators, the home seeker must satisfy the authority that he will reside in the dwelling immediately upon completion or purchase. This, of course, is not a Commonwealth housing scheme. Building and supervision and administration will go on as before, through the existing agencies, and the States will be responsible for any losses incurred. The Commonwealth Savings Bank will do no more than lend money. But the States, it is claimed, will thus secure money more cheaply than if they had to borrow it for themselves. The whole plan will depend upon the co-operation of the States. No State Government need modify its existing schemes, or touch a penny of the Commonwealth money. But if it declines, sections of its constituents will presently become dissatisfied, and though there has been no widespread demand for such a scheme, the States will probably be forced into it as they have been into the Federal Aid for Roads scheme.

The Housing Bill was accompanied by a Bill to amend the Commonwealth Bank Act. It conferred on the Savings

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Bank power to make advances as indicated in the Housing Bill, and also to make advances for warehouse and storage facilities for primary products—a concession attributable, doubtless, to the Country party. So far so good. But the Bill, as originally introduced, severed the administration of the Savings Bank from that of the other departments of the Commonwealth Bank, and vested its control in a Commission, and this proposal encountered opposition on both sides of the House. After further consultation with the directors of the Commonwealth Bank, the Government introduced in the Senate an amendment suspending the operation of this part of the Bill, but the debates again revealed two utterly different conceptions of the proper function to be performed by the Commonwealth Bank. The Labour party, its creator, wishes it to be the people's bank, competing, with the resources of a nation, in all banking activities, and in time superseding all other banking institutions. Ministerialists, on the other hand, see in it the possibility of a great central reserve bank for Australia, a bankers' bank like the Bank of England. The Bruce-Page Government had already taken a step in this direction by giving the Bank control of the note issue in 1924. Coming fresh from conferences with Sir Ernest Harvey, the Comptroller of the Bank of England, who visited Australia earlier in the year, the Government felt that savings bank business, involving as it does the provision of long-term credits, does not properly fall within the scope of a central bank, whose assets must be kept as liquid as possible. No further development will take place in this direction for the present.

Another Government concern, the Commonwealth line of steamers, came up for keen discussion in the period under review. The line had been run at a loss for several years, and the Public Accounts Committee, after extended enquiry, recommended that the seven remaining ships should be sold. The Government decided to accept this recommendation, whereupon the leader of the Opposition

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tabled a motion of want of confidence. The Commonwealth's fleet of steamers was acquired in the first place as a war measure, to provide transport for Australian primary produce, to protect the Australian producer and shipper. The Opposition, supported by Mr. W. M. Hughes, who as Prime Minister founded the line, contended that the ships ought to be retained, chiefly because of the line's services to the whole community, and the primary producers in particular, in acting as a check upon the shipping combine after the war. Losses were admitted—a loss of £593,000 for the year 1926–7. But, it was urged, the line had saved Australian exporters and importers at least £2,000,000 annually in freights, and by comparison its losses were negligible. Ministerialists in reply repudiated the idea of any such saving in freights. The line had done good work, it was freely acknowledged, in accelerating improvements and in checking freights immediately after the war. But they claimed that the full text of confidential cablegrams between the directors in Sydney and their chairman in London destroyed the case based on the recent beneficial activities of the line, made out by Mr. Hughes from a partial reading of the cables. How, they asked, could a line which handles at the most 7 per cent. of the total outward and inward cargo of Australia, and in 1926–7 carried only 2·7 per cent. of the cargo to the United Kingdom, any longer be regarded as a serious competitor of the Conference line? The real check upon the combine is to be looked for in the revival of Scandinavian, German, and Italian interest in the Australian trade. It is, and must be, hopeless to compete against the Conference line with ships on the Australian register. To run similar vessels costs, on the British register 32 per cent., on the American 42 per cent., on the Swedish 21 per cent., and on the Danish 16 per cent., of the Australian figures. The line has, in fact, outlived its usefulness. The Opposition contended valiantly for government enterprise, and an Australian mercantile marine, but the motion of want of confidence was defeated

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on a party vote. The Government has treated the vote as an authorisation of the sale, and conditions are being prepared. It is known that the purchaser will be required to retain the fleet on an Empire register, and to guarantee to afford for ten years an at least equivalent service in so far as passenger, cargo and refrigeration space is concerned.

Since Parliament met, the Secretary of State for the Dominions has spent some six weeks in Australia in the course of his tour round the Empire. Mr. Amery was warmly welcomed everywhere as the first head of the Dominions Office, as the Chairman of the Empire Marketing Board, as one of the principal authors of the £34,000,000 migration agreement, and as the first Secretary of State who has ever visited Australia during his term of office. He visited each of the States, spending everywhere more time in the country than in the capital cities—an uncommon distinction. His main object, he said, was to learn, and for his country travels a very heavy programme of instruction was provided. But he found time, at Canberra, to address members of both Houses, in a private session, upon the outstanding questions of Imperial and foreign policy. His very circumspect itinerary and speeches alike manifested his concern for the development of Australia's natural resources upon which the new migration agreement is expressly conditioned, and in connection with which the Development and Migration Commission is carrying out investigations that range from the eradication of pests to the encouragement of fisheries and rural housing conditions. Mr. Amery came as one of the authors of the migration agreement, to investigate the conditions and difficulties under which it is operating, and neither scenery nor social distractions deflected him from this objective.

III. THE NEW SOUTH WALES ELECTIONS

THE elections for the Parliament of the State of New South Wales took place early in November. The campaign aroused the keenest interest and the proportion of votes polled to names on the roll was exceptionally high, enrolment being compulsory but voting optional. In the result Mr. Lang's Government was defeated and the combined Nationalist and Country parties secured a majority of four. Mr. Lang immediately resigned and Mr. Bavin was commissioned to form a Ministry. In it he has himself taken the office of Treasurer as well as of Premier, and has included four members of the Country party with which the Nationalists had some time before the election agreed to co-operate both in the choice of candidates and the formation of a policy. The reasons which brought about a general election before Parliament had reached the end of its term, and the nature of the issues, have been indicated in previous numbers of the *ROUND TABLE*.*

Mr. Lang's defeat was widely anticipated but the result was awaited with unconcealed anxiety. It was felt by many that a continuance of his government, of his methods of administration and legislation, of his treatment of the State finances, and of his attitude towards industrial questions would have been an unqualified disaster. He was a Premier who had professed his willingness to carry out all the orders of the extra-parliamentary caucus. In a new Parliament, had he been successful, he could have abolished the Upper House, and it was said that without that check he would have imposed intolerable burdens on industry. Mr. Bavin, on the other hand, was known to be determined to stop the financial drift and to restore control of the civil service to the civil service commissioners, to protect the

* *THE ROUND TABLE*, No. 66, March 1927, p. 382; No. 68, September 1927, p. 828; No. 69, December 1927, p. 177.

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interests of primary producers, and in Parliament to restore freedom of debate which under Mr. Lang had been almost wholly destroyed.

Mr. Bavin gained many personal adherents during the campaign, but the significance of his victory to many was bound up with the belief that his aims and methods were the exact opposite of those which had been preached and practised under Mr. Lang.

To many the surprise of the elections was not the defeat of Mr. Lang's supporters but the number of their victories. The party had been broken in two. At least half the Labour members of Parliament had rebelled against Mr. Lang's leadership, the bitterest attacks on the Premier had been made by his former supporters and by the *Worker*, the organ of one of the most powerful unions, and his most recent appointment in the civil service as well as the appointment some time back of an independent member to an important public position, had been almost universally condemned. Yet he captured 39 seats in a House of 90, all but two of the rebel Labour supporters were defeated, and in the urban areas of Sydney and Newcastle he gained a substantial majority of the seats. On the whole, fortune favoured him in the voting, for the majority of the very closely contested seats went to Labour. But his proportion of the votes polled throughout the State was high and showed no sign of the landslide which in many quarters was feared or expected.

The Labour vote is to some extent explained by the "humanitarian legislation" of the last Parliament, widows' pensions, a forty-four hour week, a liberal Workers' Compensation Act, and child endowment, and by the general prosperity of the State. Mr. Lang wisely laid emphasis on these measures and predicted that they would all be repealed by a Nationalist Government. He failed in the country districts, but the election made it clear that if the population of the State continues to concentrate in Sydney, the prospects of Labour must improve in future years.

The New South Wales Elections

Nationalist and Country party candidates specialised in denunciations of communism and of the "red elements" with which Mr. Lang had joined forces. It is probable that these were not taken seriously by the bulk of the electors, though by some they were accepted as a proof of Mr. Lang's genuine convictions and of his strength of character. The conservative instinct of the mass of the people triumphed, but it triumphed with difficulty over the instinct which saw in Labour the party which has most to offer, and over the conviction of many that they must vote for the official Labour party whatever its policy. As was to be expected in a closely fought election, independent candidates fared badly, and amongst the defeated was Mr. Loughlin, an ex-Minister, whose personal reputation had been greatly enhanced by his resignation of office in protest against Mr. Lang's administration. The new Ministry has settled down to its work with great energy. In a short session it has passed Bills to cancel the two appointments of Mr. Lang which Mr. Bavin had threatened to cancel when they were made, and has placed the city of Sydney under a Commission instead of under the mayor and aldermen who had allowed the administration to fall into grave disrepute. It has also demonstrated that it is not afraid of the unpopularity which must be risked by anyone who seeks to put the finances of the State in order.

Australia,

December 29, 1927.

NEW ZEALAND

I. THE POLITICAL SITUATION

ALTHOUGH the Parliamentary session of 1927 was one of the longest on record—it lasted from June 23 to December 5, a period of 166 days—its substantial achievements have been in inverse ratio to its length. The general result has been to create a wide-spread feeling of dissatisfaction with the Government among many of those who previously supported it, and to damage its credit considerably throughout the country. The somewhat factitious enthusiasm generated by the creation through the Press of a “Coates boom” caused expectations to be raised too high for performance to justify, and it is perhaps inevitable that there should have been a considerable reaction in popular sentiment. During the session the death of the Hon. R. F. Bollard, a member of the Cabinet, necessitated a bye-election on September 27 in the North Island country electorate of Raglan. There was a five-cornered contest for the seat; an official Government candidate, a Liberal, a Labourite, a Country party representative, and an Independent going to the poll. In the result the Government lost the seat to Labour by a narrow margin on a heavy poll. The actual figures were as follows:—

Martin (Labour)	2,241
Waring (Government)	2,059
Parker (Liberal)	1,119
Magner (Country party)	545
Taylor (Independent)	207

Considerable interest was taken in the election, and the polling was heavy, 6,202 electors out of a roll of 8,268

The Political Situation

recording their votes. The Labour candidate, who is president of the Auckland Farmers' Union and a farmer himself, is a man of ability and vigour, with a long and creditable record of service to the community, while the Government candidate was an estimable elderly gentleman of little ability or political experience. It is considered that more vigorous staff work might have saved the seat, had the Government selected a stronger candidate to carry its colours. As things are, the Government majority in the House is so large and unwieldy that the loss of the seat, apart from any incidental fall in prestige, is of little significance. So far no one has been selected to take the seat in the Cabinet held by the late Minister. The Hon. R. F. Bollard, though quiet and unobtrusive, was a man of great charm and widely popular, and his death was much regretted by men of all shades of political opinion.

The Government is being criticised on all sides, partly because a good deal of undeserved unpopularity is always transferred to any Ministry which takes office in difficult times, but partly also because its administration seems to be characterised by vacillation, weariness and lack of grip. In spite of his overwhelming majority, or possibly because of it, Mr. Coates has this session been unable to develop the driving power required to complete the tasks to which he had set his hand. The power seems, indeed, to have gone out of the Ministry. Probably at no time in our history have circumstances afforded a more convincing illustration of Morley's dictum that in democratic conditions policy is swayed by interests rather than principles. Our political life is to-day an open battle of sectional interests clamouring for economic favours. The manufacturer strives to retain and increase the protective duties under which he can prosper by excluding competing imports, the farmer demands transport subsidies and State-aided schemes of rural credit, the worker demands the graduated taxation of those who are better off so as to provide social services for the masses, either free or under cost.

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Amid this confused welter the Government seems to many to be drifting down the political stream without rudder or compass, trying to dodge those sirens, the special interests, and hoping that something will turn up to enable it to avoid political shipwreck. It is considered by a growing number who view with disgust the shameless battle of sectional interests, that if the Government could find courage to take a stand against them, and appeal to the wider constituency of the Country for support on a national as distinct from a sectional policy, it might win back much of its vanished prestige, especially if the seasons between now and the next general election at the end of 1928 bring any considerable degree of economic prosperity.

In many quarters the Administration is being attacked as being at once meddlesome and inefficient. Mr. Coates was elected on a cry of "less government in business," but it is felt that his actions in this connection are in contrast with his electoral professions, and a considerable outcry against further extensions of State activity has been raised in recent months by various groups of business men, including the delegates to the recent conference of the Associated Chambers of Commerce at Christchurch on October 31 last. It was stated by one speaker there that "if a Labour Government had attempted half what the present Government has done it would have aroused such a storm of opposition as would have put that Government out." This is quoted merely because it shows the feeling that prevails in many quarters that the country is being rapidly socialised by an ostensibly anti-socialistic Administration. The following editorial comment appeared on November 4 in the *Lyttelton Times*, a journal in general opposition to the Government, and it is typical of the criticism which, rightly or wrongly, is being widely levelled against it to-day:—

Parliament is now in the fifth month of the session, but the business has been so badly handled that, at this late hour, it is

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being urged from its own side of the House "to settle down to its programme." There could be no plainer evidence of poor leadership. The Prime Minister commands a large majority, but he does not appear able to make even steady progress, and it is not to be wondered at that there is a widespread and growing conviction that he does not know definitely what course to steer. To admit that in a democracy there must be government by amateurs is not to acknowledge that efficiency is rendered impossible of attainment, but the criticism levelled against this Administration is that it is too amateurish, and that we are being governed not so much by the elected representatives as by the heads of the public service. Among those who gave the Reform party support at the last general election can be found increasing numbers of people who now recognise that this Government is too prejudiced and, politically, too unstable to be entrusted with a further term of office. From all sides comes a rising storm of adverse criticism, and there can be no doubt at all that those in close touch with the trend of affairs are growing uneasy. One of the veterans of public life, now a looker-on, stated recently that to-day we are faced with "the most unsatisfactory political position that has arisen in this country within my recollection."

The nature of these criticisms seems to reveal the fundamental strategic weakness of the present Administration. Traditionally, the Reform party represented the farmers, on whom it relied for the support which kept it in power, but it was never very strong in the Dominion, and only at the post-war elections of 1919 did it ever secure a decisive majority at the polls. At the last election, however, it made a wide and insistent appeal under a new leader for general support against Labour, and as the result showed, it drew to its side a large majority of non-Labour voters throughout the country. It now bases its position on the electoral support not only of rural but of city interests as well; and since the general election, as the controversy over the customs tariff and the Arbitration Court has shown, the cleavage between the manufacturers and their adherents on the one side, and the farmers on the other, has grown wider, and is rapidly approaching a point at which it will no longer be possible to find a bridge, and the two elements will be unable to exist together in

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the same Ministry and political party. At present the Government is forced to temporise and to endeavour to conciliate both wings of its followers, but this is a temporary expedient which shows signs of breaking down, and it may be followed by a split in the Government ranks, and perhaps by a drastic change in Ministerial and political personnel. Business men and manufacturers, generally speaking, support the Arbitration Court and are in favour of a protective tariff; country interests, on the other hand, have moved rapidly into a position of marked antagonism to both these manifestations of protectionist policy, and interests of such a divergent kind can hardly remain for long within the same political fold. This situation in large measure explains the lack of energy and resolution for which the Government has been so freely criticised.

The situation has been complicated, moreover, by two important non-party issues which for the time being obliterated the usual party lines. A vigorous campaign to break away from the secular principle on which our primary education system is founded, and to introduce religious exercises into the State primary schools, was only defeated by a narrow majority, and there are indications that the question will be brought up again next session. Perhaps, indeed, it will become a hardy annual like the liquor question. Unexpected developments in licensing legislation also aroused considerable interest. With a view to securing at least a temporary settlement of the embarrassing liquor problem, the Prime Minister, in his capacity as a private member, introduced a Licensing Amendment Bill, providing for a series of miscellaneous reforms, and containing the following important provisions:—

(a) a poll to be taken on the question every six, instead of every three years, as at present; (b) the elimination of the State control issue from the ballot paper, leaving a straight issue between no-licence and continuance; and (c) a 55 per cent. majority of votes to be required to carry a proposal.

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The matter was left to the House to decide on non-party lines, and it became clear that the prohibition element was decidedly in the ascendant. The Bill was amended so as to provide for triennial polls and that a proposal might be carried by a bare majority. At this stage Mr. Coates disavowed the Bill, and it was temporarily withdrawn, but subsequently re-submitted to the House, with the same result. When the measure reached the Upper House it was amended, the six year interval between polls being restored, and a 52½ per cent. majority being required to carry a proposal. The Lower House refused to accept these amendments. The Legislative Council, however, insisted upon them, and the conferences which were held to adjust the difference proving abortive, the Bill was accordingly "killed."

Two important measures have been successfully carried this year by the Government. The customs tariff was adopted on principles that have now become traditional in New Zealand. It may be described as a tariff which, though primarily for revenue, respects the moderate protectionist interests which are at present established, almost indeed vested, and it has a definite and increasing leaning in the direction of Imperial preference. The customs duties are still the principal item of revenue, and as the Government cannot do without the funds which it collects from this source, and is also disinclined to raise the cost of living if it can be avoided, the limits within which tariff innovations were practicable were somewhat restricted. No very important alterations have therefore taken place. It may, however, be said that the advocates of high protection have received a decided rebuff, and the supporters of an increased measure of Imperial preference have obtained material though not extravagant encouragement. Last September the British preferential tariff on motor vehicles was increased by 10 per cent. In this year's tariff the following increases have been made in the British Empire preference: on apparel, millinery, hosiery and hats,

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cotton piece goods, drapery, fancy goods, hardware and metal, drugs and stationery, 5 per cent.; on surgical instruments, tools, bolts, nuts, electrical and industrial machinery, 10 per cent.; on agricultural machinery and wrapping paper, 15 per cent. The tariff is generally regarded as being as fair a compromise between conflicting interests as existing economic and political circumstances render possible, though the industrialists are dissatisfied, and insist that they have been sacrificed to the British manufacturer. The Government did not, however, squarely face the fundamental issue that, though legislation in both directions may simultaneously appear on the statute book, the protection of local industry is incompatible with any thorough-going application of Imperial preference. Preference to our own manufacturers, if it is to be extensive and effective, means the virtual exclusion of competitive British imports; while preference to Britain cannot be wide and effective without sacrificing our manufacturing interests. Speaking at the Colonial Conference of 1902 Chamberlain said to Laurier:—

So long as a preferential tariff, even a munificent preference, is still sufficiently protective to exclude us altogether, or nearly so, from your markets, it is no satisfaction to us that you have imposed even greater disability upon the same goods if they come from foreign markets.

This dictum is accepted by manufacturing interests both in this country and in Britain as expressing the true position. Since it is quite unthinkable that there should be any wholesale withdrawal of tariff protection here at the present time or in the future, the Government probably made the best general compromise that the circumstances permitted. The opposition of the powerful rural political interests to any general increase in protective duties was a material factor in the carrying of this further measure of Empire preference.

The other important issue settled was the imposition of

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the petrol tax as a way of financing road construction, and it represents another stage in the evolution of the still unsolved problem of transport in the Dominion. Before the days of motors, the burden of making and maintaining the roads, broadly speaking, fell upon the shoulders of the local bodies, but with the advent of motor traffic on a large scale this method proved both inadequate and inequitable, just as it has done in other parts of the world. It is inequitable because of the wear and tear which long distance traffic causes, and inadequate because a surface good enough for motor traffic cannot be maintained at a cost that the local bodies could face. New Zealand is a costly place for roads, because of the topography of the country and the frequency of the rivers.

To cope with these difficulties the Main Highways Act of 1922 established a Main Highways Board as a supervising and co-ordinating authority, and divided the Dominion into eighteen highway districts, composed of groups of counties allied by contiguity and community of interest, in each of which a District Highways Council was set up. Roads were then divided into main highways and local, and the construction and maintenance of main highways was to be undertaken under the supervision of the Main Highways Board and subsidised by the Board. In order to cope with the revenue difficulty and to make the owners bear part of the cost of upkeep, the Motor Vehicles Act 1924 required them to pay registration and licence fees in respect of their motor vehicles. As, however, the financial position still remained unsatisfactory, and the burden of road maintenance threatened to become unendurable, Mr. Coates this year carried through Parliament a tax of fourpence a gallon on petrol, and the resulting revenue, which is estimated to amount to approximately £750,000 per annum, will be apportioned throughout the country to the maintenance and construction of roads. While the tax will give rise to some anomalies and hardships, as in practice all taxation must necessarily do, it

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is recognised as the best solution of a difficult problem, and the action of the Government has met with general approval.

II. THE INDUSTRIAL ARBITRATION AMENDMENT BILL

THE earlier stages of the present controversy over the Industrial Arbitration system have already been described in *THE ROUND TABLE*.^{*} An amending Bill was introduced into the House this year by the Minister of Labour, and after exciting an extraordinary amount of interest and controversy considering the comparative insignificance of the amendments proposed, it was virtually withdrawn. The discussion is interesting, partly because it reveals the deep line of cleavage between town and country interests, and partly because it shows that although the system of fixing wages by judicial fiat is still too deeply embedded in our economic life to be eradicated at present, opinion has to some extent veered away from the principle of rigid and detailed compulsion in the direction of allowing a greater measure of elasticity and of localising responsibility for industrial conditions.

In so far as the proposed amendment was concerned, sections 2 to 10 inclusive were deleted on the recommendation of the Labour Bills Committee. The proposal in the original Bill was to eliminate the two permanent assessors who are appointed every three years by the Governor-General on the nomination of their respective interests to represent Capital and Labour, and to have instead a single permanent Judge and assessors specially appointed for each dispute. It soon became apparent, however, that both sides valued their permanent assessors, and it was pointed out by Labour that they would find it difficult to secure the services of competent assessors

^{*} *THE ROUND TABLE*, No. 67, June 1927, p. 648; No. 68, September 1927, p. 861.

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if they were different in every dispute. Apart from that, the formalities involved in the appointment of separate assessors for each individual case would mean considerable delay, and hold up business, while the appointees would probably be more biased and amenable to outside pressure than if they were appointed for a period of three years. The comparative security of tenure which their present term gives them also ensures a more judicial attitude. Full-time assessors, moreover, have all the advantages of the professional over the amateur. They are more conversant with the procedure of the Court, more skilled at the work, and more able to take a comprehensive view of industrial conditions. Finally, if the Judge has to accept the dubious "assistance" afforded by laymen, it is better that he should have men to work with whom he has got to know, and in whose case he can allow for the personal equation. There is, of course, a danger under existing conditions of awards becoming over-stereotyped and unduly rigid, but the lesser evil is preferable. There has been no change in the constitution of the Court since the passage of the first Act in 1894.

The clause which excited most heat was the one which specifically exempted farming and ancillary occupations from the jurisdiction of the Court, farming being defined as including "all agricultural and pastoral and dairying operations and all work of every description, other than building work, incidental to such operations, when effected on a farm." Though market gardening and the flax and timber industry were not exempted, work in dairy factories was. It is difficult to see any ground beyond political expediency for these exclusions. If compulsory arbitration is a good thing, why exclude any industry from its operations? If it is a bad thing, why have it at all? The exemptions are, moreover, really more illusory than real, partly because the Court has always, in the exercise of its discretionary power, refused to make an award covering the working conditions of general farm hands, and partly

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because the main grievance of the farmers is that the weight of artificially protected prices and wages in sheltered industries bears with undue severity on branches of national production which have to meet world competition and cannot pass on the charges imposed on them, because prices are fixed in the London market. The exemption of farming work from the operation of the Act, while the sheltered industries remain under its ægis, would leave this grievance unremedied.

The way in which both organised Capital and organised Labour rallied to defend an Act which they have in turn execrated in the past was highly significant. It has been alleged that there is an explicit or tacit bargain between the two to retain it, and to pass on the cost of their privileged position to the unsheltered farmers. While any formal understanding is extremely unlikely, nevertheless Capital and Labour have this year co-operated in a manner that makes the suspicions of the representatives of the farming community not wholly unreasonable. When the customs tariff was before the House, it was among the Labour members that the most thoroughgoing and intransigent advocates of high protection were found, and some of them went so far as to advocate duties that would operate as an embargo on imports which compete with the products of local manufacture. In so doing they were acting in the interest of the employer class, and when the Arbitration Bill came up for consideration, one found again a harmony which does not usually distinguish the relations of these two sections. When Labour and Capital combine to protect their special interests against the rest of the community the force that their organisation gives them cannot lightly be disregarded, even by our powerful country interests. In New Zealand the customs tariff and the arbitration system are complementary to each other. The tariff enables artificially high wages to be paid, and the Court of Arbitration is the umpire which decides the share of the tariff advantages which is to go to labour.

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Both sections of the industrial world have a common interest in making these advantages as large as possible.

The other sections of the amending Bill forbade the Court to prohibit piece work, enabled employers to agree with their men to pay them by results, and permitted the Court, on the application of any one party to an award (instead of upon the application of all parties, as at present) during the period covered by the award, to amend it in order to facilitate the adoption of new methods of organisation. These proposals were also opposed by Labour, though perhaps with less vigour than the clause which exempted farming and allied industries from the Act. The Bill, however, went further, for it proposed to lay down certain principles governing the determination of wages that were in operation during and after the war. The Bill provided that in fixing wages the Court should have regard to (a) a fair standard of living, (b) the economic and financial conditions affecting the industry in question, (c) trade and industry generally in New Zealand, and (d) all other relevant conditions. What constitutes a "fair" standard of living, what conditions are "relevant" and what is to happen when there is a conflict among these dubious and inconsistent criteria, are matters on which the Bill was silent.

The Government at first repeatedly announced its firm intention of putting the Bill through, in spite of all opposition, but in the end it yielded to pressure and withdrew its proposals pending the result of a conference to be held during the recess between the various interests affected, and a one-clause Bill was passed to the effect that while the conference was on no award should be made in so far as the farming industry was concerned. The present indications are that an attempt will be made to effect a compromise rather than to solve the problem of industrial arbitration in the light of principle. Yet this matter seems to affect a side of our life in which, if a settlement in the national interests is seriously desired, it should be

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based upon principle rather than the result of a mere bargain.

III. PUBLIC FINANCE

THE introduction of the Finance Bill, under which the Government sought and received authority to raise 7 millions sterling of loan money for development purposes during the present year, was the occasion for an unusual amount of comment in Parliament on our borrowing policy and the conduct of public finance generally. There is no doubt that the Ministry, the politicians and the public generally have in recent months been more concerned than they have for a long time about the condition of our finances, both national and local. There is uneasiness about the trend of both, and the Government's policy in this sphere has attracted a good deal of criticism. But a review of our recent financial history seems desirable to make the present situation clear.

On March 31, 1914, the gross public debt of New Zealand amounted to £113,677,309, of which £94,753,827 was owing by the central Government, and £18,923,482 by the local bodies. This was not, however, dead-weight debt, like most of the public liabilities in Europe, but to a large extent analogous to the capital of a joint stock company. It was invested in public works which in older countries would have been undertaken by private enterprise, but which, in the conditions obtaining in a new country, had to be taken in hand by the State in order to accelerate the pace of national development. In a young sparsely peopled land, where private accumulations of wealth are small and few, and where, owing to its remoteness from ancient centres of wealth and industry, the conditions are unfamiliar to oversea capitalists, it was reasonable that the public credit should be pledged to obtain capital for development works of great utility and productiveness. Sufficient capital could have been obtained in no other way at a reasonable rate of interest to open up the country.

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A wealthy densely populated country can build railways out of private accumulations of capital, for the ramifications of its economic life induce private capitalists to undertake the work in the hope of reaping commercial profits from the start. In New Zealand, however, development, especially the development of transport and communications, had to be effected to a great extent in anticipation of land settlement. Moreover, the people were in this way able to keep important services, like transport, under public control, and to secure more co-ordination in the work of development than would have been possible if private enterprise had been operating sporadically without plan or order in different parts of the country. There was probably a certain amount of waste in the process, but there is good reason to believe that unco-ordinated private development would have involved even more waste and duplication, a fact which is not always fairly recognised by opponents of our borrowing and development policy. Finally, the State is perfectly justified in taking into account the indirect returns which accrue from the opening up of the country. It can also properly take into consideration indirect gains to the community which would not appeal to a private capitalist because they would not take the form of a higher dividend on specific investments of capital.

On March 31, 1920, after the war, the National Debt stood at the gross figure of £201,170,755 and local debt* at £24,608,293, a total of £225,779,048. War finance in New Zealand appears to have been as efficient and free from waste as could have been reasonably expected, and it compares quite favourably with the position in other belligerent countries. The total debt incurred for war purposes was £82,245,673, a figure since reduced to £75,333,648. On March 31, 1926, the latest date for which the official year book supplies figures, the gross

* *i.e.*, the debt of local bodies.

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public liabilities of the Dominion both on Government and local account were £290,582,375, of which £238,855,478 was a liability of the Government, and £51,726,897 of the local bodies. The proportionate increase, especially in the local debt, is very striking, indeed considering the shortness of the period, phenomenal. On March 31, 1927, the gross debt of the Government was £245,850,889, but the figure for local debt is not yet available. It is not easy to account for this state of affairs, or to explain why so great an increase should have taken place in the post-war period, when one might have expected considerations of economy to loom large in the public mind. The depreciation in the value of money, however, makes the figures bulk out of all proportion to their true importance. The war seems to have accustomed our people to spending and thinking in large sums, and after its conclusion they turned to elaborate and costly schemes of development, such as highway construction, electric power undertakings, and other national and local services which involved very heavy commitments. The local bodies were the principal offenders, and until the passage of the Local Government Loans Board Act of 1926 the central Government had no power to check their extravagance in any effective manner.

Nevertheless, although the trend of recent years gives some ground for uneasiness, there is nothing of a "wild-cat" nature about the public debt. Taking in round figures the data given in the official year book for 1927, the aggregate gross national and local debt was, on March 31, 1926, just under 291 millions sterling, and it has since risen to nearly 300 millions sterling. Of the 1926 figure slightly over 142 millions sterling is held in New Zealand, and about 148 millions sterling, a little more than one half, by creditors abroad. While the whole debt is a public liability, it is obvious that the real problem from a national standpoint centres in the part of it which is held abroad. In comparison with the national assets, however, this

portion is of minor importance, representing as it does only about 16 per cent. of the estimated national wealth. As against the total debt, moreover, the central Government and the local authorities hold assets which have a nominal value of about 311 millions sterling, including a fund of about 25 millions sterling, for the extinction of the National Debt. It is thus seen that the overseas burden represents only about one-sixth of the national assets, and is far more than covered by the assets which the public authorities hold against it. This is a satisfactory position, though one could perhaps wish that after a generation of almost unexampled prosperity the public authorities were less deeply in debt. There is the additional fact that the debt is a fixed quantum, whereas some of the assets which are held against it have only a conjectural value, on which estimates vary widely, and which is therefore liable to be tinged with optimism. On the whole, however, it cannot be said that the debt is at present unduly burdensome, or that the Dominion has not had fair value for its borrowing. Perhaps the soundest test from the economic point of view is to consider the annual burden rather than the capital amount. According to figures given by the Minister of Finance in an address delivered before the session began, the total commitment in the way of interest on the public debt (excluding local debt) amounted in round figures in 1926 to 10·6 millions sterling, and the total recoveries from State operations were 4·8 millions sterling. The National Debt is thus reproductive to the extent of about 45 per cent., and if war debt be excluded the balance is reproductive to the extent of just under 70 per cent. It must, of course, be realised that the war debt cannot be excluded from consideration merely because it was necessary in self-defence rather than as the result of political and economic policy. The burden is all the greater precisely because of its unproductive character, and this fact should be carefully kept in mind in estimating the extent to which it is prudent to embark upon new commitments.

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The present Government is incurring a considerable amount of fresh debt and, in the opinion of a growing number of observers, the time has come for a serious review of the situation with a view to reducing our borrowings and to slowing down the pace of development. This cannot be effected in a day, since heavy commitments have been incurred for certain projects which, whether they were well or ill conceived, must be carried to completion in order to minimise loss, quite apart from any question of gain. It seems probable, having regard to the state of the country, that the present hydro-electric power programme will prove to be an over-ambitious one, and that it will result in a development which is too far in advance either of actual need or of profitable demand, a danger to which all countries which are rapidly constructing public works are exposed. It was said in defence of these undertakings in their initial stages that the industries of the country needed the power. It is now being urged that we need industries to utilise the power. Hydro-electric power is sold in bulk to power boards under monopoly conditions, so that the Government can fix its selling charges in such a way as to yield a remunerative return on the capital outlay. The power boards have, however, the right to levy a rate to cover any deficits on their working, and even where this is not done, it may easily be that the price charged consumers for current contains an element of disguised taxation, and that, although the State accounts may show an ostensible profit, there is in fact a loss in the form of rates or of an unduly costly supply at other stages.

Another cause of increased national expenditure since the war is the growing demand for extended social services such as public health, hospitals, education, and so on. This development has led to a considerable increase in the personnel of certain branches of the Civil Service, and to a corresponding growth in expenditure. Such an expense once incurred is practically a permanency, since it becomes increasingly difficult to withdraw the facilities

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which have been granted. In this way our fixed annual burden shows a marked tendency to grow. Perhaps, however, our most serious problem in this field at the present time is the duplication of transport agencies owing to the growth of motor traction. It seems an anomaly that the Government should invest many millions in railways, and then borrow, and allow local bodies also to borrow, further millions to lay down roads, which result in business being taken away from the railways, in the diminution of their earning power, and in the depreciation of their capital value. Harbour Boards are also permitted to borrow further millions for the development of unnecessary port facilities which may take still more business away from both roads and railways. This, however, has been going on for some years in New Zealand, and it constitutes a steady drain on the national resources, all the more dangerous in that the cost of transport in the country is swelled in ways that are not very obvious, and consequently not realised by the general public. In other lines of activity, public and private, we seem to be over-weighted with duplicated agencies and superfluous overhead expenses, the result of a period of possibly over-rapid development, and people feel that the time has arrived to take stock of the position. The Government is aware of the importance of the question, and the Prime Minister has announced his intention to institute an enquiry into the problem of duplicated transport agencies with a view to ascertaining the facts and doing what is possible to deal with the position. As regards certain railways now under construction, it is estimated that even if they got all the traffic that is at present carried by motor transport they would still find themselves faced by a deficit of £2,000 per mile per annum. In these circumstances it seems imprudent to proceed with railway construction of this kind. Yet it is going on all the same. The Government, of course, is in no way responsible for the problems which are due to the advent of the motor and

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its effect on the railways, but it has perhaps been somewhat tardy in waking up to the need of handling the situation in an energetic manner. There is also a natural reluctance on the part of Ministers to take the initiative when the position can only be put right by curtailing some already authorised programme, because of the unfavourable reaction that such a step would have on electoral opinion.

Effective measures were, however, taken last year to cope with the spendthrift tendencies of some of our local bodies, and a check was placed on their power to borrow. As early as 1915 it was made unlawful for local authorities to borrow without the sanction of an Order in Council. This provision was re-enacted in 1919, but an Act was passed in 1926 which goes much further, and an active instead of a merely passive control was established over the borrowing power of local bodies. This statute constituted a Local Government Loans Board, consisting of the Secretary to the Treasury, the Engineer-in-chief of the Public Works Department, and five other members appointed by the Governor-General. Every local authority which desires to borrow for other purposes than merely to anticipate revenue has to submit to the Board such particulars as may be required, and the Board may sanction the application, in whole or in part, and subject to such conditions as it thinks fit. No loan may, however, be sanctioned without satisfactory provisions for a sinking fund. The Governor-General in Council may impose such conditions as he thinks desirable, having regard to the time at which the moneys are borrowed, to the rate of interest, the terms of the loan, and the provision for repayment. This statute has been widely commended as a statesmanlike solution of a difficult question. It has also been favourably received by local bodies in general, and it promises to inaugurate a much sounder régime in the realm of local finance.

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December 19, 1927.

SOUTH AFRICA

I. SHIPPING FREIGHTS AND MAIL CONTRACTS

IN a comparatively thinly populated Dominion, largely dependent on overseas countries for its supplies and for markets for its produce, it is inevitable that public interest in shipping services should be much greater compared with other questions than it is in Great Britain. Ever since mining developments first quickened the pulse of commercial activity in South Africa the two questions of shipping freight rates and the overseas mail service have periodically enlivened the proceedings of Parliament and of congresses of business men. It will assist us in preserving our balance when reviewing current events if we make an attempt to fit them into the secular trend of shipping developments in the South African trade.

(a) *Prior to Union*

For more than forty years the regular shipping lines have wooed the fickle South African shipper in concert. Expressed in matrimonial terms, the doctrine of the Conference lines has been that in shipping communities the states of polygamy and polyandry are both unstable, tending to decline into the heathen condition of general promiscuity, and that group marriages provide the only stable relationship. To encourage faithfulness within the group, the lines introduced that disciplinary instrument, the deferred rebate. It appeared first in the *outward* trade from Europe, in 1886, for the cargoes of machinery and

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manufactures were valuable and the guarantee of a regular fast service meant a considerable saving of interest on the large stocks and cargoes which were necessary so long as voyages were slow and sailings unreliable. The imposition of the deferred rebate for the return voyages a few months later proved an easier matter than in most trades, because cargo was too scarce to attract competitive boats and its high value made a frequent fast service essential. The position is different to-day.

As early as 1892 the shippers set up the South African Merchants' Committee to make negotiations with the Shipping Conference a little more even. The Committee still exists under the name of the South African Trade Association and, compared with similar organisations on other routes, it has the reputation of focussing the interests of shippers to a quite exceptional degree, although the public statements of prominent importers suggest that at present the enthusiasm it engenders in some quarters is by no means general. Ship-owning has apparently proved very profitable on this route, and since the South African war a succession of competing lines have fought strenuously for a share of the trade, in many cases surviving long enough to enjoy at last a place in the Conference. Freight wars are always obnoxious to those merchants whose chief aim is a quiet life. And so it was in the South African trade; for the compensation paid by the Conference lines for "loyalty" has rarely seemed adequate to the shipper, and importers who broke away were penalised by discriminating rates in addition to losing their accumulated rebate of 10 per cent. Mining and agricultural implements from North America were the subject of much competition before the Conference admitted the Hansa line in 1901, the Houston line in 1904 and the Prince line in 1905, and complaints were frequent that the trade in British goods suffered. Traders protested against the special rates allowed to large shippers, in particular to the colonial Governments, municipalities and mining houses. Govern-

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ment berth cargo is still the subject of special rates, and larger consignments still rank as exemptions from the Conference agreement with shippers.

All these grievances were fully aired at conference in the years preceding Union. In August 1904 resolutions condemned the special rates for large shippers and those favouring imports from the United States; in September 1905 the South African Governments were recommended to legislate against deferred rebates and discriminating rates, but so long as the colonies could be divided against each other the ship-owners seemed invulnerable. The authors of the Selborne Memorandum might well write in 1906:

At present the whole sea-borne trade of South Africa is controlled by one private corporation, which, of course, has no responsibility to the people of the country, and the mercantile community must recognise that unless an unforeseen competition is conjured out of the deep the power of that corporation must remain absolute so long as no single control can be exercised over the ports.

In the winter of 1906-7 the ship-owners were able to divide the Cape and Natal delegates at a London conference called by His Majesty's Government for the discussion of the terms of possible legislation. The strength of the Conference lines was further revealed in May 1907, when freight rates were arbitrarily altered, and the deferred rebate was reduced from 10 to 5 per cent., with the result that some rates to Cape ports were increased and the delicate balance of railway rates from the coast ports to the competitive area of the Rand was upset. Inter-colonial friction was avoided by the prompt summoning of the Bloemfontein Conference, which fixed railway rebates in order to maintain the distribution of traffic previously agreed upon. The whole shipping position was fully investigated in the autumn of 1907 by a committee of the Royal Commission on Shipping Rings, invited by the South African Governments to take evidence in South Africa.

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It is therefore not surprising that when the first Parliament assembled after Union (while the evidence, if not the findings of the Royal Commission, was fresh in the minds of business men and of the Government) one of the first Acts to be passed was the Post Office Administration and Shipping Combination Discouragement Act, No. 10 of 1911.

(b) *Since Union*

The first agreement for the carrying of mails between Southampton and Cape Town was made in 1857 by the Imperial Government with the Union Steam Collier Company, and the Cape Government supplemented it later by an agreement with the Castle Company. After 1876 the two companies provided a joint weekly service, and in 1900 they amalgamated to form the Union Castle Mail Steamship Company. Payment was first made by subsidy, with a premium for speed, though between 1876 and 1883 the contractors received the postage paid in lieu of subsidy. After that date the United Kingdom contributed an agreed share of the annual subsidy payment which was made by the Cape Government. The contract time for the voyage was gradually reduced from 38 days in the first agreement to 19 days in 1893. It is now 16 days 15 hours.

Since Union, official negotiations on the two questions of mail contracts and freight rates have habitually been conducted together. Confusion has frequently resulted, and insistence on other concessions has probably prevented the improvement of the mail service. The Post Office Act of 1911 attacked the deferred rebate system through the ocean mail contract. By Clause 6 (2) of that Act

The Governor-General shall not enter into any such ocean mail contract with any person who—

(a) is connected directly or indirectly with any such shipping or other combination as the Governor-General may deem detrimental to, or likely to affect adversely, South African trade or industries, or

(b) gives, offers, or promises to any person any rebate, refund,

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discount, or reward upon condition that such person shall ship, or in consideration of such person having shipped, goods by vessels of particular lines to the exclusion of any others.

The next sub-section gives the Government power to discriminate through the harbour charges or railway rates against goods carried by such vessels.

The Post Office Act gave the Union Castle Company the choice of relinquishing the mail contract or abandoning the deferred rebate system. The whole Conference decided to drop the system, and, after consultation with the South African Trade Association, the present agreement was drawn up and entered into with individual shippers. Under the agreement the continuous tie is lost, and, unlike the Australian trade agreement, no penalty is provided in case of secession without notice; but nevertheless the shippers agree to give their entire support to the Conference lines for one year or longer, subject to six months' notice; and the ship-owners in return guarantee regular sailings at advertised dates and at freight rates fixed in the agreement, and undertake to provide adequate tonnage for the ordinary requirements of the trade, to consult the Trade Association before making any general alteration in rates, and to protect the interests of their clients in the event of a freight war, failing which the shippers may withdraw after thirty days' notice. The deferred rebate is still in force in the trade to Mozambique ports. In spite of the preference of ship-owners for the rebate system and the dissatisfaction of certain shippers with their representative committee, the agreement has certainly succeeded up to the present in fulfilling the purposes for which it was set up.

The ocean mail contract signed on September 6, 1912, is much concerned with ordinary freight matters. Gold and unmanufactured ostrich feathers are not to be sent by post without an increase in the mail subsidy to compensate for the loss of freight (a fact which the Government

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delegates did not emphasise during the abortive discussions of 1924) ; pedigree stock is to be carried free of freight to the Union ; the contractors are to buy coal for export at certain prices, and most important of all, maximum rates were fixed for South African produce, such as fruit, dairy produce and meat. The provision that fresh deciduous fruit would be carried at 40s. and citrus and pineapples at 25s. per measurement ton, and that approximately 18,000 cubic feet of refrigerated space would be provided on each mail boat, has been invaluable to fruit-growers. The mail provisions of the contract fixed the annual subsidy at £171,000, to include £21,000 for the coast service from Cape Town to Durban, and delays were to be penalised at graduated rates. The contract term was ten years, subject thereafter to twelve months' notice to be given at any period of the year. The mail contract must, moreover, be read in conjunction with the Government freight agreement and the homeward produce agreement of the same date. Notwithstanding Clause 6 of the Post Office Act of 1911, the Government secured special rates on its berth cargo as well as other consignments for the period of the mail contract, and the produce agreement fixed freight rates on certain maximum quantities of maize, wattle bark, wool and skins. It is clear that the loss which the contractor was expected to incur by carrying maize at 10s. per ton was the price paid for the monopoly of the Government business.

On account of the uncertainty in the shipping world in 1922 the Union Government, with the concurrence of the British Postmaster-General, arranged with the contractors for an extension of the mail contract for two years, subject to certain revisions. The mail subsidy was increased to £225,000 per annum, to include £27,000 for the coast service to Natal, and the freight rates for South African produce conveyed in refrigerated space were revised. On soft fruits the rate is 65s. per measurement ton, on hard fruits 60s., on citrus and pineapples 45s., and on all fruit

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in uninsulated space 40s. ; and rates were fixed for beef, bacon, cheese and eggs. The Government freight agreement was continued at rates from 15 to 20 per cent. below merchants' rates ; and in the case of the homeward produce agreement which accompanied it the provision was made that the maximum rates on maize, bark, sugar, wool and skins should be adjusted every three months on the basis of average rates for full cargoes by chartered steamer during the preceding three months, while other rates were fixed. In that way the contractors avoided stabilisation of rates on the principal commodities in a market that promised to fall. These agreements are still in force, the mail contract being subject to twelve months' notice to terminate from either side. The British Government has a considerable interest in any negotiations for a new contract, for of the annual subsidy of £198,000 for the conveyance of mails, Great Britain contributes £60,000 for letters alone, out of the £126,000 paid by countries other than the Union.

Since Union the demand for shipping space has changed markedly. It was calculated by Professor A. J. Sargent for the year 1912 that vessels sailing between South Africa and Great Britain were filled with cargo on the journey to South Africa to the extent of about 35 per cent. of their capacity, whereas in vessels returning cargo occupied only 20 per cent. of the available space. To-day, the growth in exports of maize, wool and fruit has reversed the balance. An estimate for 1925 shows that while boats from Europe to South Africa are on the average two-fifths full, over two-thirds of their space is taken by cargo on the return journey. The outward traffic from South Africa is now attracting competing steamers, and exporters are even more concerned with the level of shipping rates and the provision of an adequate service than are the importers, whereas in 1911 the Post Office measure was characterised by critics as "an importers' Bill."

Until the middle of 1924 South African shippers enjoyed a partial reduction of rates while a minor freight war was

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being waged against the Conference lines by the German and Holland line of steamers linked with the Hamburg-Amerika group; but on July 23, 1924, agreements were signed at Hamburg whereby the competitors became members of the Conference, and various increases in freight charges were subsequently announced. In November the representatives of the Pact Government, new in office, met the mail contractors to discuss a new agreement. The Government's main aim was to substitute fixed rates for the fluctuating clauses of the produce agreement. The contractors proposed an increased subsidy of £250,000, of which £25,000 was to cover the coast service to Durban. The Government succeeded in making a draft agreement of maximum freight rates for seven years, but then endeavoured to improve on the bargain by pressing for an actual reduction of the subsidy to £150,000. The contractors' representative, not having bargained on that basis, was allowed time to consult with his principals, and on the resumption of negotiations in February 1925 presented an entirely new set of proposals. These were not acceptable. Too late, the Government delegates then offered the increased subsidy for the November freight terms, but they also were no longer available, and negotiations were broken off. Every business man who has ever missed a bargain through an excess of optimism will sympathise with the Government representatives. The Minister of Posts and Telegraphs announced in the House of Assembly on February 19, 1925, that "under the circumstances the Government has no alternative but to consider the whole position and take what steps it may find to be necessary to protect and secure the best interests of South Africa."

Coming from a Labour Minister, that announcement was widely interpreted as foreshadowing a State line of shipping. What actually materialised in 1926 was the Ocean Freights Control Bill, read for the first time on May 21. Whereas the Post Office Act gives the Government power to

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discriminate by means of harbour and railway charges against *goods* carried by certain ship-owners, the new Bill proposes to use that power against the *ship-owners* themselves, and in addition seeks power to subsidise lines which contract to fix maximum freight rates on South African exports, and to discriminate in dock dues in favour of coasting vessels registered in the Union. The debate was, however, adjourned for the session before the Minister had completed his speech moving the second reading.

The Ocean Freights Control Bill has therefore remained suspended like the sword of Damocles above the heads of the representatives of the ship-owners, who resumed negotiations on the mail contract question at the end of last year. Government statements issued in November and December in this connection and concerning the latest freight war indicate that we may hear more of it during the coming session. The new freight war began when Sir Robert Thomas, whose company, the British and Continental Plate line, has fought successfully since 1910 for a share in the South American trade, began to solicit cargo for a new British and Continental South African line of eight vessels of the *Cambrian* class, commencing monthly sailings from European and United Kingdom ports in June 1927, and offering cut rates and a twenty-three-day trip for long or short period contracts. The Conference lines retaliated with counter-reductions and a fleet of fighting ships, and on the opening of the wool export season in October offered a special rebate of 15 per cent. for exclusive support. The offer was issued through the Union Castle Company, and was roundly condemned in an official Government statement as "a deliberate and open violation of a signed agreement" and of Clause 6 (2) of the Post Office Act. The Government statement threatened the company with notice to terminate the mail contract and action under Clause 6 (3) of the Act, whereupon the Conference lines withdrew the offer of a rebate and substituted net rates of freight. The effect was, of course, to intensify

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the struggle and, despite offers by Sir Robert Thomas to stabilise wool rates for the season at any rate up to $\frac{3}{4}$ d. per lb., the Conference lines, according to press reports, reduced rates for greasy wool by their fighting ships as low as $\frac{1}{8}$ d. Since December the utmost secrecy has been maintained concerning new developments, and time alone will show whether the competitor will be forced to retire, if indeed it adheres to its announced intention of not joining the Conference.

As regards the mail and freight contracts, negotiations between the Government and the Union Castle Company and two other aspirants were reopened at the end of last year and have again been adjourned. Press reports announce that a Tilden Smith-Schlesinger group of financiers proposed to inaugurate a new line of ten freight steamers, making adequate provision for perishable exports, in return for a monopoly of the Government imports from Europe and a subsidy of £100,000 annually for fifteen years, the company to be registered in the Union but financed from abroad. It was not proposed to carry passengers or mails. Sir Robert Thomas also made an offer. The Government wisely consulted representatives of the commercial, industrial and agricultural associations in order to ascertain the views of interested parties.

A South African Government which decides to influence ordinary commercial negotiations between shippers and ship-owners by means of a subsidy grant or the imposition of maximum freight rates on selected branches of the trade will encounter many divergent South African interests. Agriculturists want the best of all possible worlds; stability of rates, and protection at the same time for competing lines which disturb "stability." The importers, with some honourable exceptions in the case of merchants who keep an eye on elasticity of demand and the possibilities of a growing market as prices fall, seem to favour stability without paying much attention to the level of rates, for they believe any increase can be passed on to the consumer,

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whereas the exporting farmers must sell at the world price. In the case of the export trade in fresh fruit, the growth of a comprehensive organisation to control distribution was described at length in a previous article,* and need not be repeated here; but the shipping aspect of the matter may be summarised in the statement that exports of citrus alone are estimated to amount by 1930 to six million cases annually, which would require sixty ships, each carrying 100,000 cases, within three or four months, i.e., one sailing every other day. Inexplicable as the idea of a subsidy may be to economists and business men for a trade which so clearly should be able to bear its own distribution costs, the proposal is naturally supported by the farmers.

Whereas the Government is directly interested as a contracting party in the terms at which the mails and its own imports are carried, it is not clear that its participation as signatory to ordinary shipping trade agreements can benefit the South African public as a whole. By limiting its own intervention to the guarantee of adequate publicity for all agreements made, the Government will probably achieve more than by bargaining mails against cargo. In the past the mail service certainly has not benefited thereby. When the Post Office Bill was being discussed in 1911 it was the grievance of one member that the mail boat still took 16½ days, whereas they had accomplished better time twenty years earlier. In 1928 we can still echo the same complaint. Everyone, including the Government, freely acknowledges the extent of the service that the Union Castle Company has rendered to South Africa under the mail contracts, and if the mail service is still exasperatingly slow the fault lies more with the other terms of the contract than with the company. The mail vessels are also cargo vessels, and as someone recently remarked, if weights are to be carried you can't expect greyhounds. Much then is to be said for keeping the mail and freight questions distinct,

* THE ROUND TABLE, No. 62, March 1926, pp. 417-426.

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and treating them as separate economic issues ; and if, in spite of political economy, of the Treasury, of the risk of invoking from other countries the "anti-freight-dumping regulations" in which South Africa herself so greatly excels, and of the protests of the long-suffering tax-payer, it is finally decided that shipments of ordinary exports are to be subsidised, then it is to be hoped that tenders will be invited before the amount of the subsidy is settled.*

II. THE FLAG QUESTION

THE settlement of the controversy on the question of a national flag, which for more than a year had perplexed and embittered the politics of the Union, came with dramatic suddenness. The uncompromising attitude of certain members of the Government in speeches made between the prorogation of Parliament in July and the beginning of the following session in October had prepared both sides for a protracted struggle, first in Parliament and then in the country. In Parliament, which had been specially summoned to deal with this and other matters on which the Senate and the House of Assembly were at issue, the Flag Bill was to be again introduced, and, if the opposition of the Senate could not be overcome, was to be passed into law by a joint sitting of both Houses. Then, as the Bill provided for the submission of the question to a referendum, we were to have all the excitement of a general election concentrated on this most inflammatory question of the flag.

When Parliament met, however, it was clear that the feeling in favour of a settlement by agreement was predominant. Events which had happened during the recess, where meetings on both sides had led to serious disorders,

A freight agreement for ten years from the beginning of 1929 has now been signed between the South African Government and the Union Castle Steamship Company. The mail contract still remains in abeyance. (See *The Times*, February 17, 1928.)

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had given practical demonstration of the dangerous excitement which had already been aroused throughout the country. There was a growing conviction that the holding of a referendum, at which the people could only vote "Yes" or "No" upon the Government's proposals, could only be carried out at the risk of grave disturbance of the public peace and possibly bloodshed. Among members of Parliament on both sides there was a strong movement to obtain a settlement by agreement, and when once General Hertzog and General Smuts had found a possible way of compromise it was almost eagerly accepted by the great majority of members on both sides. The compromise ultimately adopted was based on the principle which had been for some time strenuously urged by the Minister of Justice, Mr. Tielman Roos—the one member of the Government who had persistently advocated a settlement by agreement. That principle was that, as no agreement could be reached as to the design of a national flag—the one side insisting that the design should contain as an integral and substantial portion of it the Union Jack and the flags of the two Boer Republics and the other being equally determined that it should contain no emblem recalling past history—the problem should be solved by the Union having two flags, to be flown together on government buildings in the principal towns, at the ports and abroad. These two flags were to be (i) the Union Jack as symbolising the association of South Africa with the British Commonwealth of Nations ; and (ii) the South African national flag which contains in its centre the Union Jack and the two Republican flags grouped. For South African shipping the flag is prescribed by the Merchant Shipping Act which applies to South Africa as to other Dominions. That is one of the Imperial statutes the application of which to Dominions may conflict with the new conception of Dominion status as declared at the Conference of 1926, and which in consequence will fall to be dealt with by the committee of experts contemplated in the declaration

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of the Conference which as yet apparently has not begun to function. Meanwhile the South African legislation does not extend to shipping.

The idea of a dual flag was not a last hour suggestion. The Bill which the Government introduced in 1926 and afterwards withdrew contained a provision that the Union Jack should be flown in addition to the national flag on certain specified public holidays to symbolise the association of South Africa with the British Commonwealth of Nations. The Bill of 1927 made no provision as to the particular occasions on which the Union Jack should be flown but simply declared that the Union Jack should symbolise the association of South Africa with the British Commonwealth. The settlement embodied in the Act goes further and provides that the Union Jack, for the purpose of symbolising the association referred to, shall be one of the two flags of the Union. It was that addition which made acceptance of the settlement possible by the British section of the South African party.

The new flag usage is to come into official existence on May 31 next—the eighteenth anniversary of the birth of the Union. In the meantime it is clear that the ready acceptance of the settlement in Parliament by the supporters of the Government has not been reflected in the country, at any rate in certain sections of the Nationalist party. That, however, may be accounted for to a certain extent by the suddenness of the settlement, and the consequent absence of time and opportunity for Ministers to prepare the minds of their adherents for the change. But the advantages of an agreed settlement are so strongly appreciated throughout the country that it is not likely that the feeling of disappointment will persist, even in the quarters in which it was at first exhibited. The more important question which arises is whether the dual flag—admittedly a novel experiment—will last in actual practice, and in what direction other Dominions are likely to be influenced by our example.

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The status of the Dominions as declared by the Conference of 1926 is that of

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.

Without attempting to analyse this conception too closely we must admit that a community which is fully autonomous as regards its domestic and external affairs is entitled to fly its own flag expressive of its independent national existence. But such a flag, it may be contended, would not express the whole content of our national existence if its design did not contain some symbol expressive of our common allegiance with the other Dominions to the British Crown. Whether this symbol should be the Union Jack, or some other which may be agreed upon, is a matter upon which perhaps some future conference may decide. South Africa has been forced by the exigencies of politics to find a solution now, and she has sought it by the method of dualism, by which she has already solved or evaded critical problems of her national life. The adoption of the Union Jack as a second flag, to symbolise our common allegiance and free association with Great Britain and the other Dominions, may be open to criticism, but it has at least one merit. It enables the change to be made without antagonising the large number of citizens of British race or origin who have a very strong aversion to seeing the Union Jack, which has become part of their national consciousness, disappear from their country. Sentiments associated with the flag lie deep in men's hearts. One has only to look back a little way in South African history, and to reflect upon our short and chequered life as a national unity, to realise to how sore a test that unity was put when we were called upon to devise a national flag. That both sides were able at the last moment to make the sacrifices involved

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in coming to a settlement is a tribute to the strength of that spirit of unity which, young as it is, can in times of stress prevail over our many and distracting political divisions.

III. WAGE REGULATION

The South African racial problem has probably no parallel in any country at the present time. The dominant white race is outnumbered by about three to one by the subject aboriginal races, and between the two are comparatively small but racially important classes of Indians and bastards. These sections do not mix socially and have widely different standards of living. The relative position of the races has changed within the last twenty-five years. Formerly the white race consisted broadly of landowners in the country and supervisors in the towns. The population has increased mostly by natural causes as opposed to immigration, and the capacity of the land to carry a large number of people increases slowly. Failing better exploitation of the land, the increased population tends to be forced into the towns in which the white population has increased beyond the absorbing capacity of the professions, commerce and skilled trades. The result is that both in town and country there is a class of landless men without skill whose only means of earning a living is as labourers. But this is impossible for them; they are white men and must live as other white men, which can only be done on a wage which is about three times as high as the wage which is ample for the native labourer. Physically, the white and the native labourer are not notably different, the white man's education gives him greater intelligence, but this factor is not enough to outweigh the great difference in pay for identical work. Consequently, the unskilled white man cannot compete for work against the native. The ordinary employer will not engage him and he is compelled to join government or municipal relief works for which an uneconomic wage is

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paid. If he cannot get employment, he is in danger of sinking to depths of poverty and degradation far below the standards of respectable and civilised natives. This sunken class is termed "poor whites" and according to some estimates now amounts to nearly one-tenth of the white population. Any solution of this difficulty is an integral part of a general settlement of the relationship of the white and native races, and no solution can be final in which competitors for the same class of work have radically different standards of living.

As opposed to the unskilled man, the qualified artisan is in a good position. Few natives are competent to compete with him, and he has trade unions to bargain for him. There is a strong contrast between the skilled and the unskilled wage, which may be graphically represented as £1 per day as opposed to £1 per week. This may be compared with the standard in England, where the skilled man has an advantage of 30 to 40 per cent. over the unskilled man as contrasted with 3-400 per cent. in this country. The native wage, say £1 per week in the towns, tends to be a customary wage, and there is little variation for gradations of skill or experience. Several results follow from this wide gap which are detrimental to both classes and fatal to the white man outside the skilled class. The first and most obvious is the temptation to the employer to employ as few highly paid white men and as many low paid natives as possible. It was the allegation that the mining houses wished to alter the ratio of white men to natives in this way, which caused the great bitterness of the Rand strike in 1922. When retrenchment takes place the skilled white man must remain altogether unemployed, as he cannot take a lower grade of work till better times come. Again, difficulties surround the question of training in skilled trades; apprentices are not willing to serve a long term at a "Kaffir's wage" and they are not worth a full wage till they are qualified; one result is that skilled men are engaged from overseas. For the native the effect of the

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system is that he gets little reward for experience or partial skill—it must be understood that this is a generalisation—and consequently there is no incentive to stay permanently in one employment and acquire such experience or skill. Native labour, moreover, tends to be fluctuating and inefficient. These reasons account in part for the fact that the average industrial wage in the Union is £116 as compared with £193 in Australia and £221 in Canada, and also for the low average output per worker which is £439 in the Union against £866 in Australia and £1,070 in Canada. Industrial unrest naturally followed from the above-mentioned conditions, and culminated in the 1922 strike. This cessation of one of the main industries of the country caused wide-spread trade depression from which the country did not recover for two years.

One of the last measures passed by the Smuts Government was the Industrial Conciliation Act of 1924. This Act provides for the fixing of wages by Conciliation Boards and Industrial Councils formed of representatives of employers and workers in different industries and areas. The wages agreed upon by each council are promulgated in the *Government Gazette* and thereupon become the standard minimum wages for that industry in that area, but the Act does not apply to pass-carrying* natives, who form the bulk of the labourers. It is suited to the needs of industries in which the workers are well organised and are in a position to bargain with their employers, and was at once made use of in the printing and building trades. The Act, however, is not effective in fixing fair wages where the workers are not in a position to make an effective collective bargain, as in cases where there is extensive sweating, or where the industry is very small, or unorganised.

To fill this gap, the Pact Government carried into law the Wages Act of 1925. This Act provides that, in cases

* With certain exceptions based on the standard of education or civilisation, natives are obliged, except in Cape Colony, to carry passes.

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to which the Conciliation Act does not apply—agriculture and domestic service are excepted—application may be made to a Wage Board by either employers or workmen to fix the scale of wages in any industry. A single Wage Board, consisting of three members, was set up to hear all applications. This Wage Board, after hearing evidence and investigating the merits, recommends a scale of minimum wages to the Minister, who may accept or reject, but not modify, the recommendations. If accepted, the scale of wages is gazetted and becomes the compulsory minimum in the industry and area concerned. The recommendations of the Wage Board are made without reference to race or colour, and affect every grade of work.

The far-reaching objects of this Act are clear from Colonel Creswell's speech as Minister of Labour in proposing the second reading:—

In South Africa we have not (he said) got a homogeneous population. We have two races separated by a wide gulf of history and civilisation; a gulf of difference in material wants which are considered necessary for life. The same process which leads to sweating in another country gives a tendency in this country to eliminate those who require the higher standard of life. In another sphere it is an illustration of Gresham's Law of Currency; in certain circumstances the bad money will drive out the good. In the competitive wage-production system in a situation such as we have in South Africa the lower civilisation will gradually drive out the higher civilisation. I believe there is room in South Africa for all of us, but I cannot understand any man who can dream that it can be in the long run good for either the civilised or uncivilised inhabitants of South Africa that the civilised population of South Africa should fail to keep their end up and have the fullest opportunities of expansion in the country which is their own.

This Act, is part of the policy of the present Government which is to absorb the white population in industries, for the encouragement of which the tariff has been remodelled and made flexible enough to give protection to small concerns and prevent such dumping of imports as would ruin them. This policy is accompanied by a native policy

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of modified segregation which will discourage natives from settling in towns in large numbers or as permanent residents and, as far as possible, remove the competition of people of different standards of life for the same work.

The Wage Board has now been working for about two years and has made a number of awards. Its members also sat as arbitrators and conducted a very detailed investigation into the Witwatersrand mining industry and made an award which was accepted by both sides although some very large claims made by the mine workers were rejected. In terms of the Act, the Board has adopted the procedure of making an interim award and then hearing objections and, if necessary, modifying its award—or to be more correct its recommendation to the Minister. Its advent was looked upon at first with a considerable amount of hostility which was very vocal in the Press. This has died down as the position became clearer and it was found that the Board was open to reason and did not intend to force the payment of ruinously high wages to all employees. In most cases the awards made have not been in excess of the highest wages already paid in the industry affected. The Board has endeavoured to award a “living wage” so as to eliminate the various forms of sweating and also, by means of several steps, to establish a gradation in wages from the unskilled newcomer to the man of skill and long experience. Different scales of pay are laid down for juveniles, for adult learners and workers with more than a fixed period of experience, and different kinds of work are differently paid. To prevent the abuse of “learners,” the proportion of these is fixed in relation to the whole staff. The Board does not fix the wages of apprentices, who are dealt with by other similar legislation.

The Board considers that the adoption of these scales of wages will lead to greater continuity of employment, in that employees will not have the same inducement to start other work for which the wage is a trifle higher and thereby lose the benefit of the experience they have acquired,

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and the higher rate of wages will be made up for, to the employer, by the greater competence of the workmen. They also consider that the necessity of paying higher wages will lead to improved management, in order that a higher output may compensate for the higher wage. Where considerable changes are effected a period of three or four years is allowed for the industry to adapt itself to the new conditions. Nor is the Board's award under the Act a final determination of wages. The Board may, at any time on cause being shown by employers or workmen, modify its award.

The existence of the Wage Board has had important effects apart from its actual awards. The prospect of compulsory wage regulation has led to the formation of a number of industrial councils to fix wages by agreement and not by imposition. Under the Conciliation Act pass-carrying natives are not subject to the awards of these councils, consequently in some industries white men were dismissed and natives employed at the lower wage. To prevent this, the Wage Board has been called in to make a supplementary award for the pass-carrying natives. It has refused to “rubber stamp” industrial agreements, and made a full investigation in such cases, giving awards in accordance with its findings, and by laying down wages for the class of work done, it prevents the ousting of white men or, alternatively, the payment of unduly low wages to natives. Under the Wage Act it is obliged to recommend the payment of wages upon which workmen can maintain themselves in accordance with civilised habits of life and if it is unable to recommend such a wage it must report this fact to the Minister, who may then request it to recommend the wage that it thinks fit. In every industry natives are employed for the simpler tasks of carrying and cleaning. It would be unreasonable to recommend that the habits of the country should be suddenly upset by awarding a white man's wage for such employment, and, in the awards already made the lowest

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scale of work has been paid for at a native rate, fixed by the Board at the Minister's request.

Considerable dissatisfaction exists among the natives at the industrial conditions to which they are subject. This has found vent in the success of Clements Kadalie, a Nyasaland native educated in America, in forming the International Coloured Union which extends over the whole country and has a membership of some tens of thousands.* Some members of this union have indulged in wild talk at meetings, and some apprehension has been caused as to possible political or revolutionary motives. The Wage Board, however, provides them with a constitutional way of obtaining better wages and conditions of employment. Under the ægis of the I.C.U. a number of applications have been filed for better wages for natives in certain industries; but these cases cannot be investigated or adjudicated upon except under the direction of the Minister, as it is generally impossible for the Board to recommend a "civilised" wage for the class of work usually done by natives without causing an economic revolution. This is a matter of first rate importance which obviously calls for deliberation by the Cabinet. No general decision has, however, as yet been come to by them. The Wage Board may be in a position to take measures to allay what might develop into serious political discontent on the part of the unenfranchised native population.

If this experiment succeeds the social and economic effect is likely to be great after some years. It is unnecessary to point out the effects that the abolition of sweating and the establishment of a high scale of wages will have on private wealth. More important still is the provision of avenues enabling landless white men to acquire the status of skilled or semi-skilled industrial workers, and the elimination of ruinous competition between unskilled manual labourers with different standards of

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living. It seems probable indeed that the regulation of wages on these lines will bring into being an industrial population which will be predominantly white. When a scale of "civilised" wages is laid down for a particular class of work, public opinion will generally compel the employment of a white workman rather than a native; but it remains open to a native doing skilled work to receive adequate pay—higher pay than the white man doing unskilled work. In some trades it is probable that, as in the United States, the public will become accustomed to seeing native workers in leading positions. In native areas there is of course no obstacle to natives filling any kind of employment. These considerations seem to lead to the conclusion that, under this system of State regulation of wages, they will be able to find their own level in accordance with their individual merits and that without being forced to rely on their lower standard of living. Consequently there would appear to be no logical necessity for a statutory colour bar intended to maintain civilised standards of life for the white man.

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January, 1928

* For further particulars, see THE ROUND TABLE, No. 66, March, 1927, p. 404.

THE OUTLAWRY OF WAR

PRINTED BY
W. H. SMITH & SON
THE ARDEN PRESS
STAMFORD ST.,
S.E., AND PUBLISHED BY MAC-
MILLAN AND CO.,
ST. MARTIN'S ST.,
LONDON, W.C.



ON April 14 the diplomats and the public opinion of the world were somewhat dazed by the publication of despatches addressed by Mr. Kellogg to the Governments of France, Great Britain, Germany, Italy and Japan, proposing on behalf of the Government of the United States that a multilateral treaty should be concluded renouncing war altogether as an instrument of national policy and undertaking that international disputes of whatever kind should be settled by pacific means. People had read a somewhat desultory and argumentative correspondence which had been proceeding for about a year between M. Briand and Mr. Kellogg about the outlawry of war. But they had not expected that the negotiations were going to be productive of any very sensational result. The sudden publication of this offer by the largest, richest, and most powerful State in the world came to most people with something of a shock of surprise. Was it, they asked, merely an idealistic pronouncement with little substance behind it, or was it the most important international event since the refusal of the United States to co-operate with the rest of the world in the League of Nations in 1920?

I. THE GENESIS OF THE KELLOGG PROPOSAL

IN April 1927, in the course of a speech in Paris commemorating the tenth anniversary of the entry of the United States into the war, M. Briand uttered these words:

France would be willing to subscribe publicly with the United States to any mutual agreement tending to outlaw war, to use an American expression, as between these two countries. The renun-

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ciation of war as an instrument of national policy is a conception already familiar to the signatories of the Covenant of the League of Nations and of the Treaties of Locarno.

In June he followed this up by submitting to Mr. Kellogg a draft treaty to "renounce war as an instrument of their national policy towards one another" and pledging each side never to settle their disputes "except by pacific means." The genesis of this offer is obscure, but it appears to have been prompted by those elements in America who were working to bring the United States back into co-operation with the rest of the world for peace, but who recognised that her political co-operation with the League of Nations was still out of reach.

M. Briand's pronouncement attracted little attention at the time, and no answer was sent by Mr. Kellogg until December. But in the interval the peace forces in the United States had brought pressure to bear on the Administration to respond to M. Briand's offer. The United States Government, too, had clearly come to feel that it could not combine the immense expansion of armaments, to which it committed itself after the failure of the Geneva Naval Conference with an attitude of non-co-operation with all political attempts to organise the peace of the world. Mr. Kellogg, therefore, on January 3 replied that

The Government of the United States welcomes every opportunity for joining with the other Governments of the world in condemning war and pledging anew its faith in arbitration.

He considered, however, that M. Briand's proposal for the renunciation of war should take the form of a multilateral treaty and not of a bilateral pact between France and the United States alone. In other words, he made it clear that the United States was not prepared to enter into any special relation with France, which she did not at the same time also enter into with all the other great Powers, for that would be tantamount to a mild treaty of guarantee.

This extension of M. Briand's original proposal caused

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some disquiet in France. It seemed as if the United States was proposing a treaty which would debar France from going to war even if Germany endeavoured to repudiate the Treaty of Versailles as a preliminary to a fresh attack upon her, and would nullify those sanctions created by the Covenant and still more by the Treaties of Locarno upon which France relied as the real guarantee of her security. M. Briand, therefore, replied that his Government was prepared to enter into a multilateral treaty for the renunciation of "wars of aggression"—thereby protecting France's rights under the elaborate structure of treaties and alliances which had been built up in Europe since 1919.

Mr. Kellogg, however, would have no reservations. He reminded M. Briand that his original proposal "envisaged the unqualified renunciation of all war as an instrument of national policy" as between the United States and France, and again asked him to accept the same formula for a multilateral treaty.

This forced M. Briand to define his difficulties more clearly. He said on January 22, therefore, that France and other members of the League were

already bound to one another by a pact which imposes mutual obligations upon them and by agreements such as those concluded at Locarno in 1925, or by international conventions which deal with guarantees of neutrality. All these engagements impose duties which they cannot deny.

While the French Republic was willing to enter into an entirely unrestricted bilateral treaty with the United States for the renunciation of all war, it could only enter into a multilateral treaty which was consistent with its obligations to other nations.

The Government of the Republic has always, and in all circumstances, declared itself, very clearly and without reserve, ready to associate itself with any declaration of war as a crime and the institution of international sanctions calculated to prevent and repress it.

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Mr. Kellogg, however, was not less persistent. He replied that he hoped

that neither France nor any other member of the League of Nations will finally decide that an unequivocal and unqualified renunciation of war as an instrument of national policy either violates the specific obligations imposed by the Covenant, or conflicts with the fundamental idea and purpose of the League of Nations. On the contrary, is it not entirely reasonable to conclude that a formal engagement of this character entered into by all of the principal Powers, and ultimately, I trust, by the entire family of nations, would be a most effective instrument for promoting the great ideal of peace which the League itself has so closely at heart?

"If," he went on, the proposed declaration "were accompanied by definitions of the word 'aggressor,' and by exceptions and qualifications stipulating when nations would be justified in going to war, its effect would be very greatly weakened, and its positive value as a guarantee of peace virtually destroyed." He therefore declared that "the Government of the United States desires to see the institution of war abolished, and stands ready to conclude with the French, British, Italian, German, and Japanese Governments a single multilateral treaty, open to subsequent adherence by any and all other Governments, binding the parties thereto not to resort to war with one another," and proposed that the correspondence should be sent to the said Governments for their consideration.

This despatch did not satisfy Paris at all. On the contrary, political opinion there seems to have steadily crystallised into opposition to the whole Briand-Kellogg idea as endangering French security and challenging the French concept of the Covenant and Locarno as a mechanism for securing peace by mobilising irresistible "sanctions" behind the Treaty of Versailles. It was not very surprising, therefore, that M. Briand's final reply was distinctly frigid. The French Government, it said, would proceed with the negotiations on four conditions. First, that all countries adhere to the treaty and that the treaty does not

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become effective until all or practically all States have ratified it. Secondly, that each country may defend itself. Thirdly, that if any country violates the treaty all other countries are automatically released from their obligations to it. Fourthly, that the new treaty does not interfere in any way with the previous obligations of France under the Covenant of the League, the Locarno agreements or her treaties guaranteeing neutrality.

Then came a dramatic and indeed sensational step. Brushing aside M. Briand's reserves, Mr. Kellogg submitted, on April 13, a draft treaty for the outlawry of war, for the consideration of the five Great Powers, France, Great Britain, Germany, Italy and Japan. The terms of this treaty are extraordinarily direct and simple. After the usual declarations of high intention in the preamble, the draft contains only three articles:

1. The high contracting parties solemnly declare in the name of their respective peoples that they condemn recourse to war for the solution of international controversies, and renounce it as an instrument of national policy in their relations with one another.
2. The high contracting parties agree that the settlement or solution of all disputes or conflicts, of whatever nature or of whatever origin they may be, which may arise among them shall never be sought except by pacific means.
3. The present treaty shall be ratified by the high contracting parties named in the preamble in accordance with their respective constitutional requirements and shall take effect as between them as soon as all their several instruments of ratification shall have been deposited at _____. This treaty shall, when it has come into effect as prescribed in the preceding paragraph, remain open as long as may be necessary for adherence by all the other Powers of the world. Every instrument evidencing the adherence of a Power shall be deposited at _____, and the treaty shall immediately upon such deposit become effective as between the Power thus adhering and the other Powers parties hereto. It shall be the duty of the Government of _____ to furnish each Government named in the preamble and every Government subsequently adhering to this treaty with a certified copy of the treaty and of every instrument of ratification or adherence. It shall also be the duty of the Government of _____ telegraphically to notify such Governments

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immediately upon the deposit with it of each instrument of ratification or adherence.

This action not unnaturally caused some chagrin in Paris, and a few days later the Quai d'Orsay sent to the same Powers an alternative draft treaty for the renunciation of war embodying the reserves already outlined by M. Briand. This treaty bears the mark of M. Poincaré's rather than M. Briand's hand—the latter being ill in bed. It reads as follows :

1. The high contracting parties, without endangering their legitimate right of defence within the limits of existing treaties, in particular when they consider the violation of certain of the clauses of these treaties as a hostile act, solemnly declare that they condemn recourse to war and renounce it as an instrument of national policy—that is to say, as an instrument of personal, spontaneous, and independent political action in which they take the initiative, and not as an action in which they find themselves involved by the application of a treaty, such as the Covenant of the League of Nations, or any other treaty registered at the League of Nations. They engage themselves under these conditions to make no attack or invasion the one against the other.

2. The settlement or the solution of any dispute or conflict, of whatever nature or origin it may be, which may arise between the high contracting parties or between any of them shall never be sought except by pacific procedure.

3. In the case of one of the contracting Powers contravening the present treaty, the other contracting Powers would be absolved from their engagements taken in this treaty with regard to that party.

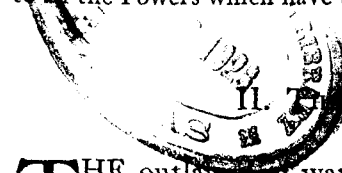
4. The stipulations of the present treaty do not in any way affect the rights and obligations resulting for the contracting Powers from any former international acts in which they had taken part.

5. The present treaty shall be submitted to all the Powers for their acceptance and will have no obligatory force until it has been accepted by all, unless the Powers which are signatories of this treaty agree that it should be put into force in spite of certain abstentions.

6. The present treaty shall be ratified. Ratifications shall be deposited at ——— within three months from the date of ratification. It shall be brought by the ——— Government to the notice of all the Powers, with an invitation to accept it. The ——— Government shall deliver to each of the signatory Powers

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and to the Powers which have associated themselves with the treaty, a certified copy of the treaty. One year after the expiry of the period of three months, referred to in article 6 the ——— Government shall address a complete list of the signatories and acceptances to all the Powers which have signed or accepted the treaty.



OUTLAWRY IDEA

THE outlawry of war idea was launched by Mr. S. O. Levinson—a well-known company lawyer of Chicago—soon after the rejection of the Covenant of the League by the United States in 1920. It began to make headway after it was taken up some years later by Senator Borah, Chairman of the Foreign Relations Committee of the Senate. The idea itself is a simple one, simple as is the idea of democracy, or individual freedom. It is that war is to-day and has always been recognised as a legitimate and lawful act by international law, that this legalisation of violence in its most barbarous and destructive form, is the denial of “law,” and that the essential preliminary to the abolition of war is to “outlaw” or “de-legalise” it altogether. Peace exists inside the State because the right to use violence as the means of securing their ends is absolutely and entirely denied to every individual and group within it. The State would speedily disappear if it compromised in any way with violence—if it allowed any question, personal or collective, to be settled by an appeal to force. So in the international sphere : if there is to be peace, the right to use “war as an instrument of national policy” must be absolutely renounced by nations. The essence of the peace movement, therefore, in the eyes of the outlawry school, is the total prohibition of war as a legal method of accomplishing anything, and a firm agreement between the nations invariably to settle their difficulties and differences by pacific means alone.

Therefore the kernel of the idea is that war as an instrument of national policy should be renounced altogether.

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There must be no exceptions. There must be no reservations for "defensive" wars, or "sanction" wars; no distinction between "aggression" and "defence," between "lawful and unlawful wars." There can be no more exceptions to the outlawry of war than there are exceptions to the outlawry of violence within the State. Every citizen has the right of self-defence, pending the advent of the police. But he never has a right to ignore the courts or the legislature and to take the settlement of his disputes into his own hands by violence. So with the outlawry of war. If a nation is attacked, it will have the right to use any means to defend itself, but once the attack is repelled it must submit the matter at issue to settlement by pacific means and not try to impose its own will by war. It will never be lawful for any nation or combination of nations to use war as an instrument for getting their own way.

Of course, if war is to be outlawed, all kinds of problems will arise. Violence is successfully prohibited within the State, because an alternative method of settlement is provided in the law courts and the legislature, and because there is a police force and in the last resort an army which can compel respect for the law. What are to be the equivalents in the international sphere? Again, though private war is abolished within the State, force is constantly used. The law would rapidly lose its authority but for the police. Force will certainly continue to play its part in the international as in the national sphere. How then is force to be applied? How is the legitimate use of force to be distinguished from war? Under what limits and control is it to be exercised? And finally what security is there that a treaty to outlaw war and use pacific means will be respected and obeyed? The State coerces the individual to employ pacific means. But the coercion of one State by another or by a group of States spells war.

Before considering these questions, however, let us consider for a few moments how the Kellogg proposal differs from the Covenant and Locarno.

Covenant, Locarno and the Outlawry of War

III. THE COVENANT, LOCARNO AND THE OUTLAWRY OF WAR

THE outlawry school is not satisfied with the Covenant of the League of Nations because it does not abolish war. The Covenant organises an extremely effective pacific procedure for the settlement of international disputes. It provides for judicial decision through the International Court of Justice, for arbitration, and for conciliation and mediation by the Council or the Assembly of the League. It prohibits its members from going to war until pacific procedure has been used for some nine months, and binds them to take economic sanctions against any nation which resorts to war in defiance of this obligation.

But it still leaves war as a legitimate instrument of national policy. Any member can lawfully go to war after nine months unless its opponent has accepted a unanimous verdict of the Council. Though the Covenant is an immense advance on the pre-war situation, when any and every nation had the legal right to go to war as and when it pleased, and when there was no real international machinery for the settlement of disputes, save diplomacy; yet it does not make war itself unlawful. The possibility of war, the likelihood of war, the right to use war is still a dominant element in the thoughts of its members—and is not rebuked or forbidden by the Covenant.

When we come to Locarno, the war atmosphere is even more marked. On the one hand, France and Germany, Germany and Belgium, Germany and Poland, Germany and Czecho-Slovakia have absolutely renounced war between themselves. On the other hand, the major Locarno treaty tries to make those treaties effective by requiring Great Britain and Italy to go to war—subject to certain limitations—if they are violated. If the Rhineland is invaded under conditions which the Council of the League

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regards as a violation of the treaty, Great Britain and Italy are practically bound to go to war. In other words, war is established as the sanction behind the treaties which abolish war and substitute pacific methods in its place.

This is even more true of France's treaties with Poland and the Little Entente. They are really military guarantees for the integral fulfilment of the treaties of peace.

The outlawry of war school objects to the Covenant and to the Locarno treaties, not because of their pacific procedure, but because they authorise war as a legal method of settlement if pacific means fail. This, they regard, as a fatal weakness. To try to maintain peace by authorising or requiring war is a contradiction in terms and must inevitably defeat its own end. So long as the nations retain the legal right to use war, war will in fact triumph over pacific methods. Every nation will know that it has the legal right to go to war. Every nation will know that its neighbours have the legal right to use war. Armaments will continue. The war spirit will endure. When the crisis comes pacific procedure will prove ineffective and the nations will use war. The necessary condition of any real advance is that nations should make up their minds to renounce the right to use war as an instrument of their national policy, altogether and for good.

IV. THE DIFFERENCE BETWEEN FRANCE AND THE UNITED STATES

THE disquiet in France over the way in which the discussion has developed is natural, though for reasons which follow we consider that France has far more to gain than to lose by an acceptance of the Kellogg proposal. France does not forget that twice in fifty years she has been invaded from Germany. The central aim of her policy since 1918 has been to obtain security against a repetition of this devastation. During the Peace Con-

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ference she hoped to ensure her own safety by separating the Rhineland from Germany. Then she accepted as a substitute the Anglo-American Treaties of Guarantee. As these failed she entered the Ruhr to compel fulfilment, and finally fell back, as a permanent policy, upon building up an armed combination including Poland and Czechoslovakia, equipped with armaments that would enable them to insist upon the integral execution of those provisions of the Treaty of Versailles which restricted German armaments to 100,000 men and which de-militarised the Rhineland and enabled Allied troops to occupy it until 1935.

When the English-speaking world uses the word peace it thinks of a state of things in which not only is there no war, but in which the political structure is the result of general acceptance and not merely acquiesced in because there is *force majeure* behind it. It is a moral rather than a legal situation. When France talks about *la paix*, she means rather the political situation created by the treaties of peace. It is a legal rather than a moral situation. When therefore we in Britain speak of the League of Nations as the means of preserving peace, we mean that it is the instrument whereby good and friendly relations are maintained between its members, grievances are removed and disputes settled, peacefully, justly and by agreement, and the use, or even the threat of force recedes from the forefront of international relations or is discarded altogether. When the French talk about the League and Locarno they think rather of an organisation, a treaty system, which will give peace and security to France and Europe by maintaining in its integrity the Versailles settlement. The natural consequence of the success of the League and Locarno to us would be a reduction of armaments, the disappearance of legitimate grievances from Europe because their causes have been removed by pacific means, and confidence, even friendship, all round. The natural consequence of the League and Locarno to France is such a guarantee of the post-war structure of Europe that no

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nation will consider it worth while to think of upsetting it by force.

The American proposal seems like a challenge to the French way of securing peace for it appears to substitute an absolute undertaking not to use war, and mutual confidence that all the signatories will live up to that undertaking, for the French system of sanctions and military guarantees, as the security behind the treaties of peace. As M. Jacques Bainville put it, it raises the crucial issue: Is the League an instrument for the abolition of war or is it a mechanism for the organisation of collective war in defence of existing treaties and the territorial *status quo*?

The first French impression was a natural one; but it is by no means clear that on second thoughts the French will maintain their opposition. Obviously the Kellogg proposal is in effect an additional security for the *status quo*. For every signatory explicitly renounces the right to try to alter it by the use of war. As such, the proposal is entirely in France's favour, and it puts the United States morally behind the treaty settlement, inasmuch as she would hardly be indifferent—having signed it—to an attempt by any Power to upset it by force of arms.

Indeed, at first sight, it might seem that France ought to welcome the universal outlawry of war and Germany to object. In point of fact, however, the German Government speedily approved of the idea. And the reason is clear. Germany is by no means satisfied with the Treaty of Versailles. She regards the Polish Corridor as an outrage upon her unity, the partition of Silesia as an injustice. She aspires to a better "place in the sun" than she possesses to-day without overseas possessions of any kind. She chafes under the obligation to pay immense reparations for an indefinite period, and the financial tutelage which that obligation implies. She never ceases to describe herself as being not free but in chains, compelled as she is to limit her army to 100,000 men, while her neighbours keep 60,000 troops in the Rhineland and maintain armies so much larger than

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her own that they could march into her territory, if not to her capital, at any time they chose.

But Germany has none the less formally abandoned war as the instrument by which she means to try to secure redress. Her reasons are partly that renewed war is the one thing which would imperil her own recovery, partly that any attempt to secure redress of her grievances by war would almost certainly fail, and partly that she is willing to give pacific methods a fair chance. She does not undertake not to attempt to alter the Treaty of Versailles, but she does undertake not to try to do so by war, but only by pacific means. And there is no reason to doubt the sincerity of her promise, for it coincides with her real interests. But obviously if pacific methods should, after twenty or thirty years, prove to be entirely incapable of meeting the ever-changing needs of Europe, there will eventually be armed rebellion against what would then seem to be intolerable injustice, just as there is eventually rebellion against intolerable injustice inside a State.

The fundamental issue therefore raised by the Kellogg note is between the French view that the treaty settlement is sacred and that peace can only be secured by maintaining that settlement under threat of war, and the view first adopted by Germany at Locarno, and now endorsed by the United States, that no treaty settlement can be sacred, but that war must be ruled out as the way of altering it in favour of purely peaceful means.

It seems that on the balance France has everything to gain by accepting the Kellogg proposal, for if war is really ruled out altogether as a means of altering the peace settlement, the vital interests of France and her allies are really secure, and European questions can at last be considered, not primarily from the point of view of how they would affect the situation in the next war, or the preponderance of force possessed by one group over another, or the balance of power, but on their real merits, as disputes are dealt with within every civilised State.

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V. THE BRITISH STANDPOINT

THE problems which the Kellogg proposal presents to Great Britain and the British Commonwealth are somewhat different. British opinion dislikes the emphasis placed by France and some other Powers on "sanctions" as the vital element in the Covenant. It believes in the League rather as an instrument making for reason and understanding, and therefore for peace in the world. It has accepted the Locarno obligation with reluctance, and largely because it came to the conclusion that such an assurance to France was a necessary preliminary to general appeasement in Europe, though, on the assumption that Europe is to remain liable to periodic general wars, Locarno is also a re-insurance of British security. The natural instinct, therefore, both in Britain and overseas, has been to welcome the Kellogg proposal as a great reinforcement of pacific methods in international dealing, and as evidence that the United States, after eight years of isolation, is beginning to move back towards that active co-operation with the rest of the world in the maintenance of peace, without which no lasting and substantial results can be obtained.

There are, however, certain queries which spring naturally to the British mind. The first is this: War may be renounced, but that will not prevent international problems of extreme gravity and difficulty from arising in all parts of the world. There have been problems about religion, and democracy, and freedom, about race, frontiers and economics which have led to war in the past. There will certainly be similarly acute problems in the future as science and education and progress change the minds and circumstances of men. Some of these new problems are already above the horizon. They concern migration, the rights of minorities, self-government in certain coun-

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tries, Asiatic exclusion, the relations between advanced and backward peoples and trade, markets, and raw materials. War has always been the way in which conflicts of opinion and interests of this kind have been resolved in the past. The world war, hideous as it was, ended military autocracy and the suppression of nationality in Europe. How will the mere treaty renunciation of war prevent the outbreak of war over similar conflicts in the future?

The answer of the outlawry school is that the situation will be entirely changed if war has been genuinely outlawed by the great Powers. The problems will remain, but the nations, instead of regarding war as the inevitable mode of solution, as hitherto, will say: "We may feel very bitterly about these things. But any way, we will not settle them by war. We must settle them in other ways, for war is ruled out." That in itself will immensely relieve the international fear and hate which are the main cause of armaments and war, and the authority of justice and reason in the world will be correspondingly increased.

"But," it will be replied, "that is all very well. Nations may want to renounce war, but will they in practice be able to do so?" Half the wars of the past have arisen out of situations which it did not seem possible to redress except by war. The Spanish-American war arose out of conditions in Cuba and the Philippines, the Boer war out of the treatment of the Uitlanders, the Turkish wars out of misgovernment by Abdul Hamid, the world war out of the racial and national feuds of the Balkan States, the Russo-Japanese war out of rivalry as to who was to control Korea. Or, again, there are many situations in which the interests of one nation can be seriously prejudiced by the pacific action of another. For instance, what would happen if after war were outlawed Germany were to default on reparations, or on her obligation to maintain only a small standing army, or if Mexico were to admit Asiatics in such numbers as to threaten the white America policy of the United States, or if the nations of the British Common-

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wealth were to find other States buying territory in which to build naval bases that would threaten its vital communications? To-day these questions are treated seriously and settled because nations know that in the background there lies the possibility of war. But if war, and the threat of war, is renounced, there would be no means—save ineffective protests—of making nations desist from actions likely to damage or prejudice their neighbours, no way of securing that commonplace of peace and justice in every State, an injunction pending enquiry and settlement by judicial means.

The answer, from the outlawry of war standpoint, is simple. The creation of effective machinery for the pacific settlement of international disputes and the growth of a genuine readiness to use it and accept its decisions is just as important as the renunciation of war. There is peace within the State because there are just courts, good laws, and representative legislatures to alter the law as conditions require it. Violence, therefore, is unnecessary, and can be prevented. The Kellogg proposal can only rest upon faith that it is possible to trust the six great Powers, at any rate, to live up to a solemn undertaking both to renounce violence in international dealing, and to create and respect an alternative pacific procedure for the settlement of every kind of dispute. If the nations are prepared to act justly and reasonably and to develop sound pacific procedure, all the above-mentioned problems will be soluble—slowly perhaps and with much recrimination—but solved eventually none the less, and more wisely and at far less cost in suffering and hatred than if they were solved by war. If the nations are not prepared to act in this way, obviously the whole outlawry scheme will break down and the war system will reappear.

But there is still another difficulty: even if war is renounced, the factor of force will remain. Force plays its part daily in every civilised State. Force will inevitably remain a vital element, too, in international affairs. How i

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the line to be drawn between the legitimate use of force and war? The answer, according to the outlawry idea, is that there is an obvious difference between war and police action, civil war and the use of military force to deal with riot and rebellion. The State uses force for one purpose only—though it does so continually—to prevent any question being settled by violence and to compel its solution by pacific means. So, internationally, under the outlawry system, war would be an attempt to impose a national solution by force. Police action would be action by one or more nations to prevent a State from taking the law into its own hands, and to compel it to refer the issue to some form of pacific settlement. Under the outlawry system nations would have to use force from time to time. But they would have agreed that force must settle nothing and its function internationally, just as it is in the individual States, would be confined to compelling resort to pacific modes of settlement.

Another difficult problem arises from the relations between advanced and backward, or strong and weak peoples. How are the backward and weak to be protected against exploitation? The answer is that once the nations begin to meet regularly together to discuss their common problems, a code will rapidly grow up, the nucleus of which already exists in the mandate system. Eventually the question of whether intervention in Shanghai, or Nicaragua or Egypt or other places is legitimate or not will turn on whether such action is designed to establish the domination of one Power over another, or whether it is genuinely intended to protect reasonable rights, life and property, to restore order and so pave the way to a fair solution of the problems involved, and to independent and orderly self-government.

What then about self-defence? Every nation will have exactly the same right of self-defence as every individual has in a civilised State to-day. If it is attacked it will defend itself. But it will not be entitled to go on to settle

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the quarrel by war. As soon as the attack is repelled, violence must cease and pacific means of settlement or redress must be invoked. It is the same with armaments. Armaments will remain within the discretion of every nation, except in so far as it enters voluntarily into an agreement to limit them. The renunciation of war ought to lead to a rapid reduction of armaments. But limitation will clearly be in proportion to the growth of confidence that nations will live up to their undertaking not to use war.

Finally, what is to be the security that nations will abide by their obligations under the outlawry system? Legally, no security except faith that the great nations of the world, having once set their hands to a treaty of this kind, will not lightly treat it as a scrap of paper. In practice, there will be the sanction that it is inconceivable, if such a universal treaty is signed, that the signatories will remain indifferent if a nation repudiates it and takes the law into its own hands. The growth of a sense of responsibility takes time, but once the nations have undertaken to use law and not force as the arbiter of their disputes they will no more be able to remain indifferent to breaches of the peace than are citizens of a frontier town when one of them starts to do business with a revolver. They would not be bound to use war as a "sanction." But they would be automatically released from their own obligation not to use force against the violator, and if they acted together to insist upon his submitting his case to settlement by pacific means, their pressure, coupled with the victim's power of self-defence, would almost certainly be decisive.

VI. CONCLUSIONS

IT is abundantly clear that Mr. Kellogg's proposal constitutes a new and immensely important stage in the movement to end war. It opens an approach to the problem radically different from that embodied in the

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Covenant, but perfectly consistent with it. If it succeeds, it will be, indeed, the keystone of the Covenant.

It is worth noting, too, that the proposal really aims at creating throughout the whole world very much the same conditions as now exist within the British Commonwealth. Though no formal treaty to that effect has been signed or is necessary, the real basis of the Commonwealth is that its members have renounced entirely the notion that they will ever settle their disputes by war. The alternative pacific procedure is still rudimentary. There is the Imperial Conference, which meets every three years. There is the Privy Council, which brings some unity into their system of justice. There is the Imperial Parliament, which constitutionally is able to pass laws for the whole organism, though convention has limited that power to acts which have already received the approval of all the other self-governing peoples within it. Finally, there are the British army and navy, reinforced by naval and military units in other parts, which are available to repel aggression or to maintain the reign of law within their own boundaries. If the outlawry movement succeeds it will bring into being for the whole world a system fundamentally similar to that which operates so successfully over that quarter of the earth's population who are now citizens of the British Commonwealth of Nations.

But the road to success will not be an easy one. A mere formal signature of the simple treaty proposed by Mr. Kellogg will mean little unless it is coupled with a full realisation by public opinion in all the countries concerned that they are really renouncing war altogether as a way of settling anything and that they must, if that undertaking is to mean anything, proceed to build up an effective pacific procedure whereby every dispute can be considered from the standpoint of justice and reason, and conclusions reached to which they themselves will give loyal adherence. Unless, too, the nations, having signed the treaty, can be just and public-spirited in their dealings with one

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another, the attempt to outlaw war is sure to fail. If they use "police action" as a cover for domination, or wrongful dictation, or if they persistently refuse reasonable solutions of international difficulties arrived at through impartial adjudication, conditions will gradually arise, such as appear before the outbreak of a civil war, when the restraint imposed by honour on warlike action will wear very thin or break down altogether.

It is not yet clear how far any of the countries concerned—including the United States—understand what is really involved in Mr. Kellogg's proposal. At one extreme stands France, willing to accept the elaborate procedure for the pacific settlement of international disputes which is embodied in the Covenant and the Locarno pacts, but confident that it will be ineffective unless she and her friends have the right to use war as the means of enforcing these treaties. At the other extreme stands the United States, which is apparently willing to renounce war as an instrument of national policy, but is still reluctant to co-operate with the rest of the world in constructing and undertaking to use the alternative pacific procedure which alone can make the renunciation effective. In between stand Great Britain and the peoples of the British Commonwealth, who wonder how the renunciation of war as an instrument of national policy is to be reconciled with the maintenance of a "police system" which will prevent nations taking the law into their own hands and compel them to submit to a pacific settlement of their disputes.

There is no question, however, that the basic idea underlying Mr. Kellogg's proposal is vital to the solution of the war problem. It should be welcomed and explored with a view to acceptance in due course. Such acceptance will open a new era in the world. Whether it will be possible to secure its adoption unaltered and without qualification is still uncertain. We hope that no qualifications or reservations of any kind to the main idea will be necessary. If the "outlawry of war" is to be effective,

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the treaty must include nothing which will leave any nation the slightest legal right ever to use war as a means of attaining its own ends. The right must not be reserved to use it as an instrument of national policy in the Rhineland, for the Polish Corridor, in the Adriatic, in Manchuria, or on the high seas, or for the Monroe Doctrine. The total and absolute renunciation of war as an instrument of national policy is a *sine qua non* of success, just as the total and absolute renunciation of the right to use violence as the instrument of personal or group policy is the basic condition of the State and the peace which it exists to keep.

But it is well to remember that even though, as we hope, the treaties are signed in the near future, it must inevitably take time to work out their inevitable implications. They are a beginning and not an end. It may take years for the European nations to realise that, if they are to have security and peace, they must first genuinely turn their backs on practically their entire past and renounce absolutely and not merely on paper the right to use war as a means of policy. It may take time for the United States to realise that if the renunciation of war is to be effective it will only be because she herself is willing to renounce her isolation and to help to construct, and to submit to a pacific system under which all international questions, her own included, will be referred for impartial investigation and report, and in the last resort will be decided on the basis of reason and justice, and not according to the will of any party to the dispute. It may take even longer for nations to realise that these steps may themselves prove inadequate, unless they also make it clear that they will not allow any nation, however strong, to take the law into its own hands, and that the same respect must be manifested in the international sphere for pacific modes of settlement, as is secured by the police in the national sphere.

But if, in the end, war can be really "outlawed," the struggle and delay involved will have been worth while.

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For even though the outlawry system should at first from time to time break down, the risk of war will grow progressively less. Whereas to-day there is a continuous risk of war, because it is "lawful" to use war after certain delays, once war is "outlawed" by public opinion as well as by treaty, that risk will only appear through the failure of pacific procedure and the consequent growth of conditions so intolerable that public opinion within a nation will come to regard the breach of the treaty which forbids war as justifiable—as is often the case before rebellion—and public opinion among co-signatory nations will be so sympathetic as to allow a nation to redress its grievances in this way with impunity. By this road alone—the road foreshadowed in the Kellogg treaty—does it seem possible to make any progress to that era when one sovereign law, amenable to the control of those who are governed by it, will prevail over the earth, and bring peace at last to all the families of men.

EGYPT, A KINGDOM

I. AN HISTORICAL RETROSPECT

THE history of modern Egypt may be said to commence with the reign of the Khedive Ismail, who by the time that he was deposed in 1879 had reduced his country to bankruptcy. A state of affairs which might lead to foreign intervention could not be a matter of indifference to Great Britain for whom, even before the construction of the Suez Canal, the fate of Egypt was of considerable importance. The opening of the Canal by shortening the route to India and Australia made it vital. Not that there was any desire on the part of Great Britain to occupy the country—she had, in fact, twice refused proposals from the Tsar and from Bismarck to that effect—but she could not afford to contemplate the possibility of occupation by any other Power. Such a step might have proved fatal to her traditional policy of preventing the dismemberment of the Turkish Empire. In the event, the pressing claims of Egypt's creditors, coupled with serious anti-foreign riots in 1882, made intervention inevitable. On the refusal of France to co-operate, British troops entered Egypt, and there they have remained ever since. Such a prospect, however, was never even contemplated in 1882. England genuinely disliked the entanglement and was determined to escape from it at the earliest possible moment. The Nationalists, in fact, claim that British statesmen have promised on no fewer than sixty-four occasions to evacuate Egypt. Circumstances were, however, too strong and the opportunity, once sincerely desired, never came.

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The condition of the country at the time of our arrival was deplorable. The Treasury was unable to meet its obligations, yet the peasantry was groaning under the weight of extortionate taxation, collected with the aid of the "Kourbash."* They were ignorant and utterly dispirited, being hardly able to provide themselves with food owing to their burdens, and the *corvée*, a system of forced labour which kept them from their fields. Lord Cromer's work in abolishing these abuses, in restoring the finances of the country, and in creating a modern civil service is too well known to require any notice here. One of the few criticisms made against him is that he did little to enable Egyptians to take part in the government of their own country. It was, however, always his openly expressed aim to fit them for self-government and, pre-occupied as he was with the task of re-establishing their financial and material welfare it would have been difficult for him to do much more than he actually did in this direction. He had to create a civil service, and for that purpose schools had first to be themselves created, and pupils virtually to be bribed to go to them by a guarantee of government jobs with salaries varying according to the leaving certificates they obtained. This work could not be done in a day, and it was not until the beginning of the present century, in the last few years of his career, that the government schools, ably aided by the French *Frères* and the *Pères Jésuites* began to turn out students with sound educational qualifications in respectable numbers. Many of the ablest of them completed their studies in England or France, and when they came back they clamoured in increasing numbers for wider opportunities for the exercise of their talents. The presence of this youthful intelligentsia gave the country a good conceit of itself, and their elders, who, thanks to the growth of general prosperity, were doing well with their large estates and making a substantial contribution to the revenue of the country, began to

* A whip of rhinoceros hide.

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demand that the Executive should be subject to constitutional control. After Lord Cromer's departure in 1907 Sir Eldon Gorst started some tentative experiments to meet these aspirations and also began the work of Egyptianising the civil service. Lord Kitchener went even further. He created a Legislative Assembly with a far larger proportion of elected than nominated members. Its title was, however, misleading. Its functions were almost entirely consultative. The result of these experiments was disappointing. They disclosed few signs of political or administrative capacity, and at the same time they failed to satisfy the ambitions of the Nationalists, as they were now called.

The movement had at that time little real backing, notwithstanding the fact that its leader, Mustapha Pasha Kamel, was a popular hero, and the Nationalists soon realised that they must educate their followers young. They therefore decided to concentrate their efforts upon the schools, a decision which was destined to have far-reaching effects in later years.

Turkey's entry into the war finally severed the frail tie which bound Egypt to the Ottoman Empire, and Great Britain declared a protectorate over her, though what this term exactly connoted was never defined. The Egyptians, however, were given to understand that it was a war measure and that the status of Egypt would be reconsidered as soon as peace was restored. Martial law was proclaimed, and for the next nine years the country was governed by proclamations issued by the Commander-in-Chief. This change greatly simplified the problem of administration, for the Commander-in-Chief was not hampered, as the Egyptian Government has always been, by the Capitulations under which foreigners enjoy a privileged position.* Legislation was promulgated affecting foreigners and a tax already paid by Egyptians was

* For a description of these privileges see THE ROUND TABLE, No. 47, June, 1922, p. 578, and p. 494 of this number.

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also imposed upon them. The absence of dissatisfaction is a tribute to the reasonable use which was made of this autocratic power.

On the outbreak of war large numbers of the junior foreign officials left the country and others were taken away for work connected with the army in Egypt. Later experience showed that this dislocation was bound to have grave consequences, but the need of the moment was officers and men. The effect on the position of the Egyptians themselves was profound. With English staffs reduced almost to a skeleton in the Ministries, more and more responsibility and initiative had perforce to be left to Egyptians under British supervision. The Egyptian official had a chance such as had never come his way before and the way in which he learned his administrative lesson was to stand him in good stead in years to come. In the provinces the effect was not so happy. The army required foodstuffs, fodder, donkeys, camels, and recruits for the Labour Corps. Enrolment was supposed to be voluntary and there was a fixed scale of prices for supplies which the army duly paid. But the village Omdahs* and even the Mamourst† took advantage of the lack of supervision after the departure of the English inspectors to extort more than was actually demanded, and then resold the surplus at a profit. The Labour Corps, too, furnished them with a means of gratifying personal spite and of lining their pockets still further with money extorted under threats of enforced enrolment. The Red Cross was also made use of as a way of getting money from the peasant. This spoiling of the Egyptians was at the hands of their own countrymen, but the latter represented the Government and the Government—more particularly under martial law—was indistinguishable from England. Discontent naturally became rife.

When the war came to an end President Wilson's words were echoing through the world, and the time had come,

* Mayors. † Officials over small districts.

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Egypt thought, for her status, too, to be reconsidered, as she had been led to believe it would be. Saad Pasha Zaghlul accordingly asked the leave of the Residency to visit England with two colleagues to discuss the matter with the British Government. His demand was refused. The Prime Minister, Rushdy Pasha, then repeated the request on his own account, believing that his official position and his record during the war would ensure its acceptance. London was at the time overwhelmed with work in connection with the Paris Conference and the Prime Minister was requested to postpone his visit. Sir William Brunyate, the Judicial Adviser, had just presented him with a draft constitution. It was a secret document prepared at Rushdy's own request and merely meant to be a basis for discussion, but its contents—especially the suggestion that foreigners should be given representation—so exasperated the Pasha that he, somewhat improperly, published it with scathing comments of his own which aroused intense feeling. The putting off of his visit to London was the climax, and he resigned. The country had then to do without a Cabinet for months; the schools went on strike and were closed, the pupils rushing like fiery apostles through the provinces, stirring up the already discontented peasantry—the propaganda of the early Nationalists was bearing fruit. Zaghlul's language became more and more menacing till, at the beginning of March 1919, he was deported on the ground that he was a danger to the Sultan. This was the match that fired the magazine. Serious disturbances and damage to property followed all over Egypt. From the Egyptian point of view the moment was ill-chosen, as the war was over and there were four divisions in the country, but as a demonstration it was a success, for Lord Milner was sent out with a Commission to investigate the causes of the unrest. After deep study he recommended that the independence of Egypt should be recognised and an alliance formed between the two countries with certain safeguards

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for British and foreign interests. His proposals went far beyond anything that Egypt had ever hoped to secure, but the Wafd, led away by success, declared that nothing short of complete independence would meet the national aspirations. The years that follow show a melancholy record. Egyptian officials were disgruntled, partly for political reasons, but mainly because they found young and inexperienced Englishmen appointed over their heads to do the work which they themselves had been doing, not without success, during the war. The summer of 1921 found Adly Pasha negotiating with Lord Curzon in London in an attempt to arrive at a solution on the lines of the Milner proposals. The negotiations failed, and it became clear that no Egyptian statesman could be found with the courage to sign any agreement that fell short of a grant of complete independence, and even if one should be found, there would be no hope of getting it accepted by his countrymen. On the breakdown of the negotiations, Lord Curzon sent a sharp note to Egypt, whereupon the Cabinet resigned and as no other could be found to take its place, the position of British officials, obliged as they were to carry on with an Egyptian staff in a state of sullenness, almost amounting to passive resistance, and in an atmosphere of riots, strikes and murders, became more and more embarrassing. The four British Advisers,* thereupon addressed a joint note to the High Commissioner pointing out that, as the work of the British officials was entirely advisory, inspectorial or technical, it had become almost impossible to ensure the working of the government machine. A deadlock had been reached. The Advisers were then responsible for the government; but without the co-operation of the Egyptians they found their task increasingly difficult. The Egyptians were not inclined to

* British Advisers responsible to the British Government were attached to the Departments of Finance, the Interior, Justice, and Education. There are now only two Advisers (Finance and Justice). Their function is, (1) to see that foreigners do not suffer, (2) liaison, (3) advice, though there is no longer an obligation to take it.

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co-operate; finally, as has been said above, it was a certainty that there was no Egyptian statesman in existence who would sign any agreement that England could offer. There were only two alternatives, either to depend upon force, or to issue a unilateral declaration making it clear what we were prepared to concede. A temporary solution of the problem could unquestionably have been secured by a couple of years of shooting, but such a course would have been repugnant to British principles. It would certainly have been repulsive to Lord Allenby, who had already seen too much of the horrors of war, and to the civilians who, after long years of service, had formed ties of friendship with the very people who would suffer most, and who could sympathise with and understand, if not entirely share, their point of view. If such a policy were to be adopted, they felt that they would have respectfully to ask His Majesty's Government to find other officers to carry it out. In face of the attitude of the British Press, the decision was a difficult one for the British Cabinet, but after a personal discussion between Mr. Lloyd George and Lord Allenby, Great Britain on February 28 made the following declaration:

(1) The British Protectorate over Egypt is terminated, and Egypt is declared to be an independent sovereign State.

(2) So soon as the Government of His Highness shall pass an Act of Indemnity with application to all inhabitants of Egypt, martial law as proclaimed on November 2, 1914, shall be withdrawn.

(3) The following matters are absolutely reserved to the discretion of His Majesty's Government until such time as it may be possible by free discussion and friendly accommodation on both sides to conclude agreements in regard thereto between His Majesty's Government and the Government of Egypt:—

(a) The security of the communications of the British Empire in Egypt.

(b) The defence of Egypt against all foreign aggression or interference, direct or indirect.

(c) The protection of foreign interests in Egypt and the protection of minorities.

(d) The Sudan.

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Pending the conclusion of such agreements the *status quo* in all these matters shall remain intact.

It was, in fact, the Milner policy, in so far as that policy could be carried out without a treaty of alliance. The Sultanate went with the protectorate, and Egypt was declared a kingdom, under His Majesty King Fuad the first. The long-drawn crisis was solved and a Cabinet was formed under Abdel Khalek Pasha Sarwat.

For nearly two years, however, the experiment in self-government could hardly be said to have begun. Martial law continued until, more than a year later, an Egyptian Government consented to introduce an Act of Indemnity to safeguard from reprisals officials who during the past nine years had acted under the proclamations of the Commander-in-Chief. A law was also passed* permitting any foreign official in the government service to retire either of his own accord or at the instance of the Egyptian Government at any time during three years commencing from April 1, 1924, without loss of pension and with generous compensation for a broken career. The first year after the declaration was spent in drafting a constitution for the new kingdom, a work on which the provisions of the Belgian constitution had a perceptible influence. By the autumn of 1923, however, the stage was set, and a general election held. The result was, of course, an overwhelming victory for the Wafd, and in January 1924, Saad Pasha Zaghlul, who had been allowed to return to Egypt from exile in April, 1923, took office as head of the first Cabinet responsible to an Egyptian Parliament. At the end of the ensuing November, however, Parliament was dissolved in consequence of the Sirdar's murder and the British ultimatum which followed it. A new House was elected a few months later in 1925, but it, too, was dissolved on the very day of the State opening by the King. No further attempt at elections

* Law 28 of 1923.

The Working of Self-Government

was made till the spring of 1926, when a Chamber with an overwhelming majority for the Wafd and Zaghlul was once more returned. This Parliament is still in being and, in spite of recent friction, it is to be hoped that it may avoid its predecessors' mishaps, and that Egypt with these initial experiences to guide her will prove to be at last safely launched on a career of stable constitutional government.

II. THE WORKING OF SELF-GOVERNMENT

SIX years have now elapsed since the Declaration. What conclusions, then, can be formed with regard to the capacity of Egypt to govern herself? Before attempting to answer this question, it is only fair to mention the exceptional conditions which prevailed at the start. The pessimists may happily turn out to be wrong, but it must be admitted that they had something to go upon. The administration that Egypt took over was anything but an efficient, smooth-running machine. Chaos and semi-anarchy had prevailed for three years; the Reserve Fund* was completely exhausted in 1921; the civil service was seriously disorganised as the result of a costly, complicated and, as most people would now recognise, an unnecessary re-grading of officials, which was only partially completed. The disorganisation was accentuated by the departure of many of the senior British officials after 1922, and in 1924 many more of all categories left under the provisions of Law 28. This wholesale evacuation was not the result of any settled scheme, but more often than not prompted by the desire of the individual to make a fresh start elsewhere. It was certainly calculated to shake the best organised of civil services to its foundations. In Egypt the effect seemed likely to prove disastrous, more particularly as the first

* A reserve fund has to be built up out of surpluses because of the restriction of taxation as a result of the capitulations. See page 494.

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Zaghlul Cabinet was largely composed of men without any experience in administration. To make things worse, there were hordes of office seekers with social or political claims which had to be met, and feeling between the different political parties was intensely bitter. Successive Cabinets ejected their political opponents from office, or relegated them to a life of leisured but salaried ease, just as they were beginning to settle down in their jobs, their work being handed over to newcomers whose sympathies were of the right complexion. As a result, not only was the government service over-staffed, but work was hampered, and continuity of procedure rendered impossible.

Fortunately party passions have now died down. For the last two years a well-trained and *permanent* civil service has been recognised as essential, and much good work has been done. The Reserve Fund, which had disappeared in 1921, is to-day, after finding some £E6,500,000 out of revenue for the compensation of foreign officials and the large increase in pension charges which their premature retirement entailed, only just short of £E37,000,000*, a figure amply sufficient to meet the cost of all public utility works that are likely to be required for the next 10 or 15 years. It is true that this sum does not entirely represent real saving. Year after year the budget has come before the Chamber long after the opening of the financial year, and the departments have in consequence failed to get their credits in time to spend them all in the curtailed year. Nevertheless both the Ministry of Finance and the Financial Commission of Parliament may be said to have managed their funds with great prudence, and it is a significant fact that Egyptian Unified Four per cents. stand at this moment at 89. Taxes are being regularly and efficiently collected, and the customs administration, the largest of the revenue-earning departments, produces its eleven millions of receipts smoothly and without friction. Railways, telegraphs and post office are working with admir-

* An Egyptian pound is £1 os. 6½d.

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able precision and run at a profit; roads have been opened all over the country, so much so, indeed, that the motor car is already seriously affecting railway receipts; public health, if one may judge from results, appears to be satisfactorily looked after, and attention is being paid to infant welfare; schools have been opened in large numbers and an Egyptian university, which was started on somewhat ill-conceived lines, is now settling down to serious work. The Government is also maintaining several hundred students in Europe, principally in England, where they are being trained for various technical departments in which there is still a lack of competent Egyptians. The Ministry of Agriculture has a large staff of experts, and after being the Cinderella of Ministries is rapidly taking the important place that it deserves in a predominantly agricultural country. The technical side, e.g., the Irrigation and the Survey departments, suffered more by the loss of so many British officials, but it has not broken down and may be expected gradually to improve. The feeling of hostility to foreign officials, engendered by the unpopular Law 28, has died down, and there is no longer any hesitation in engaging them for work which requires their help. Opinions differ about justice and public security. Their importance, however, is such as to require more detailed notice, and we will return to them later. Enough has been said to show that Egypt has made a promising start in self-government. Many mistakes have been made, and some of them have been serious, but experience is a great teacher when it is coupled with responsibility.

III. POLITICAL EVENTS UNDER THE PARLIAMENTARY REGIME

THE first Parliament met in January 1924. One of its initial tasks was to decide which of the laws promulgated under martial law were to continue in force. None were actually modified. The budget, a legacy from the

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previous Cabinet, was sharply criticised, but having already been approved by the Parliamentary Finance Committee, it was passed without substantial alteration. A lacuna was, however, revealed in the constitution. A private member, without any warning, proposed a credit of £100,000, which was voted, none of the Ministers saying a word. The money was never actually spent, but if ever the constitution is amended, Cabinet responsibility for expenditure will have to be more clearly defined. The most striking feature of the new Parliament was its hostility to the civil service. Not content with proposals to reduce emoluments, delay increases in pay and promotion, and curtail leave, members launched out upon unfounded or exaggerated charges against individuals. All this had deplorable results upon the morale of the service. The charges made attained wide publicity, but the result of subsequent investigations, though favourable to the person accused, did not always counteract the impression left on the public. Officials became less and less inclined to undertake responsibility and the whole machinery of government has been clogged by the appointment of innumerable and generally unnecessary committees.

Relations with the British Government remained comparatively calm and there were hopes that an agreement about the four reserved points might be possible. Zaghlul Pasha left for London in the summer with the ostensible object of negotiating with Mr. Ramsay MacDonald, but the latter found him quite intractable. During his absence trouble broke out in the Sudan. A Sudanese battalion, led astray by an Egyptian society known as the White Flag, mutinied in Khartoum, and the situation was for a short time disquieting. Then Zaghlul upon his return in October capitulated to the extreme wing of the Wafd and two of its most notorious members were given office. One of them, as Minister of Education, was brought into direct touch with the inflammable student element; the other, as Under-Secretary of State for the Interior, obtained

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control of the police, which received orders to abstain from interference in "demonstrations," as organised riots were politely termed. Things came to a head in November with the assassination of Sir Lee Stack, the Governor-General of the Sudan and Sirdar of the Egyptian army, in one of the principal streets of Cairo in broad daylight. It is unlikely that Zaghlul had any knowledge of this affair—it would have been too ruinous for his own reputation and policy—but the tragedy was a direct result of his complaisance towards the left wing of his party, and upon the receipt of a stern ultimatum from Great Britain he resigned. His successor, Ahmad Zivar Pasha, who showed great pluck in accepting office, advised the King to dissolve Parliament, and Egypt found herself once more under the government of a *Cabinet d'Affaires*. But the most important consequence of this murder was the expulsion of the Egyptian army from the Sudan, and the creation of a Sudan Defence Force, which swore fealty to the Governor-General instead of to the King of Egypt. The Egyptian flag still flies by the side of the Union Jack, but the Condominium established in 1899 has for all practical purposes apparently come to an end.

Until the murder of the Sirdar the hope seemed to be justified that, now that Egypt had a government of her own, political assassination was a thing of the past. An airman was, it is true, murdered at Heliopolis in 1924, and an attempt was made on the life of Zaghlul himself as he was leaving for England, but both proved to be the work of lunatics. This improvement was probably due to the discovery and execution of the murder gang, a small society, as it proved, so secret in character that the members themselves did not know all their fellow members, and scarcely any of them were aware who was the guiding spirit in the background. The mass of the Egyptians knew as little about the authors of these atrocities as the British authorities themselves. In gauging the state of public security to-day these political crimes should not be over-stressed. Life

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seems fairly normal in the big towns, and in the provinces neither foreign residents nor motorists show any signs of anxiety. Recent statistics published by the Government show indeed that crime is slightly on the increase, though it has not yet reached the figures for 1921 and 1922. It is, however, difficult to say what relation such statistics bear to unreported or undetected crimes. A growth in the number of cases dealt with might merely indicate more efficient police work. In an interesting report by El Keissy Pasha, Director-General of Public Security, the view is, however, taken that crime has really gone up in 1927 and the increase is attributed in large degree to the economic depression caused by the low price of cotton. At any rate it is a healthy sign that the Egyptian Government should make no attempt to conceal the facts.

The Cabinet of Ziwar Pasha spent their first few months in trying to stamp out Zaghlulism. They then altered the election laws and appealed to the country. On paper the results gave them a small majority, but the first vote taken in the new House found them in a minority of 46. So Parliament was again dissolved on its opening day, and no further attempt was made at elections for over twelve months, the *Cabinet d'Affaires* remaining on the most amicable terms with the British Government. The most interesting thing they did was to provide a sum of £E750,000 for the Sudan Defence Force in the budget. This was intended as an outward sign that the events of 1924 had not done away with the Condominium—Egypt was continuing as before to pay for the defence of the Sudan. The following year, when Parliament re-assembled, Zaghlul Pasha expressed his approval of this attitude and the credit was again inserted in the budget.

In the spring of 1926 there was a strong clamour for fresh elections. Many people were against such a step on account of the danger that might attend another Wafd victory. Government without Parliament was assuredly easier and there was a strong temptation to continue on

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the flowery path. Lord Lloyd, with statesmanlike foresight, strongly supported a resumption of constitutional life, and elections were held, this time under a third electoral law that had been passed by the first Parliament during the premiership of Zaghlul Pasha. It could hardly, however, be looked upon as a contest, as the different parties agreed beforehand how the seats should be allotted, thereby avoiding the bitterness aroused by previous elections. The majority was, of course, overwhelmingly Wafdist, but a coalition was formed with the Constitutional Liberals who were promised a certain number of seats in the new Cabinet.

In connection with these elections mention must be made of a trial which had been dragging on for weeks before the Cairo Assize Court. A number of Egyptians, among them two prominent members of the extreme left of the Wafd, were accused of having instigated the Sirdar's murder. So far as one could judge from the Press, public opinion expected a verdict of guilty. When, however, the President of the Court, Judge Kershaw, read out the judgment (in Egypt there are no minority judgments) all the accused with one exception, a politically unimportant individual who had confessed his guilt, were acquitted. Then followed a sensational event. Judge Kershaw immediately sent in his resignation on the grounds that the verdict was directly contrary to the evidence. There was, of course, never any question of a re-trial, but the British Government at once announced that they could not accept the verdict, meaning thereby merely that they did not consider the Wafd absolved from complicity. Judge Kershaw's two Egyptian colleagues were freely accused in British circles of having been influenced by politics or terrorism. This may be true—certainly the latter supposition is not beyond the bounds of possibility—but in view of the previous record of these particular judges it is only fair to point out that their decision, even if a mistaken one, may quite conceivably have been honestly arrived at. All

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depended on whether the evidence of the police could be believed. To the Englishman its very discrepancies were a proof that it was not fabricated, to the Egyptian they were a ground for suspicion. Even in Europe police evidence in a certain type of case has sometimes left an uncomfortable feeling in the public mind; in the East a sceptical attitude is almost innate. It may well be, too, that the two judges felt that the case had been worked up while the bitterest political enemies of the accused were in power. Nothing is now likely to change the view of either side, but the incident has an importance of its own, partly because of its effect on people's tempers just at the time of the elections, which once more gave the Wafd a crushing majority, and partly because it has given rise to a belief that the standard of the Egyptian Courts has been definitely lowered. This is, however, hardly a fair conclusion, as no other instance can be cited in which there is a suspicion of outside influences having swayed judges. Certainly the Egyptians themselves—and in the Native Courts they are the only ones who stand to lose—have not lost confidence in the administration of justice.

It looked for a time as if the atmosphere created by this trial might produce a serious crisis. It was intimated to Zaghlul Pasha that under the circumstances Great Britain could not approve of his forming a Cabinet. His age and the state of his health made it in any case doubtful if he really wished to undertake such an arduous task, but opposition in a matter which he considered as purely domestic hardened his heart. His own followers, however, pointed out the risk of insistence leading to another dissolution, or even to the withdrawal of the constitution. He therefore yielded and at his suggestion the King sent for Adly Pasha, a Constitutional Liberal, who formed a Cabinet, Zaghlul himself becoming President of the Chamber. From that moment to the end of his life, some fourteen months later, he gave a loyal and cordial support to the new Prime Minister and his successor Sarwat Pasha.

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His management of the Chamber, too, was admirable, a result no doubt due to the authority which he enjoyed, but even more to his use of a happy gift of humour which enabled him to close many an awkward situation with a jest. Nevertheless, Adly had by no means an easy time. Throughout the winter there were worrying negotiations, both with the British and his own colleagues about the interpretation of the four reserved points, and the spring of 1927 found him a tired man. His courtesy and ability had guided his country through dangerous shoals, but the last straw came with a depreciatory remark in the Chamber about his services. He resigned, and in spite of great pressure from all political parties, he retired into private life, Sarwat Pasha taking his place. It was not many weeks, however, before another serious crisis loomed up, this time the bones of contention being the vacant Sirdarship, the office of Inspector-General, and other questions connected with the Egyptian army. Disagreement was profound, but fortunately a further exchange of notes was postponed for the moment by the Bairam feast. Time was gained for second thoughts. The result was an offer from the Egyptian Government which the British accepted, and a happy compromise was reached, both sides receding to some extent from their original positions.

Then came King Fuad's official visit to England and a most able ambassador His Majesty proved to be, winning golden opinions everywhere. He was able, as he laughingly put it, to show the people of England that Egypt had emerged from a state of complete savagery. Sarwat Pasha, who accompanied the King, took advantage of the cordial atmosphere to open conversations about the four reserved points. The negotiations were kept secret for some eight months, at the end of which the British Government offered Egypt a treaty of alliance. This treaty went, it appeared, far beyond anything that England had ever agreed to in the past. The British army was to remain where it was for ten years, after which the Council of the

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League of Nations was to decide where it should be stationed, and a right of further appeal every five years was to be given to Egypt ; the British Government bound itself to use its influence to get the Capitulations modified and to secure the admission of Egypt to the League : Egypt was not to adopt an attitude abroad incompatible with the alliance, or to conclude any agreement with a foreign Power prejudicial to British interests : in the event of her being involved in war Great Britain was to come to her aid, and in the event of Great Britain being at war, even though the rights and interests of Egypt were not affected, Egyptian ports, aerodromes and means of communication were to be put at her disposal. Finally, all differences of opinion over interpretation were to be settled by the League. Two annexes provided among other things for the maintenance of the Financial and Judicial Advisers, and of the British personnel in the Egyptian army, police, and public security departments. There were safeguards too with regard to the training of the Egyptian army and the employment of foreign officials.

The proposed modification of the Capitulatory *régime* calls for a word of its own. At present it is impossible to raise new forms of revenue, because no fresh tax can be imposed on foreigners without the consent of all the Powers, and the Government is naturally unwilling to place burdens on Egyptians from which wealthy foreign companies and residents would be exempt. A case which occurred last year shows that the Capitulations are equally embarrassing and illogical on the judicial side. A murder was committed in Cairo by a Greek, an Italian, and an Egyptian. The two former had to be tried before their respective consuls, and had the right to appeal to Athens and Ancona; the Egyptian, of course, came before the Egyptian Courts. With so many Courts it is easy to imagine the difficulty of producing the requisite evidence. The penalty for the crime is itself different; the Italian law does not allow capital punishment. In the event

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the Egyptian had been tried and executed before the foreign Courts had finished. The extension of the jurisdiction of the Mixed Courts to criminal matters has long been under consideration. Certainly this or some other solution of the existing anomaly has long been overdue.

Sarwat's Cabinet rejected the treaty, and Sarwat thereupon tendered his resignation. Before it was accepted the British Government on March 4 sent Egypt a warning against the passing of any legislation which might endanger foreign interests or security. The reference was to a Bill for regulating public assemblies which at the time only required a single sitting of the Senate to complete the necessary procedure before it became law. The grounds of objection were that it would discourage the police and increase the risk of disorder. In such cases there are obvious advantages in objecting early, before publicity has been attained. In this one a formal protest was, Sir Austen Chamberlain explained, delayed in the hope that the negotiations would result in a treaty which would give rise to a new spirit and lighten our responsibilities to foreigners ; he had, moreover, wired on January 2 to instruct Lord Lloyd to remonstrate privately with Sarwat. The Bill had, however, then already been before the Chamber since December 20, and its final stage in the House was actually completed on January 3. When the note of March 4 arrived, Sarwat who was still in office merely acknowledged its reception, and it was left to Nahas Pasha, who some days later formed a Cabinet, to send an answer. The new Prime Minister protested against it as an interference in Egyptian internal affairs which would, he said, paralyse the right of Parliament to legislate. The British Cabinet in reply reaffirmed the Declaration of 1922, and as the Bill was not withdrawn, issued an ultimatum, upon which an assurance was given that the Bill would not be proceeded with this session, and the crisis was averted.

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IV. CONCLUSION

AFTER sincere attempts at a settlement, then, the two countries are once more back in the old unsatisfactory position, with the prospect of a series of periodic crises over the interpretation of the four reserved points. But it must not be imagined that the rejection of the treaty was the work of extremists. Egyptian opinion was unanimous. As one prominent Egyptian, a man who has long ceased to mix in politics, but whose views on most topics are considered eminently sane, put it :

We could not possibly legalise the position of the British troops in Cairo and Alexandria, as by this treaty we should have done. But the whole spirit of it seems to defeat its own object. No treaty of friendship and alliance is worth signing unless there is mutual confidence. This particular treaty is so hedged in with restrictions and servitudes that indicate a complete distrust of Egypt, that it resembles nothing more than a treaty imposed on a conquered country. Is there a real need for these suspicions and for these restrictions ? Cannot British statesmen see that the interests of Egypt are vitally bound up in the loyal observance of a treaty with Great Britain ? What possible Egyptian interest could be served by intriguing against her ally ? She would merely expose herself, in case of success, almost to the certainty of subjection to another Power. We realise absolutely the vital necessity for England to protect her communications in Egypt. But by these communications we understand the Suez Canal. There is too often a tendency to extend the meaning of the words to include Egyptian railways, posts, telegraphs, telephones, and I do not know what else. Is this fair ? Against whom is the army in Cairo supposed to protect the Canal ? Can it be against anyone but your ally, Egypt ? At least to the end of the nineteenth century the speeches of your statesmen promising evacuation do not leave the impression that an army was necessary then for the safety of the Canal. Has your occupation of Palestine weakened your position ? As regards the defence of foreigners, your fears seem equally uncalled for. There is no hostility to foreigners in Egypt, and I may add no hostility to Englishmen. If we were responsible for their safety, I feel certain that for their own prestige any Egyptian Government would keep the British police in the cities, but we do not like it imposed on us

Conclusion

in a treaty. You can see for yourself that in other branches of the service Englishmen are constantly being engaged without hesitation. As for the riots of recent years, in which sometimes foreigners have unfortunately suffered damage, we may reply that we do not anticipate such riots, which have invariably been the result of some provocation on the part of the British Government. As for the defence of Egypt from foreign aggression, we are only too fortunate that England undertakes it, but does it necessitate an army in Cairo ? I feel sure that a little confidence in Egypt would repay you a hundred-fold, and that, in fact, any Egyptian Prime Minister would more gladly pay attention to your advice and wishes when he could explain that Egypt's interests were identical with England's, and he had no fear of being branded as an anti-patriot and the tool of the Residency.

These words are, perhaps, too optimistic, but they give food for thought. The British Government cannot gamble with the safety of the Empire, and in declaring a Monroe doctrine over Egypt it clearly assumed moral obligations towards foreign residents which cannot lightly be foregone. It should not, however, overlook the fact that Egypt is not stationary, but progressing. Risks that may seem too great to take at the moment may well prove to be perfectly legitimate to-morrow. The door to settlement should not be looked upon as barred. Egypt, on her side, should realise that unstable government will prove the greatest obstacle to the transformation of her present limited independence into one that is genuine and complete. Her aim for the future should be so to order her household that public security will be beyond question. Foreigners, and Great Britain which is responsible for their protection, will then feel no qualms about entrusting their lives and their fortunes to the care of an Egyptian Government.

THE AFRICAN LABOUR PROBLEM

I. THE IMPORTANCE OF AFRICA

NOTHING in the twentieth century is more remarkable than the economic development of Africa. To the pioneers and administrators of the Victorian era, the notion of systematically exploiting its resources had hardly dawned and would not have been admitted as a conscious motive of conquest. Even old-established colonies like West Africa were regarded as a national burden rather than a source of national wealth, so much so that their total abandonment was seriously proposed by a Parliamentary Committee in 1865. It is unnecessary to trace the causes which have entirely changed the British view of the material value of African colonisation—and incidentally the view of every other colonial Power. By now it is the generally accepted creed that the economic future of the Empire largely lies in the realisation of its untapped riches, and elaborate machinery has been set up for translating this creed into practice in the form of the Empire Marketing Board, the Empire Cotton-growing Association, and similar official and unofficial institutions. That the modern policy of fostering inter-Imperial trade has been successful is clear enough from our commercial statistics. Great Britain has become far more dependent on the Empire for both her imports and exports than at any previous period. Whereas the proportion of her exports to the Dominions and colonies only averaged 34·75 per cent. for the years 1904–1913, by 1925

The Importance of Africa

it had risen to 40·2 per cent.* In this movement no portion of the Empire has played quite so remarkable a rôle as its African portions, and, in particular, the African colonies and protectorates, as may be seen at a glance from the sub-joined table, showing, in round figures, the value of imports and exports between the United Kingdom and different parts of the Empire mentioned in the left-hand column.

	1900.	1923.	Per cent.
	£	£	increase.
India	71,321,000	170,725,000	139
Australia	53,902,000	120,369,000	123
Canada	30,869,000	105,810,000	243
New Zealand	17,863,000	59,856,000	235
South Africa	37,666,000†	88,577,000	135
	211,621,000	545,337,000	158
Asiatic possessions	18,779,000	41,426,000	118
(excluding Hong Kong)			
African possessions ‡	5,687,000	44,954,000	700
West Indies	4,088,000	9,502,000	132
	28,554,000	95,882,000	235

These figures do not need any lengthy commentary. They show that in the first 23 years of the century the trade of the African possessions with the mother-country increased in a far greater measure than that of any other division of the Empire, and that South Africa made a very respectable showing alongside the other Dominions. When every possible allowance and qualification have been admitted, the certainty remains that the commerce of its African territories has assumed a place in the British economic world which the most ardent im-

* Excluding exports to the Irish Free State (*Imperial Economic Committee. Eighth Report. Appendix I*).

† i.e., Cape of Good Hope and Natal. The year 1899 is taken in this case because 1900 was an abnormal year owing to the war.

‡ i.e., Southern and Northern Rhodesia, Nyasaland, Kenya and Uganda, Zanzibar, Sudan, St. Helena, and West African possessions.

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perialist in his most expansive moments would not have predicted 30 years ago. Moreover, there is every reason to suppose that their importance, both as markets and as sources of supply, is capable of being immensely enhanced in the future. The riches of Africa, both mineral and agricultural, are still largely untouched. The extent of its territory is enormous, and much of it even now is economically unexplored. As the scale of modern industry constantly expands, the demand for mineral and vegetable products is bound to grow in a geometrical ratio. As the upward curve of the world's population shows no sign of flattening out substantially, the pressure on its existing food supply will be an unfailing stimulus to fresh agricultural enterprise, until the day on which Sir Alfred Mond and Mr. J. B. S. Haldane put the farmer out of business by conferring on a grateful humanity the synthetic sheaf and the laboratorial lamb.

Africa is, in fact, becoming more and more indispensable to the rest of the world. What is happening in its British territories is being paralleled in the French and Belgian colonies, and but for want of capital would be happening likewise in the Portuguese possessions. But there is one condition upon which the whole of its future development must entirely depend—the solution of its labour problem. Practically the whole of its growing wealth has been produced by native labour. No doubt the initiative, the capital, the organisation, the directing supervision have all been furnished by the white man; but if it is true that without him the recent expansion could and would never have taken place, it is not less true that for the manual work, which has equally made it possible, he has been bound to rely on the black races. There is no precise precedent for this alliance in economic enterprise of two races so far removed from each other in outlook, mental equipment, and status in the hierarchy of civilisation. By its success or failure the economic destiny of Africa must be finally determined. The short experience already acquired has

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illustrated some of the problems and difficulties which beset this strange collaboration. The purport of this article is to draw attention to some of them and to inquire what deductions for the future they seem to suggest in the light of ordinary economic principles.

II. BLACK AND WHITE

IN order to obtain a correct perspective, it is necessary to draw a clear distinction between the colonies of settlement and the colonies in which the white man for climatic reasons can never hope to make his home. The latter comprise the West African group and the desolate portions of the central and East African territories. In those regions the labour problem is comparatively simple; the native holds the entire field. All the work, skilled and unskilled, is for him to do, if he can and will. There is every incentive to teach him all the trades, to widen his economic outlook, and to stimulate his economic ambitions. The locomotives and motor vehicles are there for him to drive as soon as he can learn to drive them. There is nothing to prevent his becoming a mechanic or a carpenter, a printer or a bricklayer, earning all the wages that his labour represents, because there is no white man to do the job. It used to be supposed that the negro was radically and incurably lazy, and that he could only be made to work as a slave or under a régime of forced labour. Experience has gradually proved that all forms of compulsion are profoundly uneconomic, and that the wastage of life and effort which inevitably accompany them may even make serious inroads on the supply of labour, which is by no means superabundant for present and future needs. Hence, the previous view of the native has undergone a complete revolution. Instead of being regarded as a chattel with a pair of hands and a back to be used as long as he lasts, it is now realised that he has to

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be well fed, medically cared for, and even educated, if he is to be made a really productive unit. It has been further discovered that, when brought into contact with civilisation, he quickly acquires fresh needs which make him susceptible to the ordinary economic incentives, and, finally, that he is remarkably teachable and quick to profit by instruction. In other words, the notion of developing and protecting the native, which in the nineteenth century was often treated as laudably humanitarian, but wholly unpractical, is now being recognised as the key to the economic prosperity of West Africa. Yet another unexpected fact has been brought to light, namely, that it is possible to make a hard-working and successful peasant proprietor out of a man whose father was a half-starved, idle savage. At the present time, he is actually producing a large proportion of the world's cocoa supply from his own land by his own efforts. The transition from mere subsistence farming to commercial agriculture is revolutionary, but, under wise direction and supervision, it is steadily being accomplished in West Africa. It could not have been done without government initiative and control at every stage, but the point worth noticing is that the West African policy carried out by Lord Lugard and his successors has proved that the native can be converted into an agricultural and industrial producer, exercising his own skill for his own benefit. Though he is still in an elementary stage, the idea that he is economically impotent, an unproductive animal incapable of ever rising above the status of an unintelligent hewer of wood and drawer of water, has been definitely disproved by West African experience.

Bearing this important fact in mind, we may now turn to the much more difficult and complicated problem of the economic co-operation of black and white in countries where the climate permits the latter to settle and to rear children. In addition to the whole of the Union of South Africa, these regions are believed to comprise all the highland districts of the Rhodesias, Nyasaland, Tan-

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ganyika, Kenya, and Uganda, though they have not yet been settled long enough to determine whether their climate is really not injurious to the white stock. As yet they contain only a few thousand white inhabitants, less than 64,000 altogether, as against a total black population of nearly 13 millions, a proportion of about 1 to 203. The Union, on the other hand, comprises 1,500,000 Europeans as against about 5,400,000 natives, a proportion of nearly 1 to 3½. It is generally assumed that the new colonies will follow the path of the Dominion, that their white population will constantly increase, until they become in fact what some of them already claim to be—white man's countries. The much longer experience of South Africa in the co-operation of Europeans and natives in the economic sphere is, therefore, of great importance and significance as elucidating the problems which other territories habitable by white men will be called upon to solve.

It will at once be evident that the proportion between the two races is a vital factor in the labour problem. Where, as in Southern Rhodesia or Kenya, the great bulk of the white settlers are farmers, officials, and professional men, the division of functions between the races is natural and apparently simple. The wage-earners are nearly all black, the entrepreneurs and administrators are all white. In a country like South Africa, however, this clear demarcation no longer exists. There is already a considerable white wage-earning class, so that the horizontal line of division has to be drawn at a lower point in the social and industrial scale. At first sight, it might seem feasible and satisfactory to draw it below the ranks of skilled labour, allotting all work requiring craftsmanship, intelligence, and initiative to the white worker, and the automatic, manual tasks of all kinds to the native. In point of fact this is the theory of the racial division of labour which has hitherto prevailed. It derived additional force from the inherited attitude of the Europeans towards the races which were

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once their slaves. They were regarded as intended to perform all menial tasks, and menial tasks only, and as permanently debarred from equality with the white man, either economically or socially or politically. As the Indigency Commission put it 20 years ago, "the system of slavery has simply given way to the system of caste." The system is, however, rapidly breaking down. The theory no longer fits the facts, and it is this growing discrepancy between traditional belief and urgent realities which is threatening to revolutionise the structure of the South African community.

Three main causes may be discerned as tending to obliterate the traditional economic boundaries between black and white: First, the growth of the "poor white" class; secondly, the insufficiency of the native lands for a growing population; thirdly, the rising capacity and ambition of the native himself. As each of these factors may become operative in other parts of Africa, it may be useful very briefly to examine each of them in turn.

The problem of the "poor white" has long haunted the South African statesman and administrator. It is not necessary here to go into the peculiar circumstances connected with the system of land tenure or the backwardness of the back-veld population, which are important factors in it. Though they have aggravated the situation, they are removable by closer settlement and better education. These remedies, however, will not by themselves suffice to eradicate the evil altogether. In any community there must always be a proportion of men and women who are below the average in intelligence, energy, and working capacity. Some of these form the irreclaimable substratum in every society, but the great majority are able to earn a living by performing the less skilled and less remunerative kinds of labour. In South Africa this is not the case. These humbler occupations have been practically barred to the poor European by the sentiment that they are "kaffir's work." Ordinary manual labour is beneath the

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dignity of the white man, because it reduces him to the level of the native and is rewarded by a wage which precludes him from maintaining a "civilised" standard of life. The logical conclusion would be that the son of a white artisan must always be at least an artisan or something better, irrespective of his capabilities, with the corollary that the son of a native labourer can never rise above the ranks of the unskilled, however great his abilities. Towards the maintenance of this static division of society the efforts of the white workers in South Africa have been largely directed, both through trade union and political action. It was the fear of native encroachment on the higher paid jobs in the mines which inspired the "Colour Bar" Act. It was the same fear which led to the exclusion of natives from apprenticeship in all skilled trades, and which resists their representation on Joint Industrial Councils. It is a human fear enough, and not without solid grounds; its basis is both economic and social. On the one hand, if it is true, as the Economic and Wage Commission found, that the high European wage is conditioned by a low native wage, any improvement in the latter is likely to be at the expense of the European standard of living. Similarly, if the white man becomes an unskilled labourer, his social superiority over the black race, to which he clings the more forlornly as he sinks in the social scale, is gravely menaced. There is a fierce reluctance on the part of the European worker to admit the idea of any present or future equality, whether economic or social, between himself and the native. Hence, he still attempts to buttress the crumbling barriers which have hitherto divided the skilled white worker from the labouring kaffir.

But the laws of heredity and of supply and demand do not permit the ultimate maintenance of artificial distinctions. In fact, they are already beginning to lose their sharpness. It is reckoned that there are some 120,000 or more "poor whites" at the present time—nearly one-

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tenth of the whole European population. They are mostly of rural origin, but the failures of the towns are also contributing to their number. Unless they are to starve or to be maintained at the public expense, there is no alternative to their seeking their livelihood by labouring work, which is the only work corresponding to their capacity. Already thousands are being so employed by the Government on railway construction, afforestation, and similar tasks. Their usual wage is 5s. 6d. a day as compared with the native's 4s. 6d., while some natives are earning considerably more in the docks and the factories. This means that there are already a number of white men whose standard of living is definitely below that of the more advanced natives. The Economic and Wage Commission found that 4 per cent. of the wage group earning £120-£240 a year and more than 25 per cent. of the group earning £60-£120 were natives, while less than 10 per cent. of the £36-£60 group were Europeans. In other words, the horizontal line between white and black is already being effaced. The native has already entered into industrial competition with the European with some measure of success, and is beginning to mount in the economic scale. In South Africa, as in West Africa, he is showing himself capable of becoming a productive unit.

This tendency is being accelerated by another agrarian problem, which is driving the native to seek work in the towns and to become a wage-earner competing with the white worker. At present about one-eighth of the land in South Africa is reserved to the native. Some of the reserves, such as Zululand, are still comparatively adequate, but Basutoland, Swaziland, and the Transkei are becoming progressively overcrowded. As a result, the native is obliged to leave his home and to seek work and wages outside his own territories. As long as he simply went out for a few months on contract and then returned to his kraal, no one objected. On the contrary, the farmer and the mine-owner who required his labour were quite con-

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tent that he should be under pressure to offer it. But as the reserves became increasingly congested, the native who had been in contact with civilised conditions felt less tempted to return to them. He tended to settle in the towns, to bring his family, and to become a city-dweller. As such, his needs were far greater than those of the contract-labourer intending to go back to the primitive life. The latter based his calculations on the knowledge that at home food and lodging and clothing cost practically nothing, and that, after the age of 45, he could be certain of being housed and fed in a communal state of society. The urban native, on the other hand, has to earn enough to pay rent in his location, to feed himself and his family and to buy European clothing. He has got to do that all the year round and in addition to make some provision for his old-age, if he can. In a word, he perforce acquires a more or less European standard of living, which can only be maintained on a wage far higher than the "red-blanket" native expects when he leaves his kraal to serve a period in the mines or in a factory. The urban native suffers accordingly. His level of remuneration tends, perhaps unconsciously, to be fixed not with reference to his own needs, but with reference to those of the reserve native, whose mode of life differs at least as much from his own as does his own from that of the European worker. What is the final outcome of this anomaly? Inevitably that the urban native is obliged to do any work within his reach, whether unskilled or semi-skilled, in order to ensure his livelihood, and to do it at almost any wage he can get, whether it represents the value of his labour or not. His competition with the white worker thus becomes additionally "unfair," because not only is his standard of living in any case much lower, but he is driven by economic necessity to accept wages which are frequently insufficient to maintain even that low standard. The white trade unionist asserts, and not without reason, that he is quite prepared to accept native competition on anything like

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equal terms ; but he knows that the latter will always be ready to do the same work for far less money. To admit him, therefore, into the skilled occupations would simply mean the debasement of the standards which trade union action has succeeded in securing, with the ultimate degradation of the white worker generally.

III. SEGREGATION AND COLOUR BARS

CONSIDERATIONS like these have had an important part in the renewed demand for the "territorial segregation" of the native. They are reinforced by others of a social and ethical character, which point truly enough to the ill-effects of rapid urbanisation on native health and character. But no one really thinks that segregation of any radical kind is practicable, and if it were, very few people would really want it. Carried to its logical conclusion, it would mean that all domestic service, all street cleaning, all dock labour, all labouring work of any kind, would have to be taken over by the whites. Apart from the fact that they are not sufficiently numerous to undertake it, it would be such a departure from the habits of the country as to be unthinkable, and would, moreover, involve a redistribution of its labour force which would be economically unsound. It may indeed be argued that a separatist policy would nevertheless be wholly justifiable on the ground that the contact with civilisation, which the native acquires when he comes to work in the towns, is under any circumstances demoralising and that he should therefore undergo a prolonged process of adaptation to European ideas in his natural surroundings before being permitted to live under urban conditions. This is, in fact, the fundamental antinomy which confronts the rulers of every territory in which white and black are to be found together. Is economic development possible without considerable danger to the welfare of the primitive races? Perhaps

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not, but to accept this view would really imply the withdrawal of the white man from Africa altogether. As long as he is there, no degree of segregation can ever be entirely effective. His subversive ideas are bound to exercise their disturbing influence on the native mind. If the European departed, the Bantu might relapse into his natural condition of savagery, with all its cruelties and ignorance. At best his progress would be considerably retarded. It may be doubted whether his last state would be better than his present state, however unsettling his early experiences of civilisation may have been in some instances. The real issue, then, is not how to keep the native away from the white man, but how to enable them to live side by side to their mutual advantage.

No doubt there is much to be said for a modified segregation under which the bulk of the native population lives in its own territories and is thus enabled to work out its own civilisation, to effect the tremendous transition from communal to individual agriculture, from feudal to democratic society, from barbarism to culture, by slow stages, exempt from the revolutionary influences which spring from immediate proximity to European life. The success which has attended the Transkei system and which is likely to attend a similar policy in Southern Rhodesia is strong testimony to its wisdom. There are, however, two difficulties in the way of its universal application. The first is that, if the native succeeded in making his own reserves capable of supporting him, the incentive which now impels him to go out and work would be removed. It is on this ground that the allocation of more land to the natives has been strenuously opposed by the farmers in more than one part of Africa. Of course, it is a purely selfish argument, but as the farmer is a voter and the native is not, it carries a good deal of weight. Its soundness is, however, open to question. If more land were given for the purpose of tribal cultivation, the raw native would no doubt stay at home as long as it would support him. But where land

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is given for private occupation, the same result will not necessarily follow. A man who has learnt European methods of agriculture, has already got his foot on the ladder of civilisation. His needs will increase, and if he does not go out to work himself, he will probably send his sons. Once the civilising process has set in, it will be less and less necessary to devise poll-taxes and other inducements to force the native to work. His own economic requirements will make him increasingly anxious to earn money with which to satisfy them. Of course, this does not mean that a shortage of native labour may not occur in the future. On the contrary, it seems exceedingly probable, as will be suggested later ; but it will not be due in any large measure to the reluctance of the native to leave his kraal.

The second difficulty in the way of general segregation is more formidable. It is already too late, certainly in the Union and Southern Rhodesia, and probably in most parts of Africa. There are many hundreds of thousands of natives in South Africa who are already "detribalised." Those who are working on the farms might be willing to return to a reserve, if they were offered land and had the means to acquire it ; but those who have tasted city life will never go back to agricultural pursuits, for which most of them are probably quite unfitted. It is impossible to resist the assumption of the Economic Commission that "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." To discover the best method of absorption and assimilation is the greatest problem confronting the country to-day.

Thus we are brought to examine the third cause which is modifying the economic relation between black and white—the growing capacity and ambition of the native himself. The experience of West Africa has shown that he is capable of learning the arts of agriculture and industry

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and that with education he very quickly becomes susceptible to the ordinary economic motives which impel human beings to work. The same phenomenon may be found in other parts of Africa. In the Congo the native drives locomotives and motor vehicles as he does in Nigeria. He is being taught all the trades. In Southern Rhodesia the government school at Domboshawa is turning out natives after three years' training, who are not only acquainted with modern methods of agriculture, but who are capable of building a barn or a house for the white farmer. No doubt their work is not so finished as that of the European bricklayer or joiner with centuries of tradition behind him, but it has the advantage of being infinitely cheaper. The pioneer with limited capital is glad enough to get his building done by natives earning £10 to £12 a month instead of hiring a white man with a scarcity value of £60 a month. There is no reason to suppose that the native is less intelligent and competent in South Africa than elsewhere. The success of the training given in the agricultural colleges in the Transkei and in the industrial school at Lovedale proves the contrary. But he is usually debarred from employment in the skilled trades by custom, trade union interdict, and in the mines by legislation. It is characteristic that the Transvaal Provincial Council recently issued an order prohibiting natives from driving motor vehicles containing Europeans. As the Court pointed out in declaring the order *ultra vires*, nothing could be more artificial. Admittedly natives were capable of driving motor-cars without endangering the public. The regulation was therefore based, not on their incompetence, but simply on the colour of their skin. Natives can be found in garages who will repair your broken-down car, but they may not be called mechanics and are not paid a mechanic's wage. And then there are the mines in which the native, unless he is on piece-work, which is exceptional, cannot earn much more than 50s. a month with food and lodging worth perhaps half as much again, whereas the minimum

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wage of the white miner is 120s. a week. If the latter alone were skilled, there might be some justification for such a marked difference, but in many instances the output of a gang depends as much on the knowledge and skill of one or two experienced natives as on those of the white "shift boss." This is a fact quite as well known to the natives themselves as to the mine managers. Both resent the "Colour Bar" Act from their different standpoints, but their resentment confirms the white miner in his conviction that legal protection is necessary to him if he is to escape being thrown out of employment by the substitution of cheaper native labour. He knows that the proportion of black to European labour has increased from 8 to 1 to 10 to 1 in the last twenty years, and naturally fears the day when he may be almost ousted altogether. The present barrier in the way of native promotion can hardly be permanent. As long as the mines pay, the existing system will continue, but the time will come when the low-grade mines are faced with the alternatives of closing down altogether or of carrying the replacement of Europeans by natives still further.

The trade unions themselves are now beginning to recognise that the attempt to keep the native back is destined to failure, and that his competition is really formidable, not so much on account of his intrinsic skill, which is likely to be much inferior to the white man's for many years to come, but because the whole standard of native remuneration is so low that he competes on utterly unfair terms. As the Trade Union Co-ordinating Committee recently expressed it :

The European worker is haunted by the fear of competition of great masses of native labourers with their low standard of comfort and consequent willingness to accept wages which to the European mean degradation, if not starvation. . . . Self-preservation is the first law of nature, and so the policy adopted has been one of "keeping the native in his place" in order that certain of the higher paid jobs might be retained as the special preserve of the European worker.

Segregation and Colour Bars

If this policy had been successful, there might be no need—outside the ethical aspect—to be discussing the question. Such is not the case, however. . . . In spite of all his handicaps the native worker is slowly but surely pushing himself into the higher and more responsible branches of industry.

To the problem thus stated, there can be only one ultimate solution—the recognition of the position of the native as an integral part of industry with the same right to be paid in accordance with his output and the same right to be protected by the State as a worker. Hitherto industrial legislation has been applicable to the European worker only, but it is significant that a change is discernible in this respect. Although still excluded from the Conciliation Act, it has recently been recognised that the Wage Act is applicable to natives as well as to other kinds of labour. Another very notable sign of the times is the growth of the first native trade union, the Industrial and Commercial Workers' Union, usually known as the I.C.U. It is recruited almost entirely from the detribalised natives, and has as yet little hold in the mines where the natives are not industrialised, and for that reason are comparatively satisfied with their present wage-rates. Probably no other phenomenon has done so much to awaken South African opinion to the changed and changing position of the native as the formation of the I.C.U. It is the formulation of his demand to be treated as a worker with economic needs requiring satisfaction. Moreover, the I.C.U. gospel has spread rapidly, not merely among the urban natives in Durban, Johannesburg and other towns, but also among the natives employed on the farms and in the coal mines of Natal, where wages and conditions are particularly poor. The result has been greatly to alarm the farmers and even to provoke attacks by armed bands on the I.C.U. offices at Greytown, Pietermaritzburg and other localities. It is, however, generally recognised in South Africa that violence is no answer to a movement which springs spontaneously from the native's new position in the economic system of

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the country. As the Johannesburg *Star* put it : * " If the natives of Natal had no real grievance, we may be sure that the I.C.U. propaganda would not have spread like a grass-fire through that province." It may well be that the I.C.U. will collapse, as did the early trade unions in other countries, through want of experience or of financial soundness or of wise leadership. But it has shown that organisation is possible and profitable for the native, and the more he becomes assimilated to European industrialism, the more he is likely to resort to it.

One further point deserves some attention. It is sometimes maintained that the only result of increasing the native's wages would be to induce him to work less. This might be partially true in the case of the reserve native, though even his standard of living is beginning to rise ; but there is little reason to suppose that it would hold good of the urban native. Some of them already earn £2 or £3 a week. In the wool shipping season native dockers at Port Elizabeth earn as much as 15s. a day. Employers have presumably paid these rates because they find that they produce more work, not less. The main effect of higher wages is that the native buys more goods. He wears boots regularly instead of carrying them over his shoulder, as the peasants used to do in Ireland. He purchases beds, house linen, bicycles, even thermos bottles and gramophones. In prosperous locations such as those of Bloemfontein or Salisbury, there are cottages as well furnished as the average unskilled labourer's home in Western Europe and much better than the peasant's cottage in Eastern Europe. All this is good for trade. South African industries, at present dependent on a small European market of one and a half million consumers, will become more solidly based as the purchasing power of the native develops. It is the same cause which is swelling the imports of cotton goods, wearing apparel, soap, cycles, and other domestic articles into West Africa and other

* Leading article, March 3, 1928.

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African possessions. Higher wages as the reward for higher production will go to improve the standard of living with the native as with the European, and will make for greater general prosperity in which the farmer will share as much as the manufacturer.

IV. SOME DEDUCTIONS

THE foregoing analysis of the economic tendencies observable in South Africa seems to point plainly to the conclusion that equality of economic opportunity between the white and black races is becoming inevitable. The growing inability of the reserves to support their population is steadily forcing more and more natives out of their tribal state into industrial and agricultural employment. Though the allocation of further land to their use may slow down this movement, it cannot arrest it. As the urban native's intelligence and technical skill develop with education, the value of his labour will increase. It already exceeds in some cases that of the least efficient white workers. As time goes on, the wide gap which at present separates the wage-rates of skilled European and unskilled native workers will be gradually filled by a series of intermediate scales applicable either to white or black in accordance with their capacity. At first the separation between the races may be still maintained by employing them in different industries, but in the long run it seems certain that they will be found working side by side at the same jobs for the same pay, as they do in the factories of Chicago, Detroit, or other northern cities in the United States.

Is this, after all, such an inconceivable conclusion ? Or, rather, is any other conclusion really conceivable ? If the native's services are indispensable, the ordinary laws of supply and demand will in the end ensure that he will be remunerated in accordance with his economic merits. It does not necessarily follow that he will oust the

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white man on these terms. On the contrary, the establishment of anything like equal pay for equal work will benefit the former rather than the latter for a considerable time to come, but he will have to do the job himself instead of relying upon native subordinates to perform most of it under his supervision. On anything like equal terms there is no doubt that the white worker will usually be preferred to the native for any job requiring technical knowledge and applied intelligence. If all the colour bars, legal and customary, were abolished, probably very few Europeans would lose their jobs, provided that their wage rates were on a strictly economic footing. But where their work is rated too high because the natives' work is rated too low, the competition of the latter is far more dangerous. It is also too commonly assumed that the amount of employment is static. The best insurance against unemployment for the European is more production, and more consumption, which will create a need for more men of all categories. Increased demand for manufactures is much more likely to come from improving the native's productive and consumptive power than by repressing his economic ambition. He can legitimately claim not to replace the white man, but to have some prospect of promotion when he becomes capable of doing more than the simplest work. If he is to be made a really useful worker, this claim will have to be generally admitted, as it has already been admitted in some industries. To reject it will become increasingly difficult as, with the improvement of inter-communication, its admission in other parts of Africa becomes common knowledge.

If in South Africa economic relations between the two races seem to be drifting towards equality on an irresistible current, it may be asked what lessons can be drawn as to their prospects in other parts of the African highlands, where European settlement is much newer and therefore much sparser? The problem of the "poor white" has hardly yet had time to develop in Rhodesia and Kenya.

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It may be possible by forethought to prevent it developing in an acute form, though, as the white population increases, a proportion of subnormal people is bound to emerge. The far-sighted policy now being pursued in Southern Rhodesia of setting large tracts of land aside for native holdings will do much to ease the transition from barbarism to civilisation and to develop a native peasantry on the West African model. But the white settlers will require native labour in increasing quantities for their agricultural and mineral enterprises. Real segregation will be no more possible than it is in South Africa. Already it is becoming evident that there is a real shortage of labour everywhere. The colonies of Rhodesia (North and South), Nyasaland, Tanganyika, Kenya and Uganda comprise an area of 1,146,000 square miles, more than double the area of France, Germany and Italy together, and yet their total population is under 14 millions, smaller than that of Czechoslovakia, clearly quite insufficient to develop their resources fully or rapidly. Already the Government of Kenya is preoccupied with this question above all others. In Southern Rhodesia the colony's native population is inadequate, and more than half of the labour employed is imported from Northern Rhodesia, Nyasaland and Portuguese East Africa. These supplies may not remain available as these three territories proceed with their own development. If, for instance, the necessary capital were devoted to exploiting the riches of the Portuguese possessions, it would at once react not only on Southern Rhodesia, which at present draws only about 10,000 natives a year from them, but much more seriously on the Union, which employs about 90,000 Portuguese natives in the gold mines. The time seems already in sight when the limits of the present native labour supply will be reached.

In anticipation of it the existing conception and utilisation of the native is already being revised just as it was in West Africa. As long as he was plentiful, he was cheap, wastefully employed and ill-cared for. With scarcity

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those conditions will rapidly change and the change is already noticeable. The Kenya Labour Commission reported last year that :—

In future years the effect of medical services now being rendered in native reserves on a substantial and increasing scale ; the steady improvement in the physique of natives arising from better care and feeding during previous engagements ; greater efficiency—the product of experience ; and greater capacity—the product both of experience and general fitness for work—should each in their own way be productive of beneficial results, not only to the African, but in respect of the future labour supply.

This means not so much that there will be more native workmen, except in so far as excessive sickness and mortality are reduced by medical measures, but rather that the existing workmen must be made more productive. The greatest incentive in this direction will be the rise in wages which scarcity is already bringing about in Southern Rhodesia. There the normal agricultural wage has risen in a few years by 50 per cent. from 15s. to 22s. 6d. a month. Concurrently the feeding and housing of the natives have improved considerably. It has been found, as on the Rand, that the native's efficiency largely depends on the conditions offered him and that with employment plentiful he fights shy of employers who do not give him good food and lodging.

But more than that will be needed, if the demand for labour continues to outstrip the supply. In the first place, native labour will be less wastefully and more scientifically used. When the current wage is 2s. a day, the employer finds it easier to hire two or three more men at the same price rather than go to the trouble of training his staff carefully and of making elaborate "job-analyses" and cost calculations. But when he has to pay 5s. a day, he will be more inclined to seek means of employing his existing labour more economically before taking on fresh hands. It was shortage of labour more than anything else which caused the American employer to study economy of labour

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and to invent the science of "personnel management." There is every likelihood that the same cause will produce the same effect in Africa. As yet there has been little attempt to utilise native labour scientifically, and there is small doubt that by doing so much greater results could be achieved, particularly as his education improves. Although it is fashionable to run down the "mission boy," most employers apparently prefer him in the concrete, even if they abuse him in the abstract, because he applies more intelligence to his work. This, after all, is no new discovery. A comparison between the efficiency of the workers of the different European countries would probably show that better or worse education was the most decisive factor. The same truth has already been demonstrated more than once with the African native.

If, then, the native is really to be rendered more productive, he will have to be trained and taught as are workers in other countries. Because his numbers are limited, it will become more and more necessary to increase his output per head, if African development is to continue. Education, both technical and literary, is one of the most potent methods of producing this result, but there is another—the substitution of machinery for manual effort. In the United States agricultural production has increased enormously in the last two decades, although the number of persons employed on the land has declined. In Africa too, the machine has a great future. The introduction of motor transport has already saved an immense amount of labour. The Kenya Labour Commission advocates the use of agricultural machinery on the same ground, and it has been found that with proper instruction the native is quite capable of handling tractors and other petrol-driven machines. There are, then, several methods by which the existing labour supply can be rendered more efficient and therefore adequate for some time to come ; but each of them implies some improvement in the present status of the native. His ascent in the economic scale will of course

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be gradual, but it may well be more rapid in the other territories than in South Africa, because there are fewer barriers raised in his path by white competition. On the other hand, as the skilled trades fall into his hands, there will be less room for European workers demanding a higher standard of living. The industrial progress of the native must restrict the openings for white settlers with no capital but their own labour, and thus make it increasingly difficult to redress the present balance between the races by wholesale immigration.

The general upshot seems to be that the native in South Africa will slowly penetrate into the higher ranks of labour and establish a claim to equality of economic opportunity with the white man, while in East and Central Africa the same process will take place more easily, because his labour is even more indispensable and subject to less competition. This may seem a just, reasonable and natural solution of the relation between the white and black races. As the latter become more competent, they will receive the due reward for their labour and take their due place in the economic hierarchy. Yet there are many who fear and oppose the doctrine of economic equality, for they see in it the road towards social and political equality—not in the immediate future, perhaps not for five or ten generations, but in the end inevitably. With social equality they see the extinction of the white race, with political equality the disappearance of white ideals. There are others again who believe in the possibility of bi-racialism, in the free co-operation of white and black in the same community, each retaining its racial purity and its separate social life. They point to a development in this direction in the United States and look hopefully towards the same goal in Africa. To them those who see the future sombrely reply that where the proportion is not ten whites to one negro but the reverse, the result must be very different. They fear that five hundred years from now Sir Harry Johnston's prophecy may have justified itself and it may have been shown that the colonisation of

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Africa by alien peoples produces a compromise—"a dark-skinned race with a white man's features and a white man's brains." And so the argument as to the final destiny of the dark continent proceeds among those who seek anxiously to discern it. But what the dim future may hold no one can now usefully predict. What seems certain is that the co-operation of the two races must be based on the gradual elevation of the native from the ignorant serf to the intelligent worker, if the development of Africa, which has begun so brilliantly, is to be successfully pursued, and if the trust which the European assumed with conquest is to be faithfully fulfilled.

CHINA

I. THE NATIONALIST MOVEMENT

ANY attempt to understand the present position in China must include a study of the nationalist movement in its origins, its development, its principles and its leading personalities. Of all the factors in contemporary China, nationalism, in the widest sense of the term, is the most significant, the most hopeful and yet in some ways the most baffling. It has appealed to the imagination and won the loyalty of almost all independent and forward looking Chinese. The military position may alter in one direction or in the other before these words are read; the Kuomintang as a party may decline or even go out of business; individuals who now figure as outstanding leaders may disappear. But nationalism has come to stay and will find new expressions and new leaders as the old pass away. It has been badly served, it has been exploited, it has been guilty of excesses, it has made tragic mistakes. Yet these misfortunes have not killed the movement. The force of the tide is by no means spent, and it is very evident that it is with those who see this fact and shape their actions accordingly that the future lies. Two years ago it looked as if Russia were the one nation which had the prescience to see what is now self-evident. Russia had a supreme opportunity and threw it away. This opportunity is now being offered to any other nation that can see and seize it, not for pushing its own system or trade

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on China, but in the spirit of true friendship. A study of the nationalist movement in China to-day should help us to realize the nature of the choice now before England and America—a choice which should be reached not on narrow or technical issues but in the light of the sweep of world events and tendencies.

The years that led up to the first revolution in 1911 witnessed the breakdown of Manchu imperialism. The closing years of Tzu Hsi's reign and the orgy of nepotism and misgovernment that followed on her death prepared the soil for the events of that year, even more than did the widespread secret propaganda of Sun Yat-sen and his friends. What China did then was very similar to what she has done many times before in her history. The dynasty had "exhausted the mandate of Heaven," and the people asserted their rights against their inefficient and self-seeking rulers. The one new element was introduced by the fact that a group of persons were ready with an alternative plan based upon the ideas and experience of other nations, and at the psychological moment when the old order was tottering to its fall, they came forward promptly and were carried to victory on the rising tide of indignation against the abuses of the last of the Chings. There never was, and could not have been, any really democratic national government in China then. A small group who knew what they wanted and had gained control of certain strategic points, stepped in and pinned the name "Republic" on the map of China. It was a *tour de force* which hypnotized China and the world. It is still difficult for many to realize to what an extent this was so.

Yuan Shih-kai saw what was really happening. He accepted the label but he knew it for what it was. When Dr. Sun retired from the Presidency in his favour he cannot have realized that the strong man of China accepted the office with his tongue in his cheek. But it soon became evident even to Sun, the idealist, that his sacrifice had been in vain and that, in giving up the name, he had also thrown

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away any chance of its becoming anything more so long as his successor carried it. When that realization dawned on him, the "Father of the Republic" set himself to build again, working with a small group of disciples and largely confining his activities to his native province of Kwangtung. He may have been a dreamer, but he was not deceived into accepting the lip-service of the old guard who were obviously exploiting the republican name for their private ends. So the temporary alliance of these two ill-matched men soon broke down. There was no real kinship in either ideals or methods. The work of creating the "new nationalism" as an effective force began with this break; the succeeding year served to show how utterly impossible it is to build democracy upon a mere reaction against a particular autocrat, especially among a people with so little general education and political experience as the Chinese.

If the new nationalism was to conquer China, four things were necessary—a group of leaders who would trust one another and work together, intensive education in democratic principles and methods for a comparatively small number, widespread dissemination of a few main ideas, a concrete piece of government in a small area wherein the principles would be tried out and adapted to China's need. None of these things could be achieved in a day. The city of Canton and the province of Kwangtung seemed to provide the most favourable location for such a preparation. Dr. Sun bided his time and was able for a short period to try his hand in all these directions. Had he been content to stick to these methods longer, it is conceivable that China would to-day be nearer to peace and unity. But he was a restless spirit. More of the agitator and inspirer than of the constructive statesman, he was determined to bring other parts of the country into the sphere of his influence. To build up quietly for a period of years in one place was not his *métier*. This determination led to his break with Chen Chiung-ming and to the postponement of

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his plans in 1922.* In winning his way back to power in Canton in the following year, he had already accepted alliance with the troops from the provinces of Kwangsi and Yunnan who had no real sympathy with his ideals, and thus began the alliance between militarism and the new nationalism which has proved both the strength and the undoing of the latter.

Five years ago it was possible to travel all over China and scarcely meet anyone who spoke with any hope of the speedy improvement of the situation. Ten years of so-called republicanism had only served to bring to the front ambitious and unscrupulous men, few of whom showed any real ability or patriotism. The central government was held together by uneasy alliances between such men. One here and there seemed for a time to rise above the average; but even such as had some distinction in gifts or character showed little if any desire to bring into existence an effective parliament or to prepare the people for exercising the rights of citizenship. The one group that had a steady policy and showed some power of advancing towards its achievement was the educational one. In this field steady progress was registered even during these difficult years. Many people were saying that China's salvation could never come through politics but might be achieved, after long years, by education. Among the educators and students there was some enthusiasm and hope, but few of these pinned any faith on the political leaders.

The one exception to this state of things was to be found in and around Canton. Here a method of city government with functional representation was being tried out, improvements in the city were being pressed forward, abuses were being courageously tackled. A small and devoted band of men had gathered round Sun Yat-sen. He was, for a while, the idol of the labouring class whose ills he

* See, however, Dr. Sun's own account of the split in *The Three Principles*, towards the end of chapter 7, where he blames Chen for imperialistic aims. Doubtless there were faults on both sides.

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really felt and with whom he always identified himself. His lectures had a considerable vogue and there was an increasing group which had at least a nodding acquaintance with his famous Three Principles.* All attempts, however, to push north had broken down. Sun himself became desperate. He turned to Britain and America, hoping to gain some help in his effort to make China a real republic. He was not encouraged, the Powers regarding him as a visionary and a rebel and being unwilling to do anything so unorthodox as to back a revolution against the government in Peking which they recognized as that of China. On the face of it there seemed no reason to suppose that Canton could impose its ideas and its will upon the rest of China and the history of the leader gave little expectation that constructive statesmanship or practical efficiency would come from that quarter. Nevertheless to those who looked beneath the surface there was this significant fact; against the background of a disillusioned China, the light of hope shone in the south-eastern corner and the educational group, which alone had any programme, in the rest of the country increasingly turned towards Canton with wistful expectation.

II. THE ADVANCE

FOUR factors contributed to the transformation of the situation and prepared the way for the great advance. Each of them, looked at by itself, might well be regarded as a calamity. Yet taken together, their results were manifest in a new spirit of hope, or even confidence, which spread to all parts of China during the autumn of 1926 and which, in spite of many shocks, is

* For an excellent summary of *The Three Principles* see the Appendix of Sir A. F. Whyte's *China and Foreign Powers* (Oxford University Press). Dr. Sun's lectures are now available in English from The Commercial Press, Shanghai.

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not yet dead. How far that hope is justified we must consider later. In the meantime let us look at the four factors one by one.

The first was the entry of the Communists into the Kuomintang. In the early days of the revolutionary movement which prepared the way for the events of 1911, Dr. Sun aroused and discovered the kind of enthusiasm which has always been needed to shift people out of old, deep ruts. Men risked their lives and their reputations and not a few were actually killed or exiled. In the early days the party was the Ke Ming Tang or Revolutionary party and when it became the Kuo Ming Tang or Republican party a change was already beginning. The unpopular firebrands were becoming the respectable and honoured leaders of a national movement. To Sun himself this change made no difference. He was not a man to be deflected from his course by approval or by disapproval. But for the party as a whole there was loss. They lost their first love and the fiery enthusiasm which welded them together. Their leader watched the change with growing dismay. Looking for some of the elements that were lacking within the party, he discovered them among the Communists. Here were men and women of just the type who had rallied round him in the earlier days. His spirit warmed to them although he was shrewd enough to know that their theories could not be applied to China in her present state.

When Sun's mind was playing with the idea of an alliance with this group, he met the astute Joffe during the period of his expulsion from Canton. In consultation with him he realized that Russia was prepared to do what the other Powers would not do, namely, to foster the revolutionary movement in the South. The amazing thing is that until recently Russia got away with it, actually improving her position in Peking, with which she concluded an agreement in 1924 and to which she accredited an ambassador (the first from any Western Power), while at the same time she threw her strength into fostering the movement from

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Canton the aim of which was to overthrow the Peking Government. Is there in history any parallel to this achievement? It is the more remarkable when we remember that she was at the same time steadily pursuing the old Tsarist policy in outer Mongolia.

To return to the situation in the party, Dr. Sun realized, no doubt, that he was playing with fire, but he never hesitated to make a venture, and in this case involved the party he had created in an alliance which led to most significant achievements and may yet prove to be the cause of its decay. The Communists brought into the party, largely from Russia and under Russian inspiration, a number of very important contributions. They were efficient as organizers and reorganized the party on soviet lines. They further organized the labourers' and peasants' unions, preaching class-war and arming the workers so that they might strike an effective blow against capitalists and landowners. They reorganized the army and trained its young officers in the famous Whampoa Academy. They introduced the latest methods of propaganda which they used with great effect in cities and villages, in the armies and among civilians, both in their own ranks and in the areas still under the militarists. The parade and demonstration, the poster and the slogan came into Chinese life like a whirlwind and were, for a time, extraordinarily effective in popularizing the new nationalism and its basic ideas.

Russia, meantime, lost no opportunity of expressing friendliness to China's national aspirations. She renounced extra-territoriality and gave up her concessions in Hankow and Tientsin. She founded the Sun Yat-sen University in Moscow, where hundreds of Chinese are drilled in communist ideas. She sent an able and affable representative to Canton in the person of Borodin and with him many other advisers and teachers. In season and out of season she proclaimed her association with China in the war upon "unequal treaties" and foreign imperialism. She seemed to be the champion of all "oppressed peoples." The

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alliance with communism in the party and the active participation of Russia in the leadership of the movement may be considered together as the first factor (historically) in the transformation that took place.

The second factor was the death of Dr. Sun Yat-sen. During his lifetime Sun certainly accomplished a great deal in germinating new ideas among the people and in creating the revolutionary movement. But he had little constructive ability and was too restless to settle down to the long, slow task of nation building. Moreover, his belief in others was on more than one occasion the cause of his downfall. He was not a good judge of men. The journey to Peking from which he never returned came at a time when Canton was beginning once again to tire of him and to question whether he could ever accomplish his aim. His death came at the moment when it would have been hard, if not impossible, for him to retain any place of leadership in the national counsels. By it he became a unifying force, a rallying point for the whole of young China. He died at the moment when an adjustment between North and South was being attempted and thus there could be no hindrance to the spreading of his fame and his principles in any part of the country. The process of his canonization was taken in hand at once by his followers who saw in this move, in a country where the dead are always honoured so highly, a chance both to rehabilitate themselves in the eyes of the people and to spread his ideas in every home and village throughout the land. The campaign was handled with the greatest skill, and there is no doubt that here also Russian advice was sought and accepted. The worship of Lenin was already proving a factor of great influence in Russia: here was a Chinese Lenin who should be honoured in the same way. His body was embalmed. His picture was spread to every corner of the land and used almost as an ikon. His lectures were distributed and expounded not only in every school and college, but among the troops and in the market

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places and tea shops. Memorial services were held everywhere and made the occasion for intensive propaganda. His will was reproduced in millions and memorized in homes and schools. The memorial ceremony, with a silent period of meditation on the lost leader and the three ceremonial bows, was made a compulsory act in all educational institutions and was used on all kinds of special occasions. Elaborate preparations were made for a magnificent tomb near the burial place of the Ming Emperors outside Nanking. China was aching for a hero to worship. Tired to death of generals and politicians who seemed to lead only from one wilderness into the next, the heart of the people leapt to this suggestion and enthroned the dead Sun, Father of the Republic and servant of the common man.

That the object of all this enthusiasm was fully worthy of it, can scarcely be maintained. Nevertheless, he had shown a steady devotion to the cause, a self-sacrificing and adventurous spirit, a simple and unaffected way of life, all too rare in the China of to-day. His statement of his principles is so crude in parts that a schoolboy could discover the fallacies. It is difficult to believe that a man with his wide contacts could have promulgated some of the historical errors that gain currency through his writings. His prejudices were strong and difficult to explain, as for example, his feeling towards Britain through whose intervention his own life had twice been saved. This is one side of the picture. For China to-day this side is ignored and Sun Yat-sen is seen only with the halo round his head, the man who dared everything for his country, who never stooped to enrich himself, who lived for a great cause and died in an attempt to unify China. The hero-worship and the promulgation of the hero's principles connected therewith are a factor not less important than the advent of communism in the change which has recently come over China.

The third factor was the breakdown of the negotiations for unity. Sun Yat-sen himself died in Peking, whither he had gone to make one further attempt to unite China under

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a republican form of government. The military movements which led to the displacement of the utterly incompetent Tsao Kun were accompanied by a further protestation of allegiance to the republican idea. Feng Yu-hsiang, forsaking his old leader, Wu Pei-fu, opened the door of Peking to Chang Tso-lin and made way for Tuan Chi-jui who took the title of Provisional Chief Executive rather than that of President. This was intended to convey the idea of loyalty to the republican form of government, the election to the presidential office being deferred until a national convention could be summoned and some form of representative government set up. It is doubtful whether anyone in the Peking group really wished for or believed in the convention. However, the olive branch was held out to Canton and Dr. Sun with some of his colleagues arrived in Peking. When he died, it was already apparent that the negotiations would terminate in failure. This failure was the climax of many similar disappointments. At last it became clear to many, who had hoped against hope, that there could be no grafting of the new ideas upon the old stock. The military mind as it had developed since the announcement of a republic neither desired nor would tolerate civil control. To such a man as Chang Tso-lin a cabinet or parliament existed simply to give a cover of popular approval to the policies he chose to adopt and he could as little brook interference from such a body as could Oliver Cromwell. To Dr. Sun the forms of popular government were of value only if there were some approximation to the real thing. He was ready to see his ideals achieved gradually. In his later teaching he spoke frankly of three stages, " Militarism, Tutelage, and Constitutionalism." But he was determined that the earlier should be real stages towards the goal and not halting places. He saw that he was again being drawn into a plan for accepting a doubtful half-loaf and surrendering the whole.

For thirteen years, since Yuan Shih-kai took over the Presidency from Dr. Sun, the constitutional struggle had

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continued. Hope deferred had finally passed over into despair. The negotiations in Peking served to clarify the issue. As in 1911 the failure of the Manchus had opened the door for the proclamation of the republic, so now in 1925 the failure of the Tuchuns was opening the door for the new nationalism. Could the dead leader use the opportunity better than the living one? Would the Russian element bring the cohesion and efficiency and drive that had been lacking on the first occasion? These were some of the questions that were being asked in the spring of 1925.

It was at this critical moment that the shots fired in the Nanking Road, Shanghai, rang out across the whole of China. This disastrous occurrence, the fourth of our factors, came at a moment when the new nationalism was facing its gigantic tasks and to the organizers of that movement it seemed like a godsend. Something was needed to rouse the sleeping giant and to fuse the varied elements in a common passion and aspiration. Those unfortunate shots provided exactly the right thing. The words of command, "shoot to kill," were placarded all over China. Patriotism has always developed through antagonism to other nations, and here was a unique chance to focus the undercurrent of anti-foreignism and make it a means of forging the new nationalism, or shall we say, of giving a cutting edge to the weapon already forged? The incident, as everyone knows, grew out of a comparatively small affair in a Japanese mill, and was made the occasion for a campaign of protest and vilification mainly directed against Britain. Any fair-minded Chinese will admit that, whatever the mistakes or sins committed by Britain, the campaign was carried on by gross exaggeration and misstatement. The incident itself was mishandled on both sides and soon a temper was created in which any fair discussion of or enquiry into it was impossible. There can be little doubt that, in this case again, advice from Russia was an important factor in leading to the singling out of

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Britain, and also directed some of the more sinister aspects of the movement. Even making allowance for that, however, there was quite sufficient material lying about to make a first-class conflagration. The charges against Britain and the other Powers were no new thing, manufactured by a scheming Russia. They came down from the early part of last century, the seizing of territory, importation of opium, the talk of spheres of influence, the failure of China at Versailles, and many personal incidents where race superiority had expressed itself or the aloofness of the Briton—so often misinterpreted as arrogance. It is an unfortunate fact that during this period of tension the British press in China was, in the main, unable to see anything good in the nationalist movement.

Through these four preparatory influences the ground was made ready for the spectacular advance of the Nationalist armies which began in the summer of 1926 and carried the government from Canton to Hankow and later to Nanking, thus establishing the rule of the Kuomintang in the very heart of China.

III. THE CHECK

AT this stage, although the battle between what were now called the right and left wings in the party had already begun, it was still possible to give the appearance of a united front. The watchword in December 1926 was "One party till the revolution is complete." The anti-foreign wave was at its height, and the conclusions of the commissions set up by the Powers had come too late and were too halting to mend the situation. Borodin was popular and fêted wherever he went. The propaganda was accepted largely at its face value. The slogans that were heard everywhere were "Down with Militarism," "Down with Imperialism," "Abolish the Unequal Treaties," "Advance the Three Principles." In areas not yet under the Wuhan

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Government, there was a general expectation that their victory would be speedy and a desire to have it so. Some realized that the northern generals had much in their favour and that the old antagonism of north and south might easily slow down the process. But it was hard to find any Chinese who did not think it was only a matter of time till the new nationalism, before which obstacles seemed to melt away, established itself as the one power in China, at least within the Great Wall. From a disillusionment amounting almost to despair, the nation was turning to an eager hope and almost to a certainty of success. Yet at this very moment the seeds of a further disappointment were already being sown, with the result that now, in the spring of 1928, scarcely more than a year later, the situation is utterly different. Russia has lost her position, and the menace of communism is far less than a year ago; the anti-foreign phase is apparently passing; the Nationalist armies hold (in some sense) far the larger part of China—yet the mood is again one of uncertainty and disillusionment; the old confidence has been severely shaken; if people talk of the future it is in terms of a five, ten or twenty year period before peace and order can be established. Wherein lies the secret of this curious paradox? It may be said to be due to a variety of causes. Each of them deserves separate treatment: The first was the breakdown of unity.

After the removal of the government to Hankow, the civil leaders, under the guidance of Borodin, became convinced that a period of consolidation was necessary and were unfavourable to any further military adventures. Chiang Kai-shek and his following were for pushing forward and challenging the supremacy of Sun Chuan-fang who held the lower Yangtse provinces. Chiang was in a position to control the military situation and moved forward toward Nanchang which was captured at terrific cost. The success of the venture was jeopardized by the Hankow Government which held back vital troops till the last moment, almost but not quite preferring defeat to the

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ascendancy of Chiang. This division actually dated back to the earlier struggles when Chiang had striven to get rid of the rapidly growing Communist element and particularly of the Russians. The result of the struggle, so far as the party was concerned, was a strengthening of Chiang's position through the prestige of a new and signal victory and at the same time a deepening of the gulf which divided him from the left wing. The rushing of the British Concession was another move in the game which achieved a certain success and tended to restore the balance of power as between left and right. At the same time this incident had far-reaching effects outside the party. It opened the eyes of many to the nature of the tactics which might be used under Russian inspiration. It caused a deep distrust of the movement, not only among foreigners, but also among Chinese sympathizers who wanted to see the treaty situation dealt with by diplomatic methods and distrusted violence. It led to the sending of troops from a number of countries to Shanghai in order to prevent a similar attempt being made there. This step gave an opening for fresh anti-foreign agitation and was widely interpreted as a move unfriendly to Chinese nationalism. This fear has been dispelled now, but was not unnatural and was fostered by the tone of the foreign press. For the time being the conclusion of the Chen-O'Malley agreement and the agitation caused by the arrival of the Shanghai Defence Force gave added prestige to the left wing.

In the meantime Chiang was strengthening his position and was determined upon a move on the provinces of Chekiang and Kiangsu. The Hankow Government did everything possible to checkmate him and would have been glad to see his armies defeated. This, however, was not to be. Hangchow was captured largely through the defection of Sun Chuan-fang's subordinates and then Shanghai and Nanking fell an easy prey. The resistance was as nothing compared to that outside the walls of Nanchang. As a

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underground, and the power of Russia in the nationalist movement is broken. But the price paid has been a very heavy one. The elements which Dr. Sun found in the Communists, efficiency, drive, enthusiasm, have to a certain extent been withdrawn again. In times of revolution the extremist is always in an advantageous position in relation to the moderate. Unity there is on the surface, but it is questionable whether there remains a strong enough unifying force. Jealousies and divisions are very apparent. Canton is very slightly attached to Nanking and Hankow scarcely at all. Feng Yu-hsiang in the north is co-operating and possibly Yen Hsi-shan in Shensi. Fresh overtures with the more moderate northerners, Sun Chuan-fang and Yang Yu-ting, are being freely talked about. Will such a re-alignment be possible and if it comes, will it open the door towards constitutional government or will it usher in a new day of militarism and feudal lords—or will it, perchance, be a first step towards a Chinese Fascist regime? No one knows and few dare prophesy; hence uncertainty.

The second cause of disillusionment was the failure of the nationalist movement to carry out or even seriously to initiate its constructive programme. It has indeed been unable to establish law and order in any wide area. In Canton alone can it be said that any distinct success has been achieved in this field. In other centres there is a feeling either that the changes have been too sweeping and ill-adapted to China's needs or that no serious attempt has been made to grapple with the most elementary matters. Finances have been mismanaged and doctrinaire schemes applied. The situation in Hankow for a while seemed desperate and the crude attempts to raise revenue by tariffs that strangled trade discredited the Nanking Government in the summer of 1927. The social programme of the Communists in Hunan and Hupeh, where it was tried out most fully, lowered production, arrested the natural flow of commerce and produced intense

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ill-feeling. Little if any serious attempt has been made to deal with banditry which is rife all over China. Railway and road construction are at a standstill and river traffic was for a long time held up. No progress has been made in the development of a new judiciary and law courts, and in some centres even the policing has broken down. To very many the outstanding need seems to be a measure of security, law and order, and these are just the things which the Nationalist government has so far failed to bring. The failure is due in large part to the lack of experienced executives in the party leadership, but the tendency is to blame the movement as such.

All this must be considered in the light of the high hopes held out in the propaganda of two years ago. The age of prosperity for all was about to dawn. The common man was at last to come to his own. All would be well when the Nationalists came. It is true that the leaders have been immersed in plans for unifying China by military force, and that it is far too early to judge the power of nationalism to produce constructive statesmanship. The foreigner in China would be disposed to judge leniently or to withhold judgment altogether. Not so the Chinese. They have been led to expect too much. They realise that not only the northern expedition, but internal dissensions have absorbed the energies of the leaders. They are increasingly dissatisfied with paper reforms and promises. It is not too late to redeem the situation. Nevertheless, in the meantime, enthusiasm for the cause flags when the gifts so freely promised to the people are not given and when men can even say, as they are doing, "We were better off under the old government."

It has become the habit to blame the foreigner for all China's woes. To-day people are taking note of the fact that the services where foreign help has been given, Customs, Post Office, Salt Gabelle, are the most stable, one had almost said the only stable ones in a constant flux. Many note that Shanghai and other foreign concessions

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continue to do good trade while Hankow and other centres in Nationalist hands have been on the verge of starvation. Law and order are seen to be conditions of prosperity. The wave of destructiveness has largely spent itself. The common sense of China is asking, who can build up? It was easy to criticize and destroy; how hard it is to replace with anything better. The rulers of China are being judged to-day not by their promises but by their performances, and this tendency will grow. Can they stick together and do good team work? Can their energies be turned into building for the future? The reaction against a student leadership has already begun. The solid business man is at last able to speak out. Recently he has been silenced by the fear that the cry of youth would be turned against him and he might lose his trade or his head. The nationalist movement is thus being brought to the touchstone of hard common sense. The first enthusiasm cannot last unless it meets this new test and there is no assurance that it will do so; hence more uncertainty.

The third reason for the cold fit is the doubt already alluded to. If there is one thing which China is utterly tired of, it is militarism, at any rate in internal affairs whatever may be her attitude in reference to its international use. She has had a terrible dose of it. Modern weapons and methods have served to make this attack of militarism far more disastrous than previous ones. The fighting round Nanchang and the campaign at the Yellow River in the summer of 1927 must be among the hardest fought and most costly in Chinese history. They come after fifteen years of militaristic rule with feudal lords piling up arms and training armies. No plank in the Nationalists' programme was more eagerly welcomed than that which placed the civil authority above the military. If nothing else should be achieved, that alone might be counted as a sufficient gift to earn China's eternal gratitude. The nationalist movement, as reorganized under Soviet

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influence, was not in any sense a democracy, but it did provide for a civil authority to control the armies. Under the National Party Conference were the Central Executive, Presidium and Government. One department of the last named was the War department. The scheme was wholly satisfactory on paper. The supreme charge against Chiang, as has been said, was that he drove a coach and four right through that constitution. At a certain point the party (under Communist influence) took a line which he could not approve, and when it got to that point he did not resign, still less accept the will of the majority. He used his power and prestige to take his own line and in doing so he broke up the party. If this is an exception justified because of China's extreme peril, it is now necessary for Chiang to prove it by putting himself frankly and fully under the civil authority. But since he himself has so large a hand in creating that authority and since so many of the stronger men have left—even now including Sun Fo and C. C. Wu—it is difficult to say whether the rump is not too much in fear of him and too closely bound to him to dare to take any line of which they are not assured in advance that Chiang will approve. He is not only head of the armies but chief of the leading Board, that on organization. It may, therefore, be some time before any situation arises in which Chiang's loyalty to the principle of civil authority will be really tested. It is far from clear which way he will move when that time comes. Will he loyally accept a position as the servant of the party or of a national assembly, or will he copy the Tutchuns and take his own line? There is still some hope he may do the former. But until a real test comes who can say? Hence yet again uncertainty.

A fourth doubt comes from the military position. It has less influence upon the estimate of the future, but it is of great importance. In August of 1927 Sun Chuan-fang made his spectacular move south and for a time seemed to have a sporting chance of regaining Nanking and Shanghai.

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That such a counter-offensive could be launched somewhat shook the faith of many in the all-conquering armies of the Nationalists. Later Yen Hsi-shan's move against Peking met with a severe defeat and gave more confidence in the power of Chang Tso-lin and his colleagues to hold their own. The internal struggles between Hankow and Nanking and the failure of full co-ordination between Feng Yu-hsiang and Chiang Kai-shek have also contributed to military weakness. The Nationalists seem to be staking everything upon the success of the northern expedition and there are not a few who feel that the movement will break up from internal causes if there is not a speedy success in that direction. There is no longer general confidence that the Nationalist armies can achieve their objectives. Chiang's position rests to a large extent upon his previous military successes. Failure here, in a much advertised campaign, would give his enemies a chance and the present combination could scarcely be expected to persist if he fell. The military situation therefore adds another element of uncertainty.

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HAVING examined these four causes of uncertainty, we may now glance at the more hopeful elements in the situation. Among these, the most significant is, perhaps, the fact that the turn against communism is not simply that of one faction against another; it is a deep-seated reaction against the extremes and violence associated with that movement. There are still a great many Chinese Communists; the bravery of numbers who have met death has created a very deep impression on many Chinese; their enthusiasm and devotion are in marked contrast to the *laissez-faire* attitude of the vast majority. But communism has wounded the inner spirit of China. The breakdown of ancient customs and, perhaps above all, the challenge to the family life and the wild theories of sex

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relationship have cut into something intangible but very real in the national make-up. There will doubtless be fresh attempts by the Communists to gain a hold of the government. They are organizing largely as a new secret society and the power of such societies in China is proverbial. But there is good reason to hope that their influence is now broken and that they can never regain the chance they have lost.

In the second place, the new Government is giving serious attention to the weaknesses within the party. For some years past there has been little intellectual activity in the Kuomintang and many thoughtful Chinese have been disgusted to see the fresh thinking left to the Communists. The recent establishment of a journal for stimulating thinking on political and economic questions is significant. In *The New Life* communistic theories are being challenged in thought-provoking articles, and much attention is being given to the examination of various theories of government in order to see what is the most suitable form for China. Since Dr. Sun's death the party has suffered from intellectual stagnation and his views have been promulgated uncritically. To-day it is seen that they must be examined and that detailed work must be done on each of the Three Principles by those who call themselves his disciples.

The third hopeful sign is the serious attempt to put the students into their right place. That the students have served a useful purpose in rousing the spirit of the new China cannot be denied. But for some time past it has been apparent that student rule is a menace and that inexperienced hands had far too large a hold on national matters. Ts'ai Yuan P'ei, Chancellor of the National University and head of educational affairs in the Nanking Government, is a radical himself. Nevertheless he is now moving to prohibit primary and middle school students from joining the party or taking part in parades and demonstrations on any controversial matter. According to the

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new rules no student, while still a student, can hold office in any party or government. Their organizations must be solely for college purposes such as self-government within the institution. This is a significant and important move, and if the party leaders can carry it through it will do much to check excess.

A fourth sign of the times is the announcement that the party will devote itself to a constructive programme covering the moral, physical, intellectual, social and æsthetic sides of life. This is chiefly worthy of note by the inclusion of the first point. The present leaders see that the moral breakdown and the challenge to all moral authority has destroyed the very basis on which any co-operative effort must rest. They realize the need of a sense of mutual trust and of joint and individual responsibility that has been lacking lately. Recent teachings have, in fact, undercut the foundations on which alone a new China can be built. A new enthusiasm for constructive work is beginning to develop and it is associated with a new yet ever old emphasis on the moral qualities that must be developed as a prime condition of advance. People say there should be a fourth principle added to the three—the principle of personal integrity. Along with this change comes a thorough reorganization of the party. The soviet methods are being discarded. In place of the functional bureaus for labourers, farmers, merchants, students and so forth, three boards have been set up on organization, training and propaganda. The Fourth Plenary Meeting of the party turned its face away from the last three years and set machinery in action to inaugurate a new era within the life of the Kuomintang itself.

At the time of writing it is impossible to say how far these newer tendencies will persist. The student of Chinese affairs will have to watch for any signs of constructive effort, for the reactions caused by the policies that have now been adopted. In particular there may well be repercussions from the attempt to suppress extremes

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whether in the definitely Communist group or among the students generally. A combination of suppressed elements might prove very dangerous to the government, more particularly if the northern expedition fails. There are still very grave problems to be solved; the conflict between the civil government and the military is by no means decided; there is a similar and very stern conflict between the government on the one hand and the party machine on the other, and this has to be fought out in each province as well as in the central government; the details of organization and in particular the forms of national government as between provincial and central authority provide a very great field for further thought and experiment; there are many personal problems as between the various leaders which may at any time loom so large as to obscure the national and party issues. China has suffered greatly from such personal quarrels which have no meaning for most of the people, but serve to disgust many and take away all interest in political questions.

A few words must be added on the international question. In turning away from Russia the new nationalism has lost something which it will be very hard to replace. The Russian influence, in many ways un-Chinese, as in the attempt to cut away at a stroke the whole treaty system, has, nevertheless, brought much into the movement and been a prime factor in its rapid development. The present tendency is strongly towards closer relationship with the other Powers. While still determined on radical alteration in the treaties, the Nanking Government seeks to make these changes by means of negotiation rather than by force through economic boycott or mob violence. Already there is a feeling that the swing in this direction may have gone too far and there are grumblings of discontent. The Powers which joined in the note following the Nanking affair have not yet re-established relations with the Government there. To overcome the technical difficulty has, up till the time of writing, seemed to be impossible. But

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the Japanese Consul has resumed his residence in the city of Nanking.* There can be little doubt that the Nationalist Government very greatly desires to have friendly relations at any rate with Britain and America. They cannot go further than a certain point in seeking these, because their own position is so insecure. Can they go as far as the Powers demand? If not the chance of helpful co-operation may be lost and it seems even possible that the next move would be to turn back again to Russia. The Russian experience has shown both that China feels the need of some outside help in working out her salvation, and also that she is prepared to accept such help just so long as the terms under which it is given are not impossible of acceptance for a high-spirited people. The Powers, especially England and America, are on their part anxious to resume relations, but there may be a disposition to expect more than any Government in China could now give without losing its slender hold on the situation. To meet the situation in a broad and understanding way and not to stand too much on rights or on dignity would seem to be a policy that would open the door to a new era. The future of China, the writer is convinced, rests with nationalism and not with the Peking clique. The present Government is as friendly towards Britain as any Nationalist Government can be expected to be. Wisdom would seem to dictate a course that will strengthen that Government, show British friendliness to China and cut the losses for the sake of the larger future.

The question of foreign relations has, in much of the writing on China, been thrust too much into the foreground. After all, at the long last, Chinese must solve

* Since this article left China, a clash has taken place between the advancing Nationalist troops and the Japanese at Tsinanfu in Shantung, each side suffering casualties. Japan has also sent a warning to Nanking and Peking that she "may possibly be constrained to take appropriate and effective steps for the maintenance of peace and order in Manchuria." The position in that province was described in *THE ROUND TABLE*, No. 70, March 1928, p. 256.

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China's problems. How they are trying to do this is a matter of intense interest and concern to other nations. For China to-day the crucial question is not so much what her relations will be with this or that foreign Power, important as that is. It is rather, whether she is learning from her experiences. Are her people turning away from the political problem in cynical despair? Are they going to fasten all or most of the blame upon foreign States and peoples? Or are they beginning to see and face the real issues? The last few years have produced a ferment of new ideas. China should now be able to see how much easier it is to destroy than to build up, how much easier to arouse enthusiasm than to direct it into fruitful channels, how inadequate is a policy of violence, how essential it is to have good leaders and to trust them, how deep are the roots needed for good team work. That some of these lessons are being learned by not a few is evident. But the power of the new nationalism to solve China's problems largely depends on the extent to which these and similar lessons have been laid to heart and on the power of those who learn them to work out their convictions in the party and in the government.

China, April 1928.

AMERICAN POLITICAL CAMPAIGNS

THERE are times certainly when government by a count of noses seems the very last word in human fatuity. To submit to the autocratic rule of a tribal chief because he has killed a great number of his fellows or because he can keep in subjection an uncommonly large number of savage women is the embodiment of logic compared to acquiescence in the proposition that all men are equally qualified to have an opinion upon the complicated questions of modern society. What theory of government involves more obvious fallacies than that the opinion of the many, however ignorant or ill-founded, shall extinguish that of the few, however intelligent and well-matured. One hears in the United States and in England so much about the glory of popular government and institutions, and so little about the almost fantastic assumptions that underlie many of our accepted formulæ. These assumptions are more fantastic in the United States than in England. The wear and tear on political institutions is probably higher in the United States. Most of the State constitutions now have referendum provisions and the voter has only made a beginning when he decides whether to be a Republican or a Democrat. If indeed his choice of parties can be dignified by the term decision. In a primary election within his party, the voter must determine whether A is a better man individually than B to serve as his party's candidate for the office, let us say, of Sheriff or Register of Deeds. But even the determination of the merits of individuals to serve as candidates on party tickets is unexacting compared

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to the questions presented to the voter by "referendum" from State legislatures. For example, he must render up a decision on whether highways should be built out of moneys borrowed by the State or out of taxes taken from motorists, whether or not railways should be subjected to an excise tax on gross revenues, and if not how they should most equitably contribute to the upkeep of the State, whether a given bridge should be built across a certain river which may be hundreds of miles from the home and from the experience of the individual required to vote, whether such a bridge should be toll or free, and even perhaps whether it should rest on caissons or be of a single span. Democracy in the United States gets harder and harder on Demos year by year.

The amazing thing is that popular government does actually vindicate itself by achieving the seemingly miraculous. Demos is constantly reaching sound decisions and correct conclusions. As nearly as one can tell it does the right thing a trifle oftener than it does the wrong. The masses whom Aristotle judged fit only for slavery, and of whom Edmund Burke and his contemporaries thought scarcely better, are capable under favorable circumstances of bearing public responsibilities and burdens far in excess of their supposed capacity. The greatest political problem in the United States to-day is to determine the actual political load which the electorate can be made to sustain without collapse. The most alarming political symptom in the United States is the indication that in many instances this load is actually being exceeded. Whither are we to be borne by this intemperate vogue for democracy? Those wise and rather far-sighted burghers and country squires of the eighteenth century who conceived our constitution certainly never saw as far as this. Their rigid American constitutions have in fact altered more essentially in the century and a half than has the flexible constitution of Great Britain. Nevertheless it would be premature to despair. Thus far the failures of democracy have proved

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more readily reparable than the failures of other forms of government.

The state of Illinois has recently contributed a most instructive chapter to the history of popular institutions. It has just survived a Republican primary election, likely to go down in history as the "pineapple" primary. More in a moment of the derivation of the term. The *status quo* in Illinois was represented by its Governor, Len Small, who had been implicated in serious financial irregularities while State Treasurer, its State's Attorney Robert E. Crowe, the Mayor of Chicago, that great international figure "Big Bill" Thompson, and the United States Senator-elect and dis-elect, Frank L. Smith. He it was who will be remembered as having achieved the Senatorial toga by virtue of a costly campaign largely financed by Mr. Samuel Insull, the public utility operator, only to have the toga denied him by the Senate which would not even receive his credentials. The wisdom of that constitutional precedent is another story which need not concern us at the moment.

The opposition to the Small-Crowe-Smith-Thompson forces centered about the present United States Senator, Charles S. Deneen, the Secretary of State, Lon Emmerson, who is opposing Small as candidate for Governor, Otis F. Glenn, the opponent of Mr. Smith for the Senatorial nomination, and John A. Swanson, candidate against Mr. Crowe for State's Attorney. As Big Bill Thompson's term as Mayor of Chicago had not expired, he figured on the ballot in the modest rôle of one seeking nomination as a ward committee-man. It is conceded, however, that his ambitions were boundless and his power undoubted. Of the relations *inter se* of the Small-Crowe-Smith-Thompson faction much might be written, but that again is another story. With divergent interests, they made common cause against foes whom they condemned without professing to dread.

It is no secret that Chicago in the last few years has

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become a sort of municipal curiosity. One of the world's most populous and richest cities, its name became synonymous with crime and disorder. As some wit remarked in a paraphrase of the American National Anthem,

The rocket's red glare, the bombs bursting in air,
Give proof to the world that Chicago is there.

Crime developed its peculiar local lingo. Bombs became "pineapples." The "pineapple" was first employed as an incident of beer running, "hijacking," and the "alky" (alcohol) war. Its use was extended to "racketeering," a method of exploiting various trades and lines of business by offering protection for a fee and then bombing those who refused to pay. No less than sixty-four bombings occurred between October 11, 1927 and April 8, 1928. Senator Deneen's and Judge Swanson's homes were bombed. Sympathizers with the other faction did not escape. There was more than one political murder. Meantime the cost of bad government in Chicago had been mounting. Taxes increased greatly. The voters at this election were asked to authorize bond issues of nearly seventy-eight million dollars for proposed improvements, designed to win for Big Bill the attractively alliterative title of "the Builder." Expert accountants claim to have detected the fact that of this sum no less than nine per cent. represented graft of one kind or another.*

The student of ethnic and social conditions might well stand aghast at the riddle, Why is Chicago? Why, to use the language of a British daily, should such a city "unite riches and luxury in a most modern civilization with the manners and customs of a particularly disorderly mining camp?" Certainly it is not an easy question to answer. One may readily reflect that less than half of the

* The unappropriated balance of public funds reported by the City Controller on April 26, 1928 amounted to \$13,300, as against which the city had emergency needs and obligations actually incurred amounting to well over a million dollars.

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citizens are the American-born sons of American-born parents. Goodness knows how few of its population are really Nordic. But these facts, though interesting, fall far short of an explanation. Nor does one do more than state the obvious in commenting on the inefficiency of the police or the incompetence of prosecuting attorneys. Chicago has been Chicago because for some reason public opinion was relaxed. Demos was languid and indolent when it was not corrupt and debauched.

The organization of the Thompson forces in Chicago was complete and perfect. It was not bothered by nice ethical distinctions. "The better element" was handicapped as it generally is by inexperience and scruples. But at last it prepared. Some new methods of campaigning were introduced. The opponents of Big Bill the Builder ordained a day of public prayer for Chicago. The unnumbered people who were sick of his buffoonery and charlatanry actually went to the polls and expressed their opinion on ballots. Sensing the gathering forces of opposition, Big Bill sought to escape defeat by raising the distracting cry of "drafting Coolidge." But the distraction failed to distract. The bombing of the homes of Deneen and Swanson caused a marked reaction among law-abiding citizens who even in Chicago form a vast majority of the populace. This resentment was deepened by the suggestion that the bombing had been instigated by Deneen's and Swanson's own partisans to create sympathy.

The election of April 10 indicates the corrective resources of popular government. The size of the vote cast was unprecedented. It far exceeded any previous presidential vote and presidential votes are generally far larger than any votes for local candidates. Emmerson prevailed over Small by 419,000, Glenn had a majority of 130,000 over Smith. Swanson defeated Crowe by nearly 200,000. Big Bill was defeated in his own ward for ward committee-man.

Newspapers, making no attempt to be humorous, carried the headline "Only one killed in Chicago election." He

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was a Negro lawyer opposing the Thompson candidate for committee-man in the Twentieth Ward laid low by a machine gun. Others were wounded. But thousands of citizens organized to cooperate with the police in the suppression of lawlessness and the election passed off with far less disorder than Chicago's disorderly past would have led one to suppose. Doubtless this does not mean the end of crime in Chicago. It is certainly not the beginning of a municipal millennium. But it does signify that the extraordinary manifestations of lawlessness and disorder, and the inanities of Big Bill's "America First," were not supported by public opinion in the city; and, what is perhaps more important, it has shown that public opinion can insist upon expression at the polls even when it is sought to be intimidated by "pineapples." Mr. Thompson has afforded a new demonstration of President Lincoln's oft-quoted adage that you can't "fool *all* the people *all* the time." When this adage fails it will be a melancholy day for democracy.

II.

THERE is no basis for patriotic ardour in turning from crime in Chicago to venality and corruption in national politics. An American would be glad to feel that these phases of contemporary American life were too trivial to receive notice, above all, outside the territorial limits of the United States. Unfortunately the evidence of the influence of oil upon American politics in a day not so long passed is too marked to be overlooked even by a foreign audience. The United States Supreme Court has set aside the leases of public oil lands to the private corporations of Mr. Sinclair and Mr. Doheny on the ground that they were procured by fraud. By a curious anomaly more intelligible perhaps to lawyers than to laymen, it has proved impossible to convict the individuals involved of criminal conspiracies against the United States. Only this week, Mr. Sinclair

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who was convicted of contemptuous tampering with one federal jury has been acquitted by another of conspiring with Albert E. Fall, former Secretary of the Interior under President Harding, to obtain the lease from the United States of the Teapot Dome Naval Reserve. His acquittal has created surprise and some chagrin, albeit the integrity of the jury is nowhere impugned. More conspicuous, however, than any criminal trials have been the revelations respecting the Republican campaign fund before the 1924 campaign. Mr. Will Hays, former chairman of the Republican National Committee, has disclosed to the Senate Committee of Inquiry that the campaign fund accepted a contribution of \$160,000 in Liberty bonds from Harry F. Sinclair. These Liberty bonds had been bought with money of the Continental Trading Company. There is nothing particularly savoury in the story of the Continental Trading Company. The company was organized in Canada in 1921 and its stock was nominally owned by four executives of great American oil companies. It made a contract with one, A. E. Humphreys, of the Humphreys Oil Company, for the purchase of thirty-three million barrels of oil at a dollar and a half per barrel. This contract was guaranteed by Sinclair and three other prominent oil executives. At the time of purchasing all this oil, the Continental Trading Company had no use for it as it owned no refineries or pipelines of any kind and had no customers. Accordingly it resold the oil at \$1.75 per barrel and made deliveries thereunder up to 1923 when its contracts were assigned to the Prairie and Sinclair companies for a reported consideration of \$400,000. The "profits" of the company were converted into Liberty bonds which appear to have been "split four ways" among the prominent oil executives involved. So far as known, Mr. Sinclair was the only one of the four who chose to regard these profits as his individual property.*

* Mr. Sinclair has, since this article was written, informed the Senate Committee that after his acquittal he handed over his share (\$750,000) to the Sinclair Crude Oil Purchasing Company.

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Two hundred and thirty-three thousand of these bonds were given by Mr. Sinclair to Mr. Fall. Another block of \$160,000, Mr. Sinclair turned over to the Republican campaign fund. The Republican Committee, anxious to have the money but desiring to receive it in smaller sums, invited "contributions" of \$25,000 from several prominent men offering to reimburse such "contributors" by delivery to the like amount of Mr. Sinclair's Liberty bonds.

The revelation has been an ugly one for the Republican party. Yet it is doubtful whether the disclosures will have any marked political effect. For partisan purposes, the transactions are now stale and the guilty transactors are either defunct politically or, like Mr. Sinclair, wholly discredited in public opinion. No Republican seeks to condone the manner in which it was sought to conceal the identity of the real contributors to the campaign fund. On the other hand, only a very guileless party man would say "This could never happen in my party." There will be many Englishmen with memories long and accurate enough to recall difficulties occasioned by party funds in British politics. It is likely that the Republicans and Democrats next summer will turn to the tasks of nominations and election with a great deal of perfunctory accusation and denial but with the thoughts of the multitude on other things.

III.

THE Havana Conference, the Sixth Annual Conference of American States, has come to an end. To the writer at least, its actual achievements are not altogether clear. That the motives of the United States were honourable and its conduct becoming, Americans are disinclined to doubt. Whether citizens of the Spanish-American Republics are equally persuaded is not so certain. There is some evidence that they are not, but this is not extraordinary. The natural jealousy of the lesser Power

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at the magnitude and importance of the greater is a familiar enough international phenomenon. British administrators have had occasion to observe it more than once. Mr. Hughes delivered a very lucid statement of the highly creditable part played by the United States in the affairs of Cuba, Haiti, Mexico and San Domingo. American activity in Nicaragua, entailing as it does a certain amount of bloodshed on both sides, is viewed with natural suspicion in the other republics of the New World. Yet the sentiment in the Senate is overwhelmingly against withdrawal at the present time. By a vote of 52 to 22, the Senate defeated an amendment to the appropriation Bill providing that none of the money should be used for the retention of American marines in Nicaragua after February 1, 1929, unless Congress declared war or war existed under the recognized principles of international law. By a vote of 53 to 22, a similar amendment was defeated providing for the withdrawal of the marines by February 1, 1929, unless the President secured Congressional consent to their remaining. By an even more decisive vote of 60 to 15 the Senate defeated the proposition of immediate withdrawal. Even Mr. Borah, who has been no lover of this adventure, cast his vote with the majority on all these amendments.

The conclusion thus reached in the Senate is based upon the view that the United States is now irretrievably committed to the policy of keeping troops in Nicaragua until the general election can be held, so that whatever the wisdom or unwisdom of the Nicaraguan adventure at its inception, it would be wholly illogical to withdraw troops at the present time when all our avowed objects in sending them remain unaccomplished. One of the difficulties inherent in these stabilization problems is to tell when to stop stabilizing. And even when the time to stop has come the stopping is not always so simple. The Gallipoli campaign has its lessons for statesmen as well as for soldiers.

The Havana Conference adopted a resolution calling for an arbitration conference in Washington during the coming

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year. This resolution looks to the establishment of compulsory arbitration treaties between the nations of the New World. With reference to such a conference, Mr. Hughes has observed that while an agreement for compulsory arbitration in all cases is not to be expected, "appropriate exceptions to an agreement to arbitrate, made as definite as possible and relating to matters which the American States would not, in any event, consent to arbitrate, are not inconsistent with the renunciation of war as an incident of national policy." It is quite likely that the next year or two will see seals appended to several treaties of arbitration. But it is easy to exaggerate the significance of such documents.

While it is hard to gauge the precise national and international value of these Pan-American parleys, it seems safe to say so far as the United States is concerned, that they have comparatively little reaction upon popular thought and opinion. In so far as the public mind occupies itself with political problems, it is less with abstract questions than with the absorbing pastime of electing presidents. In America, where sport occupies public attention fully as much as it does in Great Britain, politics itself in order to be popularized must be made a sport of. And the task of president-making is readily dramatized. It has in a high degree the elements of vividness and uncertainty that captivate the "fans" on the bleachers. Personal attributes, qualities of audacity and leadership, the backgrounds of birth and position, all these are discussed and reviewed again and again in their application to "president possibilities." Speculations of this sort exercise an endless fascination for the average American who may be and quite often is indifferent to all questions of foreign policy and only half aware of the most vital matters of domestic concern.

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IV.

As nearly as one can estimate party tendencies, they indicate the convergence of the Democratic party upon "Al" Smith as nominee for the presidency, and of the Republican party upon Herbert Hoover as his opponent. In the Republican party the possibility of "drafting" Coolidge seems to be on the wane. The President on April 20 wrote a letter to the chairman of the Republican State Committee of his own State of Massachusetts in which he states that it would be "most embarrassing" to him that his name should be used as a candidate in the Massachusetts primaries to be held four days later. The President alludes to the fact that his name "is being used in other States in a way that is contrary to" his wishes. "In my own State," he says, "to give any countenance to such a movement would tend to compromise me and lend color to the misrepresentations that apparently are being made in other States." Up to date, however, the President has not said flatly that he would not accept a renomination if it were tendered to him, so that the strict constructionists of presidential utterances are still hesitant to believe that Mr. Coolidge is not even now a presidential possibility. Undoubtedly, however, the letter to Mr. Prescott does more than has been done heretofore to defeat the projects that center about his name.

In the meantime, evidences are not wanting of the genuine headway being made by Mr. Hoover. His most striking triumph was in the State of Ohio where he was a candidate at the presidential primary against Frank B. Willis, the senior United States Senator from that State. Senator Willis was typically a favorite son and while his candidacy would not have figured very seriously outside of Ohio it was clamorously supported there. The campaign bade fair to be fought with considerable bitterness. In

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the midst of it Senator Willis died. It was too late then to have his name stricken from the printed ballots. So the battle was fought with only one of the contestants actually in the contest. But a political cause is not necessarily lost with the death of its leader; and in Ohio the Willis cause was to vanquish Hoover.

The actual result of the Ohio election was to give to Mr. Hoover all seven of the delegates at large from that State to the National Convention, thirty-one of the State delegation of fifty-one and the prestige of an overwhelming expression by the Republican voters of Ohio of their preference for his candidacy. To be sure, Mr. Hoover's opponents discounted this triumph on the ground that Senator Willis's death robbed the primary of all its significance. Voters, they said, who would have supported Mr. Willis alive thought it futile to express a preference for him dead. This argument, while plausible, overlooks the fact that the Willis organization after the Senator's death had made Mr. Hoover's candidacy a direct issue of the campaign. Of the Willis delegates thirty-four were pledged to the choice of Governor Lowden and others were well known to be committed to the candidacy of Senator Curtis of Kansas and Vice-President Dawes. The Ohio campaign was therefore the field against Hoover and the victory over politicians of one unaccustomed to politics is significant.

In the Massachusetts primaries held on the same day as those in Ohio, Mr. Hoover scored another success. The Massachusetts primary law is peculiar in requiring the voter to write his choice upon the ballot and not merely to mark a cross against one of a number of printed names, the theory of the law being presumably that it discourages irresponsible voting. More than 100,000 Republicans wrote Mr. Hoover's name on their ballots. The Hoover ballots outnumbered tenfold those of his nearest competitor. Some sturdy drafters of Coolidge wrote his name upon their ballots despite the President's embarrassment

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and Al Smith's name figured quite prominently even on the Republican ballots, a signal evidence of his personal popularity.

On May 8 primaries are to be held in Indiana where the situation existing in Ohio is rather closely paralleled. James E. Watson, the senior United States Senator, will be Mr. Hoover's adversary in that State. He is a favorite son and is reputed to share with Governor Ed Jackson the control of a political organization often deemed invulnerable. Of this political organization the Ku Klux Klan is still an important element. D. C. Stephenson, once its Dragon in Indiana, now serving a life sentence for murder, is not yet shorn of his political influence. The situation in Indiana is made more interesting by a senatorial contest. The junior United States Senator, Arthur R. Robinson, stands for re-election this year, and has been endeavoring to cement his friendship with the Klan by personal attacks upon Al Smith. For Christmas Mr. Stephenson gave Mrs. Robinson a pearl necklace. Senator Robinson has established the purity of the relationship by giving publicity to the fact that it was only a cheap pearl necklace, and that they gave Mr. Stephenson in return Beveridge's *Life of John Marshall*. Probably they were not real pearls and besides, Beveridge's *Life* is in four volumes. Still, there is some evidence to suggest that Indiana politics are not antiseptically pure. Some of the newspapers supporting Watson against Hoover are dissatisfied with the condition of the State government and are demanding a house cleaning on the Illinois model. But Senator Robinson's two opponents are suspected by the Anti-Saloon League of being wet. So it may go hard with them.

Mr. Hoover is now credited by leaders with solid State delegations from California, his native State, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, Oregon and South Dakota and with a substantial number of votes from the delegations of Alabama, Colorado, Minnesota, Missouri, New Jersey,

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New York, Vermont and Wisconsin. There are 1,089 delegates to the Republican Convention and 545 are necessary for nomination. A recent computation gives 319 votes to Hoover, 194 to Governor Lowden, 266 for drafting Coolidge, and 310 doubtful. It is evident therefore that much and possibly everything depends upon the course to be pursued by those who favor drafting Coolidge.

The outcome of the Democratic Convention seems to be less doubtful than that of the Republican Convention. There are 1,100 delegates to the Democratic Convention so that under the two-thirds rule 732 votes are necessary for nomination. Governor Smith's high vote in the 1924 convention was 368 on the eighty-third ballot. Estimates of Governor Smith's present voting strength in the coming convention credit him with over 500 votes and there are no such portents in States where choices remain to be made as to indicate any reasonable probability of his ultimate defeat. It is probably not extravagant to say that the future of the Democratic party depends in large measure upon a speedy agreement to Mr. Smith's nomination. Any considerable opposition thereto would create a bitter factional divergence such as that which came so near to wrecking the party in 1924. One may well doubt whether the party could survive such another contest.

To an Englishman accustomed to the relatively simple and non-popular choice of party candidates, there must be something almost terrifying in the minute and elaborate preparation which precedes by fully six months the choice of an American President. A reading of the written constitution of the United States discloses nothing of this. All that one can find there is a short paragraph captioned Article XII, dating from the year 1803 and dealing with the choice of President by an electoral college. Article XII is still a part of the fundamental law of the land and the electoral college still exists and actually is the instrument of election, but its proceedings are stereotyped and perfunctory. The choice of the President is made when the

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electors themselves are elected. The constitution makes no provision for the manner in which party candidates are to be selected. The great nominating conventions are extra-constitutional. The delegates to the nominating conventions are chosen either in State conventions or in State presidential primaries such as those mentioned in Ohio and Massachusetts. And such conventions and primaries are equally extra-constitutional. It would be difficult to find a more striking example of a written constitution submerged by constitutional practice gradually hardened into custom. The choice of an American President is no longer so much a constitutional necessity as an emotional necessity reflecting the most vital political impulses of a great nation.

United States of America.

April, 1928.

INDIA : THE COMMISSION'S EXPERIENCES

I. SIR JOHN SIMON'S RECEPTION

IT is hardly necessary to say that all that is significant in Indian public life is summed up at the moment in the reactions of the different parts, parties, and interests to the Statutory Commission, its composition and proposed procedure. And the words "parts, parties, and interests," are advisedly used, for, although the theme is worn thread-bare, it is as necessary now as ever it was to remember the great size and deep-seated heterogeneity—racial, social, religious, and economic—of India. A study of English newspaper comments shows that the real meaning of the situation here is not fully understood, or at any rate, it has not been clearly expounded. Of the various developments since the Commission landed, one in particular seems to have impressed the imagination abroad. This is the acceptance by the Legislative Assembly of a resolution pledging that body to absolute non-co-operation. This resolution was carried by a majority of only six, but it was, nevertheless, an important event. An attempt will be made below to estimate its true significance. One looks in vain, however, in the newspapers for any adequate exposition of one of the most important—perhaps, when taken in conjunction with the attitude of the great majority of the Moslems, the most important—feature in the existing situation, that is the marked difference between the attitude of the provincial Legislative Councils and the Council

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of State on the one hand, and that of the Legislative Assembly on the other. But this is a subject which must also be dealt with in greater detail on a later page. It is first necessary to describe the reception which the Commission met with in the various places which it visited.

The Commission landed in Bombay on February 3. They came, as Sir John Simon stated just before he sailed for home on March 31, to study conditions at first hand and to establish personal contacts. Before they left England they had been able to form some idea of the forces which were against them. They knew that for weeks the leaders of the boycott movement had been doing their best to organise a hartal—a sort of general strike involving the closing of the shops, and the schools and colleges—for their reception in all the important towns. An estimate of the strength of this opposition has already appeared in these pages,* and that forecast, it may be said at once, has been borne out in all essentials. The hartal of February 3 was on the whole a fiasco. Its organisers were able, with the help of students and the kind of people who are always ready to join in when there is any excitement on, to arrange a sort of demonstration in Bombay, Calcutta and Madras. But it was confined to these classes. The employees of the tramways, railways, and the public services did not come out on strike. Both in Calcutta and Madras there were collisions with the police and in Madras they were compelled to open fire; both places, in a word, afforded practical proof of the dangers of this form of demonstration. In some of the other larger cities, too, there were a number of shops closed—mostly out of fear of possible trouble—but in the greater part of the country the hartal was conspicuous by its absence. In Lahore the shop-keepers indeed arranged a counter-boycott demonstration. Shops were decorated as for a festival, and the District Magistrate was garlanded when he entered the city—this in spite of a fierce propaganda campaign a few days before by leading politicians like

* See THE ROUND TABLE, No. 70, March 1928, pp. 307-316.

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Motilal Nehru and Lajpat Rai. The lesson of "Hartal Day" all over India was this: The masses were completely apathetic and the shop-keepers actually against the hartal; but organisation, combined with the silent threat of rowdism, succeeded in producing a show of popular disapproval of the Commission in some of the more important cities. In smaller places where there had been no organisation there was no demonstration of any kind.

Still, although the masses knew little and possibly cared less about the Commission, large numbers of Indians belonging to the "politically-minded classes" awaited its coming with eagerness and anxiety. Disappointment at the exclusion of Indians from its composition was in some quarters tempered by curiosity to learn the conditions on which the Committee of the Legislature was to be associated with it. There was reason to believe that a satisfactory pronouncement would rally not only many Moderates, but also the group of the Nationalist party, comprising the "Responsive Co-operators," which is led by Mr. Jayakar and broke away from the Congress party nearly three years ago, because its members believed that co-operation, when it was demonstrably in the interest of India, was a better policy than automatic and indiscriminate opposition. On February 6 the pronouncement appeared. It took the form of a letter from Sir John Simon to the Viceroy. The fullest publicity was immediately given to it and the scheme which it outlined for a "joint free conference" between the two "wings," British and Indian, of the Commission. It is clear that Sir John Simon went as far as the terms of his reference permitted to make up for the omission of Indians from the Commission and to meet all reasonable demands. It is equally clear that his scheme went further than the conditions laid down by men like Messrs. Jayakar and Jinnah. This makes the reception given to it the more surprising, for within three hours of its issue to the Press it had been vigorously condemned by the

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leaders of the Congress and Nationalist parties who were then in Delhi for the session of the Legislative Assembly. These leaders, together with Dr. Ansari, the President of the All-India National Congress, Mr. Jinnah and one or two members of the almost non-existent Independent party, issued a manifesto the same evening denouncing the scheme. It is obvious from the speed with which this manifesto was rushed out that Sir John Simon's letter never received adequate consideration, and subsequent discussion has made it plain that the Congress party leaders were simply dragging the other leaders and their followers in their wake. The sequence of events was, there is every reason to believe, as follows. One of the journalists, who as a Press representative received a copy of the letter, took it at once to the house of Mr. Srinivasa Iyengar, the Parliamentary leader of the Congress party, where a meeting of the All-India Congress Committee was being held. The Committee at once appreciated its importance and the appeal which its generous terms were sure to make to the country if its effect were not forestalled. One or two leaders of other parties were hastily consulted, and this point of view impressed upon them. So the condemnation of the scheme found its way into the papers at the same time as the scheme itself. It was, of course, an excellent tactical move from the point of view of the Congress party leaders, but there is little doubt that some of the other signatories of the manifesto soon regretted their precipitancy and found it difficult to justify their position. At any rate, it seems fairly certain that, but for the astuteness of the Congress party leaders, the letter would have had a more satisfactory reception. It may yet produce the effect to which its terms entitle it.

The Commission arrived at Delhi on February 4, just at the beginning of the winter session of the Legislature. All the party leaders were present, and it had been hoped that Sir John Simon would be able to dispel their doubts by personal contact. Pandit Motilal Nehru, it is well known,

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deprecatd the application of the full rigours of the social boycott which his party had imposed, and there is not the slightest doubt that many politicians outside the Congress party were not only prepared but anxious to meet Sir John Simon. Unfortunately the congregation of so many of the heads of the boycott movement had created an artificial atmosphere, and the less extreme politicians found the initiative taken out of their grasp. No one dared to take the fatal step of getting into touch with the Chairman or his colleagues. The air was indeed so charged with suspicion that one or two members of the Legislative Assembly who were to some extent regarded as representative of Indian labour were afraid even to have a talk about ordinary labour problems with the two Labour members of the Commission. The result was that Sir John Simon was disappointed in his hopes of getting into personal touch either with the leaders of the Congress and Nationalist parties, or with the few Liberals and Independents who are still to be found in the Legislative Assembly. His time was, however, well occupied. He had conversations with some of the leading members of the Council of State and with representatives of various parties and interests, among others with the recently formed Moslem Centre party, in the Legislative Assembly, whose leader is Sir Zulfiqar Ali Khan, a member of the ruling family of Malerkotla State in the Punjab, and which with a single exception contains all the Moslem representatives from the Punjab, Bengal, and Sind, that is, from the provinces and the division of a third province in which at least 80 per cent. of the Moslems of India are concentrated. In the Council of State a Parliamentary party was formed, with Sir Sankaran Nair, a veteran politician whose name is held in honour throughout India, as its leader, to co-operate with the Commission, and its members also met Sir John Simon. In spite, therefore, of the attitude of some of the better known Indian political leaders, the Commission had no reason to feel that its stay in Delhi had been wasted. An

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attempt has been made to make capital out of the refusal of the President of the Legislative Assembly to invite it to inspect the Assembly's building and attend its proceedings. The President himself allowed it to be understood that he would have done so had Sir John Simon called upon him. The incident is only mentioned here to assist the reader to appreciate the prevailing atmosphere.

From Delhi the Commission went to Madras, breaking their journey for a few days in Calcutta, and once away from Delhi, they found themselves able to get nearer to the realities of the situation. Those who have studied Indian post-Reforms politics will have realised that the Provincial Legislative Councils are far more truly representative of the masses than is the Legislative Assembly. The latter is, indeed, largely composed of lawyers who speak for urban interests, and the interests of the rural section, which is far and away the largest part of the total population, are very inadequately represented. The debates on Bills or motions to increase taxation to help the industrial interests in the big towns leave no doubt on this point. In the provinces, on the contrary, rural interests have a fair, in some provinces a predominating, share in the representation. Their grouping and their politics are different from those of the Legislative Assembly. In a word, the members of the Provincial Councils are far nearer the people than their colleagues in the Assembly are, for their attention is necessarily engrossed by practical problems, and their decisions may, and often do, produce immediate and obvious effects on the lives and welfare of the people whom they represent. The landed proprietor, the town merchant, and other persons of the same kind who have a stake in the country find a place in the Provincial Councils, whereas they are virtually excluded from the Legislative Assembly. It is, then, not surprising that of late years many of the men who count for most in their provinces have chosen to enter the Provincial Councils rather than the Legislative Assembly. Their names may

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not be as well known to the outside world as those of the giants of the Assembly, but if the latter ventured to stand against them for a local or district board—and that is the real test of influence in India—they would invariably suffer defeat. We may safely take it, then, that the voice of the Provincial Councils is more truly representative of the voice of the people of India than is that of the Legislative Assembly.

Again, in the provinces, it is quite impossible to reproduce the vitiated political atmosphere of New Delhi. In New Delhi, the population is entirely political and official. There are no commercial, industrial, landed or other classes with varied interests and points of view. As soon as they got away from Delhi, Sir John Simon and his colleagues at once came into touch with the representatives of all these classes. There is no need to describe their tour in detail; it is sufficient to chronicle its results. Wherever they went, they encountered a certain amount of organised demonstration. Black flags were displayed, bands of students and hired city loafers chanted "Simon go back," but there was a uniformity about the demonstrations which showed that there was nothing spontaneous in them. Both in Calcutta and in Madras, the Commissioners were warmly welcomed on their arrival by representative gatherings. They met leading men of all shades of political thought, except that of the Congress party, and prominent individuals from other branches of public life and from the business world. Almost from the time of their arrival in Delhi they made a practice of going out into the country, visiting villages and seeing rural conditions with their own eyes. In Madras their tour included visits to the *Mofassil*,* and their welcome was everywhere spontaneous.

But perhaps the Commission's greatest success was in the Punjab where, as in Madras, they visited *mofassil* towns as well as the provincial capital. In Lahore, it is true, they perhaps encountered more black flag bearers than anywhere else, but this had been arranged by bringing

* The *Mofassil* means the back country.

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in bands of Akali Sikhs from Amritsar. There was hardly any other sign of the boycott in the Punjab and the Commissioners had no difficulty in getting into contact with representatives of every side of the life of the province. But nowhere in the provinces did they find the artificial conditions of New Delhi reproduced and there was one fact which could not fail to have struck them wherever they went. The opposition in the Legislative Assembly is stereotyped. It will be the same at the end of the life of the present Assembly as it was after the elections in 1926. Personal ambitions and jealousies alter the grouping inside the main Opposition from time to time, but these internal changes have no effect on the division list. A full quarter of the House is occupied by members of the Congress party with its solid phalanx of Madrassis. How the Madras seats were captured and the way in which Congress money and organisation secured the party a larger representation in the Assembly than their real support in the country warranted has already been explained.* The same sort of thing is true of other branches of the Opposition. They were elected with no thought of the Statutory Commission. Their mandate was to withstand Mahomedan aggression, or to represent some business or commercial interest, or something of the kind. From time to time, individuals try to revolt, even in the Congress party, against the order which requires an attitude of automatic obstruction to government proposals, but a threat of exposure in the newspapers and the loss of their seats at the next election always brings them to heel, though the revolt over the Currency Bill last year was unusually determined, and this year again, the Opposition only defeated the Government on Lajpat Rai's boycotting motion after the application of severe disciplinary methods. In short, the Opposition vote is the same whether it is a question of the Commission, a Bill to give India a reserve bank, or a navy, or almost anything else.

* See THE ROUND TABLE, No. 66, March 1927, p. 316.

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In the Provincial Councils it is different. Changes of provincial opinion are readily reflected in the groupings in the Councils, and the Ministerial system at any rate gives life and meaning to party divisions. Members are, moreover, close to their constituents. Their doings mean more to them and are, therefore, more closely scrutinised than those of representatives in distant Delhi or Simla. The doings of the Legislative Assembly are far above the heads of the masses in the provinces, and thanks to its restricted franchise comparatively few people take an interest in what happens there. It is, therefore, to the Provincial Councils that we must look if we wish to study the effect on legislative bodies of changes in public opinion. Such changes can only make themselves felt on the Assembly once in three years when the general election takes place.

With these considerations in mind, it is interesting to compare the attitude of the central Legislature with that of the Provincial Councils to the Simon Commission. The Legislative Assembly, as is well known, accepted Lala Lajpat Rai's boycotting motion by a narrow majority of six votes. The voting was 68 to 62—curiously like the voting on the Currency Bill last year which was 68 to 65 in favour of the Government. The division on that occasion was the largest recorded and the division over the Commission is a close second. These numbers were reached by an intensive use of the whips on both sides, and voting went according to plan. That is to say, the Congress party voted solidly for the motion, the Nationalist party did the same with the single exception of Sir Hari Singh Gour, who was duly expelled from the party, and of the tiny handful of Independents who follow Mr. Jinnah when it suits them to do so, about half refrained from voting and the others voted for the motion. The non-party Mahomedans voted almost to a man against the motion and the nominated members did so, too, with one exception. It is worthy of note that only one of all the Mahomedan members from the Punjab, Bengal and Sind voted for the

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motion. Its uncompromising tone is known to have caused serious misgivings among many of the Opposition, and had the rank and file been allowed any say in the matter, it would have been considerably watered down. The Congress leaders, however, backed by Lajpat Rai and Pandit Madan Mohan Malaviya, crushed the doubters, if not their doubts, and the motion was carried. But the vote was not the end of the matter even for the Opposition, and ever since February 18 there have been signs of a tendency on the part of certain of its members to break away from tutelage.

The Council of State which represents the classes with the biggest stake in the country had no difficulty in passing a motion for co-operation with the Commission by thirteen votes. It is the fashion in certain quarters to decry the Council as an almost automatic register of the Government's decrees, but the fact remains that it represents a very important, solid and capable section of the population of India, and that it is a body which can be trusted to look at any question which comes before it in a spirit which is free from prejudice.

We now come to the Provincial Councils. Those of six of the nine major provinces have now declared their attitude, and three are in favour of co-operation and three against. The three which favour co-operation are the Punjab, Burma and Assam; the three against are the United Provinces, Madras and the Central Provinces. In the United Provinces co-operation was defeated by a single vote, the Mahomedan members being almost unanimous in its favour, and in Madras the co-operators lost by only a few votes. As far as can be seen, moreover, there is no doubt that the question will come up again in both these provinces, and that next time the co-operators will win. Certain political developments in Madras since the vote was taken have strengthened the Justice party, which appears to be now definitely on the side of co-operation. Three Councils have not yet come to a decision, but there

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is every prospect of Bengal and Bombay deciding for co-operation. The attitude of Bihar and Orissa is more doubtful, as the Congress party is still strong there. The Bengal Council would, however, undoubtedly have declared for co-operation in March but for an attack on the existing Ministry which absorbed the entire attention of Ministers and Council alike until it was too late for the subject to be brought up. The position, then, is that in all probability seven out of nine major provinces will, by next August, have declared for co-operation, and the attitude of the other two, Bihar and Orissa and the Central Provinces, both of them unimportant and backward compared with the Presidencies, the Punjab and the United Provinces, is doubtful. The following incident, before we leave this subject, shows how unrepresentative some of the Assembly members are of public sentiment in their provinces. Lala Rajpat Rai, one of the leaders of the Nationalist party, who moved the vote of no-confidence in the Commission in the Assembly, is a Punjabi, and it is often claimed that he represents the views of the Punjabi Hindus. He conducted a whirlwind campaign for the hartal a short time before the Commission landed, and also made strenuous appeals to the members of the Punjab Council to vote for the boycott. The result we know. There was no hartal—Lahore was actually decorated on February 3—and the Punjab Council decided to co-operate with the Commission without a division.

Such are some of the main features in the political situation. Mahomedan opinion is steadily crystallising in favour of co-operation, and Mr. Jinnah, the only Mahomedan politician of any standing who has taken a leading part in the boycott movement, is left practically by himself; Liberal and Moderate opinion in the provinces is moving in the same direction; the well-organised and numerous Justice party in Madras is, as already stated, practically committed; the depressed and lower classes are looking to the Commission for alleviation of their lot, and, finally,

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provincial public opinion seems, in so far as it is represented by the Provincial Councils, to be setting strongly towards it. Even the boycott leaders, although they are loudly refusing to co-operate personally, are taking care that their views shall be available. Innumerable newspaper articles and public speeches are being put about with an eye to their effect on the Commission. They have no intention of allowing their case to go by default. Some of them are preparing constitutions.

The conduct of these leaders indeed has not been confined to mere negative criticism. Within the past three months a notable attempt has been made to formulate constructive proposals for the future government of India. This attempt took the form of the so-called All Parties Conference, which met during February and March in New Delhi. It should be explained, however, that this title is misleading, for it was actually a conference of the Congress and Nationalist party leaders with the addition of one or two leading Liberals, Mr. Jinnah, and a few Non-co-operators and Khilafatists like Dr. Ansari and Mr. Muhammad Ali. The vast majority of Mahomedans were not represented, and the same is true of real Liberal opinion and important sections such as the depressed classes, the Anglo-Indians, Indian Christians, Europeans and others. In effect, it was a boycott council assembled for the purpose of giving a constructive answer to the charge that they had nothing but destructive criticism to offer. Their proceedings therefore are deserving of sympathy and respect, and it is a pity that they have resulted in a fiasco. The delegates resolved themselves into three divisions—the Congress party group, Mr. Jinnah's group representing the tiny fraction of Mahomedan boycotters, and the Hindu Mahasabha group. Discussion practically centred round the points raised at the meeting of Mahomedan representatives in Delhi on March 20 last year* *i.e.*, the conditions on which the Mahomedans would accept a joint electorate,

* See THE ROUND TABLE, No. 68, September 1927, p. 764.

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the most important of which was that Sind should become a separate province and the Reforms be extended to the North West Frontier Province and Baluchistan so as to make them too into real provinces. Sind, the North West Frontier Province, and Baluchistan would, of course, be Mahomedan, and, together with the Punjab and Bengal, this would give five provinces in which Mahomedans were in a majority, as compared with seven, if Burma be excluded, in which Hindus have a majority. The Congress party group and Mr. Jinnah and his friends were, there is little reason to doubt, prepared to agree to these terms. What force their agreement would have had is another matter, but they were ready to agree for the sake of getting the vital subject of the electorate settled. The Hindu Mahasabha group, however, set themselves like a rock against any such idea. Bad as the communal electorate was in their eyes, they preferred to put up with it indefinitely rather than to divide India permanently into a number of parts based on nothing better than communal interests and communal antagonisms. No amount of argument has been able to move them from this position, and they have re-affirmed it at the general annual meeting of the Hindu Mahasabha at Jubbulpore within the last ten days. On this vital point, therefore, no agreement is possible, and the All Parties Conference broke up after appointing a small sub-committee to meet at Bombay in May to go further into the electorate problem. This, of course, was only a way of admitting that the Conference had proved abortive—some of its leading spirits, indeed, will not even be in India when the sub-committee is due to begin its work. So the All Parties Conference has gone the same way as the Unity Conference of Mahatma Gandhi at the end of 1924, as Mr. Jinnah's united conference of last September, as Dr. Besant's Commonwealth Bill, and all the other attempts to find a solution for the problems of communal and local antagonism. There is no doubt that this Conference's experiences have caused much searching

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of heart among patriotic Indians, who cannot help feeling that, after all, an impartial tribunal like the Commission, which, in spite of its detached character, has a vital and abiding interest in a satisfactory solution, may perhaps discover a way out which has hitherto eluded Indian politicians, distracted by the din and dust of communal strife.

On the whole, then, the situation, though it cannot be regarded as really satisfactory while so many influential All-India politicians refuse to have any direct dealings with the Commission, is more promising than it was at the beginning of the year. The Congress party—at any rate its leaders—are irreconcilable. But the leaders of the other parties, the Nationalists, the Responsivists, and the Liberals, have repeatedly declared that they will be satisfied if the Committee of the central Legislature which is to co-operate with the Commission is given equal status and functions with the Commission. It is not easy to understand exactly what they mean by equal status and functions, but, as far as can be gathered, it seems to be that the Indian Committee should have full power to cross-examine witnesses, to hear all the evidence either in public or in camera, and to present its own report to Parliament. A perusal of Sir John Simon's letter of February 6 leads to the conclusion that no difficulty would arise in practice on these points once personal touch and mutual confidence had been established between him and the Committee. Shortly before he left India he explained the position with regard to reports prepared by the provincial committees, which are to co-operate with the Commission. This announcement has undoubtedly given great satisfaction in the provinces and has shown that the Commission is not going to boggle at any reasonable concession which can be made to increase the status and effectiveness of the Indian committees which are to be associated with it.

The months between now and October, when the Commission returns, are sure to be anxious but they may not

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be disappointing. The situation cannot become satisfactory until some of the more moderate leaders of political opinion leave the ranks of the boycotters, but the force of the boycott movement is, it can be said with confidence, subsiding. Attempts will be made and are being made by extremists to rouse public opinion against the Government, and it may be that they will meet with some success ; but the fact remains indisputable that the Indian masses are not taking the Commission to heart, and if certain politicians could only bring themselves to meet Sir John Simon half-way and to establish personal relations and to work with him, the results of the Commission's labours ought to be, and in all human probability will be, a triumphant success.

II. THE DELHI SESSION

THERE is not much to say about the last Delhi session. Interest centred on the Commission with a secondary pivotal point in the Reserve Bank, though the Bill to establish an Indian Royal Navy was also an important feature. But over everything hung the cloud of angry feeling left by the agitation against the Commission, and in this cloud the other matters were smothered. The scheme for the Reserve Bank which Sir Basil Blackett put forward after his return from London was a version of the original shareholder scheme, modified wherever possible to meet legitimate criticism advanced in the debate last September. In an ordinary session it would certainly have passed and have crowned Sir Basil Blackett's work for India. As it was, he did not get a fair hearing and the voting was automatic, the Opposition going solidly into the lobby against the Government. The Bill was finally defeated in a peculiarly wanton way. After a series of divisions had been won on one of the most important clauses, the motion that the clause stand part of the Bill was rejected in a snap division. With the ranks of the Opposition swelling every

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day as more members came up, it was obviously impossible to proceed with the Bill. The speeches made after the decision to drop the Bill had been announced showed that all parties recognised that one of the most important constructive measures ever submitted to the Legislative Assembly had been thoughtlessly rejected to further a political vendetta. The same can be said of the Navy Bill. It never had a chance and also fell a victim to the feeling against the Commission.

The only other point that calls for mention is the behaviour of the Congress party. At the Congress meeting held last December in Madras, a resolution was adopted urging the party to abstain from taking part in the work of the different legislative bodies throughout the country. Yet its members, notwithstanding this resolution, sat practically continuously throughout the session of the Assembly, and those of the Provincial Councils. Could there be any more cogent proof that the legislatures are stronger and more important than the National Congress?

The conclusion of the Delhi session brought to an end Sir Basil Blackett's work in India, the permanent value of which, notwithstanding the continuous antagonism of a small section mostly from Bombay, is generally recognised. It is not possible in this article to attempt an estimate of his services. We must be content with saying that they are one of the outstanding features in Indian post-Reforms history.

India,
April 1928.

GREAT BRITAIN : MAINLY THE BUDGET

I. POLITICAL

THE dominating subject of the quarter under review is of course Mr. Churchill's fourth budget. It is not too much to say that it has profoundly modified the aspect of the general situation, and it may lead to wholly new and unexpected developments. Until its introduction the political world seemed wrapt in the strange calm which has been the characteristic feature of the last two years, and which may be interpreted in different ways. To some it appeared that the Parliamentary system was losing its hold upon the interest of our people. To others it seemed the lull before the storm.

Certainly, the political events of the quarter have not been otherwise exciting. Nor have the bye-elections been exhilarating. After the mild flutter over Lancaster—which may perhaps rather be described as a triumph for Mr. Lloyd George than for Liberalism—Ilford, Middlesbrough, Linlithgow, Hanley, and Marylebone have all turned out much as people expected. The Labour candidate gained Linlithgow, as he was bound to do, since the late member clearly owed his election in 1924 to Liberal support. The Liberal candidate received, indeed, almost exactly the number of votes which constituted the decrease in the Conservative poll; the Labour vote remained stationary. At Middlesbrough, the retention of the seat

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for Liberalism was largely due to a really strong and able candidate and was a considerable disappointment for Labour. At St. Ives, Mrs. Runciman won back an old Liberal seat from the Conservatives, with Labour at the bottom of the poll. At Marylebone, Sir Rennell Rodd was returned with a comfortable majority, although very much below Sir Douglas Hogg's. Generally speaking, therefore, the bye-elections reflect the recent tendency, and the Labour vote does not seem to be growing substantially. The Conservative strength is waning, and clearly cannot again reach the high-water mark of 1924. The Liberal revival is real, and the Liberal party has definitely gained a great deal of ground which would, in the opinion of many shrewd observers, have been occupied in strength by the Labour Opposition had it been more skilfully conducted. Nevertheless, the political world has continued strangely apathetic, and no great question seemed likely to be thrown into the arena for at least a year. The Franchise Bill had passed nearly all its stages practically without opposition. The Agricultural Credits Bill is just about to be introduced and does not seem likely to provoke any great degree of conflict.

Into this peaceful situation, Mr. Churchill has thrown a veritable bombshell of a budget. Not since Mr. Lloyd George's famous budget of 1909 has there been a series of legislative and administrative proposals which have seemed so likely, apart from their purely financial aspect, to provoke long and possibly acrimonious controversy. For though this budget does not challenge any great vested interests in the provocative manner of the budget of 1909, yet it practically involves the complete reorganisation of internal government and a serious re-orientation of the fiscal system. In a sketch of this kind, it is only possible to make the briefest reference to these subjects. Each of them would require a special article to itself.

The scheme for the total "disrating" of agricultural land and for the "disrating" of all productive industry up

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to three-quarters of its present charges is a serious attempt so to alter the burdens of local taxation as to give a new chance to the depressed trades, which are in fact those basic trades on which the prosperity of the nation fundamentally rests. It is a bold plan, and by it the Conservative party, with an unexpected effort, again seizes the initiative after many months of inactivity. But the scheme will have powerful critics, and formidable lines of opposition will undoubtedly show themselves as the situation develops. The immediate response of the press and the public has, on the whole, proved favourable. But there are serious dangers for a Conservative party which tries its hand at radical reforms; and these dangers grow with every month that follows the initial launching of such a scheme, even though it may have dazzled critics into temporary acquiescence.

Moreover, the Liberal party, which has made a particular study of rating reform problems, and expounded its views, will not allow itself to be outwitted by Mr. Churchill without an effort. Already the keen instinct of Mr. Lloyd George has scented out the weak spots. First, the alleviation is not to become effective till October 1929; secondly, the prosperous industry is to benefit equally with the depressed, while the middleman and the labourer are to have no direct advantage at all. Those powerful forces, the shop-keeper and the artisan, may easily become exasperated and alarmed at what may seem to them an unjust policy.

At all events, the questions raised are likely to make our politics more interesting in the immediate future. And the further implications of the Government's policy will be equally far-reaching. In order to provide a satisfactory system by which the Treasury can reimburse Local Authorities for the loss which they will suffer by the "disrating" of agriculture and industry, it becomes necessary to remodel the whole of our system of local government. Larger areas will absorb smaller areas; many minor authorities will disappear; and the adminis-

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tration of the Poor Law will be profoundly modified if not completely changed. It is easy to see that such ambitious plans carry with them corresponding dangers. A Conservative Government embarking on such a policy in the last year of a Parliament is indeed breaking all precedents. It might equally be broken itself in the attempt.

So far, as is natural, the attention of the public and of Parliament has been directed to the preliminary financial aspect of the scheme. The reform of local government and the new Valuation Bill will hold the central place a little later on. Already the Government have been forced to an important concession. Included in the proposed tax on oils, which is to be the main financial buttress for this new and large expenditure (£29 millions a year), was a tax on kerosene. But opinion in agricultural areas, where kerosene is the main source of lighting in the cottage home, and an important source of heating as well, made it necessary for Mr. Churchill to withdraw the tax before discussion had even begun in Parliament. Although it is true that he effected this manœuvre in a remarkably adroit manner, so far as Parliamentary technique goes, the incident was an undoubted blow to the Government's prestige, which was not increased by a series of blunders committed by the front bench the next day, during the Chancellor's absence through indisposition.

Other aspects of the budget policy will become more prominent at a later stage. The problem of the so-called "necessitous areas" will be raised by all parties. The Socialist and Liberal plans for the nationalisation of the burden of relieving the able-bodied unemployed will be brought forward to rival Mr. Neville Chamberlain's proposal to use the weapon of the "block-grant" as a flexible instrument, quinquennially assessed in accordance with a formula which is to take due account of the character and conditions of the population for which each Local Authority is responsible. The whole question of Poor Law administration will be raised *de novo*. It will be difficult to avoid a

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review of our system of social insurance, at least so far as unemployment is concerned. Altogether, Mr. Churchill has given keen politicians much to be thankful for.

The effects for the nation are likely to be wholly good. In the first place, it is common ground between all parties that the rating system is obsolete, and must be dealt with, and any alleviation of burdens will have an encouraging result so far as industry is concerned. Secondly, the questions raised are practical and pressing. The tendency will be, on all sides, to leave the heady verbiage of theory and rhetoric in order to concentrate on these definite problems and to find the right solution for each as it comes under the review of Parliament. Thirdly, the concentration of political interest on them will probably prove equally destructive to the electoral chances of "Socialism," and "Protection" in their more extreme form.

Certain other proposals in the budget have also received a good deal of attention. The tax on petrol, now that paraffin and kerosene are free, seems unlikely to be deeply resented, in view of the low price of the commodity, though, if the price should rise much in the future, a sense of grievance might become acute. The very substantial advantage given to married persons with children will mean a real easing of economic conditions for the income-tax payer of moderate income, and be generally welcomed. It is recognised that this section of the community is peculiarly deserving of relief. A change in the form of the national accounts has also been well received. The Road Fund and Post Office receipts are now shown as "net" and no longer as "gross" amounts, thereby making the budget total a less misleading figure.

Finally, since this budget is full of novel and debatable proposals, there are two financial questions which will arouse deep interest among economists as well as others. The first deals with the question of the interest and sinking fund of the national debt. Mr. Churchill intends to fix the total debt charge for the future at £355 million annually.

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Of this sum, for the present year, about £51 million represents the allowance for sinking fund (to be raised by a special windfall to £65 million) and £304 million is the estimated cost of interest. With a fixed annual sum for both interest and repayment the amount available for the repayment of debt, in proportion as the fund operates to reduce debt, will become annually larger, owing to the steadily falling requirements for interest. This plan, which Mr. Churchill rather optimistically expects to effect the total extinction of the national debt in fifty years, has met with a good deal of adverse criticism. Certain complicated transactions which are involved with regard to the provision for interest on War Savings Certificates and the destination of the currency note reserve have been characterised by some of his opponents as "financial wangles." Moreover, the allocation of last year's surplus to the fund which is being built up to finance the new rating proposals, instead of to the sinking fund, has roused considerable opposition in the city. Indeed, this part of the budget, although very ably defended in the House by Sir Laming Worthington-Evans, in a speech which made a great impression, has caused a good many doubts among the experts.

The second purely financial proposal is of equal interest. It was announced in the budget speech that arrangements would be made for the transfer of the Treasury note issue to the Bank of England. The Bill which is to give effect to this proposal would fix the fiduciary issue at £260 million, a figure reached by deducting from the 1927 figure, £264,685,000, the estimated amount of currency notes in the Irish Free State (£6 million) which proposes to replace British notes with its own, and by rounding off the figure, £258.69 million, arrived at in this way. At present the Treasury can increase the issue without any alteration in the law. Under the new Bill, variations may be made at the instance of the Bank, but only with the concurrence of the Treasury, an arrangement which critics are inclined to

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contrast with the complete freedom from State control which our financial authorities have insisted upon for central banks abroad. Variations upwards cannot, under the Bill, be authorised for more than six months at a time, and they cannot be renewed without the direct authority of Parliament to cover a total period of more than two years. For variations downwards the Treasury can impose limits as to extent and period. The Bank is required to hold securities in the issue department sufficient to cover the fiduciary issue.

The publication of this Bill was the signal for controversy. It is impossible here to do more than indicate the main lines which it has followed. It has gone far beyond the actual proposals. Discussion in Parliament at the second reading, indeed, ranged over the whole field covered by the Genoa resolutions.* Many people who have no desire whatever to nationalise the Bank would welcome an enquiry into its constitution and methods, which they consider are no longer sufficiently up to date for this post-war world of ours. Others are against any enquiry, or would, at all events, limit it to the currency question. As for the Bank, the very fact that it has been functioning under the Bank Act for over eighty years is a proof to many that no fundamental change of principle is required. "It may," Sir Hilton Young put it, "be theoretically hard to defend," but, "like so many institutions in this country, it is an illustration of the practical genius of this people, which gives us exactly the institution which we want." No one quarrels with the principle of transferring the note issue to the Bank; but some of those who want an enquiry would postpone the Bill till it has taken place, while others would be content with one later on. For the latter the Bill would be a step. As regards its actual terms, the crucial point, of course, is the question of elasticity. Is there enough give in its restrictions to meet not only exceptional crises, but also the usual seasonal and market fluctuations,

* See THE ROUND TABLE, No. 47, June 1922, p. 482.

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and the ordinary expansion of trade? There were doubts on this point which were not confined to unfriendly critics. Sir Hilton Young asked what was the meaning of the machinery. Some of the provisions seemed to him "cumbersome" if intended to be used for "seasonal expansions." Mr. Keynes thinks* it "no longer reasonable to provide that the amount of gold available for the . . . purpose (*i.e.*, of meeting the fluctuations in our international account) should depend on the amount of notes required" as a backing for the internal note issue. He makes a suggestion that the fiduciary issue should be substantially increased, say, to £300 million. In other words, his proposal is that the reserve against the note issue, *i.e.*, the amount locked away in the issue department, should be limited to £75 million, leaving £85 million as the Bank's actual reserve for use in our international banking business. The effect of this would be to reduce the reserve against our note issue considerably below the percentage at present considered desirable throughout the world, while it would give the banking department of the Bank a much higher reserve than has hitherto been thought necessary. Elasticity is so important, however, that proposals calculated to secure it demand consideration, and Mr. Keynes's suggestion should clearly be carefully examined.

For the other political events of the quarter a bare reference must suffice. The death of Lord Oxford and Asquith removes a revered and noble figure, and fitting tributes to his memory were made in both Houses of Parliament at the opening of the new session. The request of the railway companies for permission to operate road transport in view of the increasing competition from this quarter was favourably received by the House of Commons, and the Bill promoted by the companies was accorded a second reading. How far this problem will be affected by the Government's decision to include railways in the scheme

* See *The Times*, May 12, 1928.

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for rating relief is not yet apparent. It has been agreed that the full amount of the relief (between four and five million pounds) is to be passed on to the public in the shape of reductions in freight charges. A brief resurrection into the political limelight of the "Zinovieff letter" was followed by the rapid disappearance of this somewhat insipid controversy into the limbo of even deeper obscurity. A foolish quarrel between three distinguished naval officers, followed by public courts-martial, pained, but did not excite public opinion. The removal of the "Stevenson" scheme of restriction of the production of rubber caused a good deal of heart-searching, but no surprise, as such a decision had long been regarded as inevitable. The extension of the Parliamentary franchise to a class of persons popularly, but inaccurately, described as "flappers" has produced, in spite of the frantic efforts of a section of the press, no noticeable display of alarm or satisfaction. In a word, political questions seemed to have receded a little from the foreground. The budget has, however, now raised problems of such exceptional importance that there is a general feeling that all parties should, as far as may be, combine in a sustained and single-hearted effort to solve them.

II. INDUSTRIAL AND ECONOMIC

THE malady of the coal trade has continued to engage the attention of the public, and the future is still very uncertain. Employment is falling, and must continue to fall, if the industry is to be conducted on economic lines. The growth of amalgamation and the formation of selling organisations in several districts will hasten the process of weeding out uneconomic pits and reducing surplus labour. At present the results of the South Wales marketing pool have been disappointing, and this is also true of the Midlands scheme. But it is too early to judge, and future efforts may prove more encouraging. The Scottish

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coal-owners have adopted a similar plan. Indeed, these particular recommendations of the Samuel Commission are being followed in district after district by voluntary agreement among the owners.

Meanwhile, distress is growing in the mining areas, and is at last forcing itself upon the notice and the conscience of the nation. The Industrial Transference Board has made no public report, and is not expected to do so. But it is understood that Sir Warren Fisher and his colleagues have made a very thorough study of the conditions, and it is expected that they will have some definite recommendations to put before the Government. A voluntary fund, instituted by the Lord Mayor of London, will be available for general relief purposes. This fund has already reached some £80,000; but the problem of providing alternative employment for unemployed miners is one of extreme difficulty.

The negotiations in the cotton dispute* have broken down over the question of a reduction in wages, and the spinners are again considering whether they should give the month's notice necessary for a lock-out. To complicate the general situation still further, the operatives in the finishing trade for cotton and wool have threatened to strike unless collective piece-work is enforced, or time-work rates brought up to the level of piece-work as from June 1.

The demand for an increase of wages in the engineering trade has been refused. Small advances were conceded by the shipbuilders, but their operatives are still apparently dissatisfied.† In industry generally there are over 100,000 more unemployed than there were this time last year.

The "Mond" conference is continuing its work, and there are strong hopes that definite results may be achieved. It has already sent a joint memorandum to the Chancellor of the Exchequer on the question of the gold reserve

* For further details, see THE ROUND TABLE, No. 70, March, 1928, p. 362.

† For a further reference to these disputes, see THE ROUND TABLE, No. 70, March, 1928, pp. 363, 364.

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and credit problems. It is certainly setting about its work in a businesslike manner, and has appointed sub-committees to study in detail special aspects of the general problem. The trade union movement is showing in other ways a practical recognition of the facts of the situation, and the Communist element is, wherever possible, being eradicated in its councils.

Perhaps the most interesting event of the quarter, however, on the economic side was the announcement in March of the formation of a new Anglo-American corporation, called "The Finance Company of Great Britain and America." This institution, which has been registered as a private company with a nominal capital of £2,040,000, has for its object the provision of "facilities for commercial and industrial financing in the British Empire, Europe, and the United States in co-operation between English and American interests, and it will develop contracts for the purpose of international industrial development." The project is sponsored by Sir Alfred Mond, chairman of Imperial Chemical Industries, Limited, and Mr. Albert H. Wiggin, president of the Chase National Bank and Chase Securities Corporation. The capital is equally held between these two undertakings, and it will be readily understood that very large resources will be available to finance any schemes which the new company may think fit to support. The general idea is to provide capital for the development either of new or already established industries, partly by way of amalgamation and reorganisation and partly by way of fresh schemes. It is believed that there is room for an enterprise which would be prepared to take greater risks and obligations than the banks are able or willing to do, and which would have at its service a large number of expert technicians to advise and direct operations. Incidentally, the scheme provides an interesting example of the changes which are taking place in the character of "Capitalism," and the flexibility and adaptability of that system to novel conditions; but it would

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appear to be something of a reflection on the great English banks that Sir Alfred Mond had to go to America for the co-operation he required.

III. THE PRAYER-BOOK.

THE proposed revision of the Prayer-book was fully dealt with in our last number, and the situation has undergone no radical change since. The alterations made by the bishops in the deposited book after its rejection, and the proposals of the lower Houses of the Church Assembly have already been described.* A few further modifications were made as a result of these proposals, but the amendments in their final form, though not unimportant, as their effect on Protestant and Anglo-Catholic opinion shows, remain small. The deposited book, when it comes before Parliament next month, will in substance be what it was before.

None the less, the ecclesiastical and political situation has been considerably modified since the rejection of the book by the House of Commons. Curiously enough, the changes have been somewhat contradictory. While opinion in the Church itself has become more divided, opinion in the House of Commons, as far as can be ascertained, seems not unlikely to be more favourable. In the course of the passage of the measure through the Church Assembly and the Convocations, the dissenting party has grown larger. The bishops who are in opposition now number six, as against four before. The number of clergy who voted against the final form has risen from 39 to 57, while its supporters have fallen from 253 to 183. Its lay opponents on each occasion were 92; but its lay supporters have been reduced from 230 to 181. It will thus be seen that in the Assembly, which met at the end of April, there was more abstention and also more opposition than there was in February. The Anglo-Catholic party has become

* See *THE ROUND TABLE*, No. 70, March 1928, pp. 358-9.

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more hostile and the changed attitude of such leading members of the party as the Bishop of Truro, one of the foremost scholars of the Church, and Dr. Darwell Stone, has undoubtedly influenced many others. Nor have the extreme Protestants been conciliated. The Evangelical dissentients still constitute a formidable body of ecclesiastical opposition, and their doubts and suspicions have not been removed by the amendments. The same fears still haunt their minds.

But in Parliament there would seem to be a somewhat different reaction. The growth of Anglo-Catholic opposition will certainly help the measure in the House of Commons, which has clearly shown its dislike of sacerdotalism and sacramentalism. There is no doubt that one of the most potent arguments against the book was the support of the suspected "Romanisers." Moreover, members of Parliament are beginning to look with genuine alarm at the possible consequences of a second rejection. Most of those who have no strong views either way are mainly anxious to avoid the intrusion of a religious controversy into politics, and the shadow of the general election intensifies this feeling. The prospect of questions at the hustings about the most sacred mysteries of Christianity repels the ordinary English mind. Nor is the idea of an earnest campaign in favour of disestablishment attractive to anybody except those who stand to gain from fishing in troubled waters. For all these reasons, many observers believe that the verdict of the House of Commons may be more favourable in June than it was in December.

On the other hand, it is not improbable that the House will resent the apparent challenge of the archbishops and bishops, and it may see in the immediate re-introduction of the measure an insult to its own prestige. Members of Parliament, too, are very susceptible to pressure from their constituents, and may hesitate to go against the undoubtedly strong feeling that exists in many parts of the country. The Free Church members may also be less favourable

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than on the last occasion, when not a few of them voted for the deposited book. Moreover, an opinion has lately been growing in many quarters that the bishops would have been wiser to have delayed a little longer, in spite of all the obvious objections to this course.

Altogether it is a baffling and obscure situation which cannot afford satisfaction to anyone who cares deeply for the welfare of the Church. No one, indeed, whatever his personal views, can look forward to the next occasion when Parliament will be called upon to deal with the matter without anxiety.

IRELAND : EVENTS IN THE FREE STATE

I. POLITICAL

THE stock argument of the Republican intelligentsia against the Dominion status of the Free State has always been that England would never permit us to exercise the same freedom of action as was permissible to a Dominion on the other side of the globe. Recent events have helped to prove the utter futility of this reasoning. The Treaty defines our position in relation to the Imperial Government to be that of Canada, but we have made our own precedents. We appointed an ambassador to Washington, and Canada followed suit. She now proposes to send Ministers to Paris and Tokio. We have asserted the right to select one of our own citizens as Governor-General, and we have made him the personal representative of the Sovereign and not the watch-dog of Downing Street. South Africa is, it would seem, about to follow our example. Kevin O'Higgins said just before the last Imperial Conference that "the British Empire of Queen Victoria and John Mitchel is as dead as that great queen and that great statesman," and even Mr. Amery, that past apostle of federal control, now frankly admits that no nation which joins the British Commonwealth is called upon "to forego one shred of its national independence," and that its management must be conducted on the principle of "the fullest measure of voluntary co-operation amongst its free responsible Governments." This in reality is Mr. de

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Valera's, or rather poor Erskine Childers', policy of "external association," but he has apparently disowned his own child because it has been reared by Mr. Cosgrave. He cannot be brought to admit that anything good can come out of the Treaty, even when it blossoms into a new edition of Document No. 2. But even Mr. de Valera can hardly deny the authority of General Hertzog to speak on this question, or his recent statement that "each Dominion was the sole judge as to the extent of its co-operation with the Empire." Mr. Blythe, the Vice-President of the Free State Executive Council and Finance Minister, made the position of our present Government perfectly clear when he stated last March in the Dail:

With regard to whether we aim at establishing an Irish Republic: we do not. We believe that this country within the British Commonwealth of Nations can enjoy greater freedom and security than outside it. Our policy within the Commonwealth is really to remove anomalies that exist in the relations of the different members. Several anomalies have been removed mainly as the result of our efforts, and we believe other anomalies can be removed.

This candid statement finally disposes of the dishonest suggestion that the Treaty was being used by the Government as a mere stepping-stone to a republic. The agreement of the British and Irish Governments concerning the recent Wigg-Cochrane decision of the Judicial Committee of the Privy Council illustrates in action this policy of removing anomalies. There is no appeal "as of right" to the Privy Council under the Irish Constitution; Article 66 of the Treaty provides for a very different thing—appeal "by special leave" from the decisions of the Supreme Court alone, in this following the South African rather than the Canadian precedent. The Wigg-Cochrane case concerned the amount of compensation to be given to transferred civil servants on retiring, and had its roots in the Treaty. This raised a grave public issue, in which leave to appeal could not be refused. The case itself raised a serious conflict of judicial opinion in the Free

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State, Mr. Justice Meredith, of the High Court, having decided in favour of the civil servants and the Supreme Court against them. The Privy Council Committee reversed the Supreme Court and upheld Mr. Justice Meredith. The British and Irish Governments have now agreed that the Committee's interpretation of Article 10 of the Treaty goes beyond the intentions of the framers, and will introduce legislation accordingly. This is a satisfactory solution of an unsatisfactory situation, for whilst it is clear that any ordinary decision of the Privy Council can be avoided by legislation in the Dominion concerned, very different considerations would arise on the unilateral avoidance of a decision which purported to interpret an article in a treaty. Such an avoidance would have raised constitutional and political issues of the utmost gravity. The manner in which this serious question has been handled proves that the system of "communication between Governments" recommended by the last Imperial Conference is the best method of solving such difficulties.

Even Mr. de Valera seems to be prepared to follow this road, if one may judge from his statement in Boston last February during his American visit when, discussing the question of what would happen in the event of a Fianna Fail victory, he stated that "the Republicans would inherit the Treaty with England and would have to do the best they could to change it. There would be peaceful negotiation, and it would not mean civil war." His speeches since his return have been pitched in the same minor key. The debate in the Dail on the Labour motion to restore to old age pensioners the shilling which was taken from them in 1924 gave Fianna Fail its best chance of defeating the Government, but Mr. Blythe retained the votes of the Independent members by an amendment which restores the shilling to the poorer pensioners only. The debate revealed that whilst Labour was prepared boldly to increase taxation to provide the money, Fianna Fail advanced its usual nostrums for all financial ills, namely,

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reduction of official salaries, repudiation of the financial agreement with England, and the virtual abolition of the army and the civic guard. Mr. de Valera advocated not only pensions for the needy, but for everyone over seventy years of age who desired them. Mr. Johnston, the ex-leader of the Labour party, has since pointed out, in a powerful letter, that it is impossible to reconcile Fianna Fail's programme for the reduction of taxation with its projects for social reform. If Mr. de Valera's mission, as he recently informed *The Manchester Guardian*, is to free Ireland from the domination of her grosser appetites and induce a mood of spiritual exaltation by a return to Spartan standards, why is it necessary to compete with Great Britain in expensive social legislation which we cannot afford or finance? On the whole, Fianna Fail, as a party, has achieved little to increase its prestige since it entered the Dail. It has done its best to antagonise both Labour and the Independent members, and individual members have shown not only an ignorance of parliamentary procedure, which was to be expected, but a lack of ordinary courtesy, which is to be deplored. The recent discovery of arms in London and the attempted murder of a detective in Dublin indicate that the extremists are far from dormant. Small in numbers, but irreconcilable in spirit, the tail still wags the dog. It is, perhaps, the realisation of this fact which has prevented the Irish business community from subscribing the £100,000 towards the projected Republican daily newspaper, which Fianna Fail's Irish American supporters wisely made a condition precedent to their own subscriptions.

As anticipated,* a joint committee of the Dail and Senate has been set up to report on the method of electing the Senate. They have already held several meetings, and it is understood they have decided by a small majority against a continuance of the present system of popular election and in favour of setting up a body representative

* See THE ROUND TABLE, No. 70, March, 1928, p. 369 et seq.

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of labour, agriculture, the professions, commerce, and the local government councils to nominate a panel of candidates. So far, however, there is agreement only on the principle; a workable scheme remains to be devised. The selection of a satisfactory panel of candidates is the real crux of the problem. If this is really representative and of high standard, the Senate cannot be turned into a haven of refuge for second-class retired politicians. Fianna Fail is believed to favour nomination by the two Houses and election by members of the Dail only. In any event, the present impossible system of election with the whole State as one constituency seems to be doomed.

The local government elections are due to take place in June, and the Cumann na nGaedheal, or Government party, has directed its organisation to support suitable persons pledged to work for efficient, progressive, and economical local administration. Unfortunately, owing to our abnormal political struggle, all Irish parties in the past used the local boards as political instruments, with the result that the cloak of national politics was used to cover a multitude of local jobs and the worst kind of mismanagement. Now that the Dublin and Cork Corporations have been replaced by paid commissioners, one has to look across the Boyne to find at Belfast a classic example of a municipality dominated by party politics with disastrous results. It is to be hoped that at the forthcoming elections there will be sufficient independent candidates elected to rid local bodies of party politics. The fact that the appointment of paid commissioners, an admittedly temporary measure, has been welcomed rather than resented by the citizens shows how far apathy and disgust at the old methods have entered into our souls. A more hopeful sign is the recent attempt of the Cork citizens to formulate a new plan of city government on the American city manager model which, it is believed, will be sponsored by the Minister for Local Government. Without active co-operation and interest on the part of the citizens, no real advance in local

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government is possible. The most perfect local government machine, unless backed by an active and intelligent electorate, is like a motor car without petrol, it won't work.

The result of the recent North Dublin election proves that electoral apathy is not confined to local government elections. The election arose through the disqualification of Mr. James Larkin, the famous Labour leader, who is an undischarged bankrupt, and the candidates were Mr. Vincent Rice, K.C. (Government), Mrs. Clarke (Fianna Fail), and Mr. Larkin (Labour). Mr. Rice was elected on the first count by a small majority over both the other candidates combined, and by a large majority over Fianna Fail, but although the election was of great importance, owing to the slender majority of the Government, some 52,000 electors neglected to vote. The truth is that the electors are thoroughly sick of the interminable disputes as to who started the civil war in 1922, and the acrimonious accusations arising therefrom, with which the Dail has re-echoed during the last few months, and are naturally disposed to say "a curse on both your houses." Unfortunately, our politics are deteriorating into a mere party game in which tricks and fireworks are placed before national interests. A good example of this tendency is to be found in Mr. Cosgrave's failure to visit Mr. Henry Ford whilst in America. No doubt his call on Big Bill Thompson at Chicago was more likely to please certain political elements in America, but he should not have forgotten that Mr. Ford is the only Irish American who has backed his faith in Ireland to the tune of a million and a half sterling, sunk in an Irish factory. It is also obvious from Mr. Ford's candid comments on the absurd tariff on motor cars between the Free State and Great Britain that a conversation between himself and Mr. Cosgrave would have had valuable results for the Free State. It is possible that the growing body of opinion which is sick of both our big political parties will eventually find an effective voice of its own. If it does, it will be all to the good.

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Mr. Blythe's budget, compared with Mr. Churchill's, is neither spectacular nor sensational. His problem was to raise a net sum of £24,062,663 in order to balance the national accounts at the end of the year. On the existing basis of taxation tax revenue will produce £19,650,000 and non-tax revenue £3,513,860—a total of £23,163,860. This sum includes an estimate of £500,000 as profit from the new token coinage, but Mr. Blythe has wisely decided to regard half of this sum as abnormal. The maximum revenue from all sources is therefore estimated at £22,913,860, leaving a deficit of £1,148,803 to be made good. Mr. Blythe proposes to raise a great portion of this sum from sources that will yield revenue for one year only, as Mr. Churchill did last year. The speedy collection of arrears of income tax is estimated to produce £250,000; income tax under Schedule A is to be paid in one instead of two instalments, bringing in £150,000; and finally brewers' credits are to be shortened from three to two months, producing £300,000. The yield from these three sources is expected to produce £700,000 this year, leaving £449,000 to be raised by fresh taxation. For this purpose Mr. Blythe proposes to extend the existing McKenna duties to all commercial vehicles and tyres, to levy an additional tax of one farthing per pound on sugar, and to increase the minimum charge for ordinary telegrams from one shilling to one shilling and six pence. These three items are estimated to produce £466,000, leaving Mr. Blythe with a balance on the right side of £17,000. The measures of relief are negligible. The entertainment tax on race meetings is abolished for the purpose of encouraging horse-breeding. The amount involved is £9,000, and it is difficult to see how this, spread out over our excessive number of racecourses, a relic of more happy-go-lucky and prosperous days, can be of much use. The remission of the import duty on medicine bottles has its amusing side, this tariff, which was imposed to aid our bottle-making industry, being removed, even without a reference to the Tariff

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Commission, on the joint application of the Irish glass bottle manufactory and the users of the medicine bottles, it being impossible to manufacture these bottles economically in the Free State. The corporation profits tax is to be increased in respect of foreign companies operating in the Free State, and a change is made in the law relating to the aggregation of estates for the levy of estate duty. Mr. Blythe justifiably boasted that our credit is now such that we can borrow in the international money market on terms of which no country need be ashamed, and pointed out that we must contrive so to regulate our taxation and expenditure as to maintain the confidence of onlookers in the stability of the State and in the probity of its parliament and government ; for on that confidence our credit depends, and on our credit depends whether schemes of development can, or can not, be economically carried out. He estimated the total dead weight debt of the Free State as nearly £20,000,000. In spite of the persistent agitation of the liquor trade, exercised through political pressure and a newspaper advertisement campaign, he refused to reduce the liquor duties, because the increased burden on necessities or in the form of direct taxation, which would have resulted, did not appear to be justifiable, and might easily defeat its own purpose. He stated that the average income tax returns indicated that the long-looked-for improvement in general economic conditions had indubitably begun. Under present conditions it is obvious that any new service of importance will definitely entail increased taxation. In future, reductions of taxation will only be possible if a great economic recovery swells the yield of revenue, or if alterations of policy are approved which make possible very substantial economies. Mr. Blythe rightly pointed out that small economies, such as do not depend on policy, cannot be expected to do more in the aggregate than to supply the funds for those new services that will be necessary, even with the most rigid economy. It cannot be emphasized too strongly that retrenchment which will be

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worth anything depends on policy, and, above all, on refusal to enter on new fields of expenditure. Few people who clamorously demand increased State activity realize that it is really a demand for increased taxation. As Mr. Blythe wittily remarked, there has been an airy idea abroad that if the buttons on the Civic Guards' tunics were reduced from five to four there would be lashings of money for everything. As regards 1929-30 he pointed out that the abnormal arrears of income tax will then be completely exhausted and that retrenchment on a considerable scale, coupled with an improvement in the yield of taxation, will be required to avoid the necessity of new imposts in the following year. The other side of the picture was that trade was definitely, if slowly, improving, and there was every reason to believe that if we only kept a rein on public expenditure, whilst continuing with undiminished vigour State activity of a productive kind, the rate of improvement might be definitely speeded up. Disappointment will be felt in the south that nothing has been done to form a customs union with Great Britain for the purpose of motor car taxation, and thus help the export of cars and parts from Mr. Ford's Cork factory, but Mr. Blythe stated in the budget debate that this matter was under the active consideration of the Cabinet at the moment. Whether they will have the courage to face the loss of revenue involved for the purpose of establishing the Ford factory on a wider and more satisfactory basis may be doubted. Here, at all events, is a tariff which both manufacturer and consumer join in denouncing. Its retention may well mean the loss to the Free State of the manufacture of the new Ford small bore motor car engine for the world markets.

Mr. William O'Brien was not long in following his old colleague John Dillon into the Valhalla of Irish political heroes. His end was more peaceful than his stormy political career. He was one of the last survivors of the old Irish party leaders. More of a demagogue than a statesman, he led the forlorn hopes of the Land League

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campaign. Later he found himself at issue with his old colleagues and preached the doctrine of "Conciliation, Conference and Consent," at the same time inconsistently denouncing Mr. Redmond and his party who represented the majority of the people. There can be little doubt that his agitation laid the seeds of the Sinn Fein movement and was responsible for much that followed. He could speak and write with equal facility, but his writing was his best work, and his devotion to Irish politics in Ireland probably deprived English journalism of a second T. P. O'Connor. One likes to think now rather of his early services to Ireland than of the violent denunciations of his old colleagues which were so frequent in his declining years.

II. ECONOMIC AND GENERAL

ONE of the favourite amusements of those who do not like our present Government is to compare the Ireland of to-day with that of eighty or a hundred years ago, when the population was somewhat similar but the area of cultivated land much larger. A lot of this kind of criticism was indulged in at the last general election, and most of it was both inaccurate and misleading. The Director of Statistics, Mr. John Hooper, has now, however, given us a remarkable analysis of the agricultural statistics from 1847 to 1926 which it should be made compulsory for our budding statesmen to study and understand. It is certainly the most valuable survey of Irish economic conditions which has appeared for many years, and it is as clear as it is dispassionate. Mr. Hooper covers the period from the famine to the present, and indicates the changes which have taken place in our agricultural life during that time. The whole area of the Free State, excluding the portion covered by lakes and rivers, is 17,024,481 acres. Of this area, 15,619,044 acres consist of agricultural holdings. The rest is barren mountain, marsh, roads, towns, etc. In 1926,

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12,255,735 acres were under cultivation of one kind or another, crops or pasture. Most of the holdings are from 15 to 100 acres in size. The number of acres ploughed and the number of milch cows, young cattle, pigs and poultry decrease continuously as the size of the holdings increases, but the number of older dry cattle and sheep increases. Contrasting the holdings 30-50 acres with the holdings 100-200 acres, Mr. Hooper shows that on equal areas of agricultural land the smaller holdings have 32 per cent. more ploughed land, 29 per cent. more hay, 54 per cent. more milch cows, 80 per cent. more pigs and 139 per cent. more poultry than the holdings of 100-200 acres. The output per worker is, however, much greater on large than on small farms. These characteristics have been constant in this country since 1854, the earliest year for which such statistics were compiled, and they also hold good for other countries, for small farmers, as might be expected, maintain the cheaper class of animals, those requiring most attention and suitable for family female labour and which bring in a weekly income spread uniformly over the year, like milch cows and poultry, or like pigs, in which capital is quickly turned over. In tillage, however, the Free State is far behind other countries, the area ploughed for all holdings per 1,000 acres of crops and pasture being 137 acres in the Free State, 565 in Denmark and 652 in Germany. Over 37 per cent. of the milch cows in the Free State are owned by persons who supply milk to the creameries, and the farmers with 30 to 100 acres are the principal supporters of this system. As one would expect, milch cows are densest in the south-western counties, a region of medium-sized holdings, and least dense in the central eastern counties, where most of the large holdings are to be found. The small farmers also put much more of their ploughed land under roots and green crops and much less under corn than the large farmers. The area of ploughed land increased from 3,129,000 acres in 1847 to 3,509,000 acres in 1851 and then decreased almost continuously to 1,656,000

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acres in 1909. The compulsory tillage laws enforced during the European war once more increased the tilled area till it stood at 2,383,000 acres in 1918; but in 1926 it had once more decreased to 1,551,447 acres. But Mr. Hooper clearly shows that these figures by themselves do not reveal the whole story, for, whilst the area tilled has decreased, the yield per acre has greatly increased owing to improved agricultural methods, with the result that during the present century the country has been producing larger quantities of food for beast and man than at any time during the nineteenth century. Our agricultural industry has also developed in new directions. Take, for example, poultry. There were in 1926 over three times as many poultry in the Free State area as there were in 1854. There were considerably over a million more cattle, and the cattle would be more valuable, even allowing for the difference in the purchasing power of money. Whilst there are fewer pigs now than in 1854, one must remember that in those days farmers kept pigs for nearly two years, whereas they are now sent to the market finished in nine months. As regards agricultural labour, these statistics reveal the interesting fact—already obvious to close students of our social life—that out of a total of 862,000 persons actively engaged in agriculture only 223,000, or 26 per cent., were wage earners; in other words, only one out of every four persons engaged in agriculture in this predominantly agricultural country is subject to the risks of unemployment, in the ordinary sense of the word, or to conditions laid down by an employer. This is, of course, due to the large amount of family labour on Irish farms. The workers are also distributed in a very uneven manner. On equal areas of agricultural land there are five times as many persons working on farms of 15 to 30 acres and three and a half times as many on farms of 30 to 50 acres as on farms of over 200 acres. Taking all holdings into account, 74 per cent. of the persons working on farms consisted of farmers and their relatives, 15 per cent. were

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permanent wage earners and 11 per cent. temporary employees. On all holdings up to 200 acres one out of every four persons engaged in agriculture was a female. Mr. Hooper shows also that since 1881 the decline in tillage has had little effect on agriculture. He concludes that it is obvious that the number of agricultural workers in this country is more than is required for the present system of agriculture, and accordingly there is a migration from the country districts. He proves that other countries under similar conditions increase their total population by expanding their industries to absorb their rural migrants.

There is nothing very abnormal in the migration from the country districts of the Free State. What is abnormal is the extremely slow rate of increase of the town population, the migrants from our country districts going not to our own towns but to those of other countries, particularly to those of the United States and Great Britain, where a higher standard of living is attainable, and the same language is spoken. This cannot, however, continue, because Great Britain has too many unemployed of her own, and even in the United States the machine is beginning to discard the man, as the four million unemployed clearly proves. The 1926 census shows that 53 per cent. of the Free State population were engaged in agricultural occupations, whilst in 1921 the corresponding figure for Denmark was only 29.1 per cent., a truly remarkable difference. Denmark is our principal European rival in the agricultural industry, and we are inclined to think of her as a purely agricultural country. These figures prove this to be quite inaccurate. Mr. Hooper rightly believes that, in view of our untilled fields and undeveloped industries and services, there is no reason why the Free State cannot in time have a largely increased population with an improved standard of living. It must not be forgotten, however, that our standard of living has definitely improved since 1847, when at least half the population was chronically on the border line of

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famine, and the wage of a farm labourer was four pence to six pence for a day of twelve hours.

There are really no useful standards by which we can compare the Ireland of to-day with the Ireland of 1847. The population is certainly less, but what remains enjoys incomparably greater comfort and an exceedingly higher standard of life. We may certainly conclude from these agricultural statistics that the Free State is making steady progress, and is more prosperous than the same area was in 1847. The economic policy of the present Free State Government, embracing as it does selective protection, the development of the Shannon water power for industrial purposes, and the subsidy to the Carlow beet factory, has been, of course, designed to retain the rural migrants in Ireland, and whilst it has so far achieved no startling results, there is little doubt that solid foundations for future developments in this direction have been laid. The latest return of employment in our protected industries shows that, calculated in terms of whole-time employment, there has been a total increase of 10,275 persons employed. This figure does not take into account the increased employment in associated trades. The largest increase has been in the confectionery business. The revenue last year from the tariff duties imposed since 1923 was £1,113,397. Against this, unemployment has increased in other industries, notably at Cork, where the Ford factory has been virtually closed for many months owing to the dislocation produced by the turn-over to the new car. Our agricultural industry has also been heavily hit by the unlucky outbreak of foot and mouth disease in Wexford, with the consequent restrictions on live stock export, and by the abnormal wet weather during the spring, which has seriously impeded and retarded all agricultural operations. But a remarkable improvement in our trade generally is revealed by the statistics for 1927, which show that the adverse trade balance has fallen by over three millions, due to a decrease in imports of £460,000 and

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an increase in exports of £2,983,000. The publication of the report of the Commission* which has been inquiring into our system of technical education reminds us forcibly, if reminder were needed, that our industrial future cannot be built solely on tariffs, and that we have hardly begun to grapple with this essential problem. Under the Shannon scheme some eight or nine hundred skilled or semi-skilled electricians will be required for the work of house connections and house installations, and these cannot be found without importing foreign labour. Here is a want that cannot be supplied by protection or free trade, and the Technical Commission, recognising the necessity for immediate action, record emphatically their strong conviction that "a proper system of continuation education is of vital importance to the social and economic welfare of the people, and its organisation must be undertaken without delay." The provision of these continuation schools is principally a question of finance, and all sections of our politicians will favour such a development. But this is not the whole story. Hitherto our system of technical education has failed because it was not related to the needs of existing industries. In this age of mechanical development, when everyone has of necessity to be his own mechanic, the old divisions into skilled and unskilled trades have ceased to have any real meaning, and to be really proficient, apprenticeship without technical education is not sufficient. The Commission recommend in the most important section of their report that employers and employed should co-operate, as in South Africa and Queensland, by setting up committees of both sides to advise in each industry on all matters relating to apprenticeship, industrial training, and entrance to industry. This question must undoubtedly be tackled if we desire to solve the problem of providing our industries with an adequate number of competent workers and of providing our competent workers with employment.

* See THE ROUND TABLE, No. 68, September, 1927, p. 797.

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The new Agricultural Credit Corporation* has commenced business. It will make advances to co-operative societies and to individual farmers and act as a clearing house for the deposits of local societies. Provision is also made for securing advances on the farmers' live stock and implements by chattel mortgages, a form of security hitherto unknown in Ireland. The success of these schemes really depends on the farmers themselves, and it remains to be seen whether they will now face the situation honestly and meet their obligations. In the past, banks have often found it impossible to sell farms through organised opposition by their debtors, and such conduct has been tolerated and approved by the agricultural community. It is also proposed this year to link up the co-operative creameries into a single trading organisation under competent control. This will be of enormous advantage if it can be successfully accomplished and efficiently worked.

The participation of Major Fitzmaurice—the head of our diminutive air force—in the first flight of the Atlantic from east to west has caused universal satisfaction and rejoicing in Ireland. We are justly proud that Irish courage associated with German doggedness, enterprise and organisation, has succeeded where so many brave men have failed, and we hope that when transatlantic flights become commercially possible the Irish Free State will be their European terminus.

The Irish Free State.

May, 1928.

* See THE ROUND TABLE, No. 66, March, 1927, p. 349.

CANADA

I. IMMIGRATION

IMMIGRATION is increasingly recognised as one of Canada's most serious problems. Less than ten million people are occupying a country whose extent, resources and climate make it capable of supporting a much larger population. It lies, moreover, within comparatively easy reach of densely-populated Europe, not to speak of the rapidly increasing millions of the United States. Everything points to an influx in the next generation sufficiently great to have a far-reaching influence upon the future of Canada, either for good or for ill. Which it will be, depends largely upon the wisdom with which it is directed.

A glance at the history of the growth of population is not without interest. For the first 150 years of the new colony, settlement was, of course, entirely French. The first census, in 1660, showed some 3,215 souls; one hundred years later this had grown to 75 or 80 thousand. It was at this stage that there occurred one of those apparent accidents of history which change the fate of nations. The 80 thousand French were joined by some 75 thousand British from the Thirteen Colonies, who instead of throwing in their lot with the rebellion against the Mother Country, had preferred to depart for the unknown northern land that had just become British, and hew out new homes for themselves in the forests of New Brunswick, Nova Scotia and Ontario. No happier accident could have happened to the young community. The United Empire Loyalists had the very qualities of courage, resource and self-reliance that the task demanded. Doubling as they did its scant numbers, the newcomers gave the feeble colony an entirely

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new orientation and, hand in hand with the growing French population, started it on the westward march that was to extend its boundaries to the Pacific. The growth of population was, however, slow. Two hundred thousand by 1790, the year in which the first United States census showed four million, Canada began the nineteenth century with one-quarter of a million, and had reached only 2.5 millions by 1851. The contribution made by immigration was not appreciable until after the Napoleonic wars. The immigrants of those days were almost entirely British. France sent, and has continued to send, practically none. One result was that all through the nineteenth century the newcomers settled elsewhere than in Quebec, mainly in point of fact, to the westward. Quebec was left to her own natural increase, which has, of course, been substantial. By 1900 the country claimed 5.37 millions, a growth of 20 times within the century compared with one of 15 times in the United States and one of 3 times in the world at large.

In this expansion of population, immigration, of course, played a considerable part; but it was not until the first decade of the twentieth century that it became the predominant factor. The great broadening of credit that occurred about 1900 resulted in a movement to bring larger and larger areas of the earth's surface under production. Capital began to flow in large amounts from Great Britain to undeveloped countries like the Argentine, Brazil, Australia, India and Canada. In the case of Canada it was, of course, the millions of acres of unoccupied and fertile prairie that chiefly attracted attention. Of the 5.5 billion dollars of capital that Great Britain exported in the six years after 1907, more than one-quarter came to Canada, while a total of 2.5 billion, which added perhaps a third to the entire existing capital structure, was imported between 1900-1914.* Accompanying the movement of

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capital, came some three million immigrants in the decade 1903-1913, which was perhaps as many as had entered the country during the preceding thirty-five years. This is the one experience Canada has had of mass migration. The movement came to an end with the war, nor has there been any sign since 1919 of anything comparable to it gathering way.

As regards its racial character, immigration in the nineteenth century up to 1886 may be said to have been almost entirely British. The main territory available for settlement was Ontario, and the occupation offered was almost exclusively agricultural. Ontario was thus settled by solid British farming folk, with, of course, a fair proportion of others, and by the time (1886) that the Canadian Pacific Railway opened a way through the Lake Superior region to the western prairies, the population of Ontario had been banked up until it had reached the substantial figure of 1,600,000. It is interesting to compare the banking up of population east of the Alleghanies which preceded, as it paved the way for, the subsequent rapid settlement of the Middle West, with this movement. The great difference was that in the American case, once the mountain barrier had been surmounted, there was a vast alluvial plain ideally adapted for agricultural settlement ready to hand. In Canada there were a thousand miles of rock to cross before good farming land could be reached.

All through the nineteenth century the settlement of Canada was in competition with that of the United States, and in that competition the United States, in the nature of the case, enjoyed great advantages. Her long coastline had many ports of entry and access to free lands was comparatively easy. The climate was milder and life was generally easier. Settlement in Canada meant, to begin with, a long and laborious land journey to reach the new home, and thereafter the hardships inseparable from life in a heavily forested region that only yielded the prize of comfort to strenuous and unremitting toil. A further

* See *Immigration Problem of Canada*, by R. H. Coats, Dominion Statistician.

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advantage enjoyed by the United States lay in the fact that her republican institutions seemed to offer the social and political emancipation of which many of the emigrants of that day were in search. Thus it was a race in which Canada was bound to lose. Even the completion, in 1886, of the Canadian Pacific Railway, making the western prairies available for settlement, did not appreciably direct the stream to Canada. By that time the bulk of the available British agricultural settlers had been absorbed by the United States; moreover, a new attraction had arisen there, viz., the opportunity of industrial occupation. Industrial expansion was creating the lure of the town, with far-reaching effects upon the settlement of a country like Canada which was still at the purely agricultural stage.

For these various reasons, the influx of immigrants into Canada, whether of British or non-British origin, during the nineteenth century never assumed anything of the proportions of mass immigration. The only movement that could be so described came, as has been pointed out, in the period 1904-1913, when some three million people entered Canada. Of these, more than half, however, re-emigrated. The great majority of these transients were of non-British extraction, and the movement was largely temporary. Once the work of railway building was finished, the only occupation offered was agriculture, under economic and climatic conditions that speedily eliminated all but hardy and determined people. Large numbers of the immigrants, indeed, had never had any intention of settling on the land. It was the prospect of work on industrial and railway construction that had attracted them, and when this failed, they went their way. Of those who remained, the great majority, as has been mentioned, were of British origin. This, happily, has been the rule throughout. The proportion of foreign immigrants who have remained in the country has been small, the proportion of British immigrants large.

This partly explains the fact that the change brought

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about in the make-up of the population by what has at times been a very large inflow of foreign immigrants, has been comparatively small. In 1871, 91 per cent. of the population were either of French-Canadian or British origin; in 1921, 83·3 per cent. In 1871, 30 per cent. were French-Canadian and 61 per cent. British; in 1921, 27 per cent. were French-Canadian and 56 per cent. British. But while up to the present, immigration has been of a kind calculated to maintain the racial character of the population, recent years have witnessed a marked, and possibly, significant change. The non-British, or at any rate the non-Anglo-Saxon, are beginning greatly to predominate. This may, of course, be a purely temporary condition; but it has continued for several years, and there are reasons, as we shall see, for fearing that it may continue. Does this mean that the day of substantial British emigration has passed and that Canada and other half-empty countries must look elsewhere for settlers? But before considering that question, it will be well to make clear to ourselves what we want. What should be the aim of our immigration policy?

The "quick" answer given by an overwhelming majority of Canadians is: "We want, primarily, agricultural settlers." With such an answer, little fault, it is submitted, can be found. The need for agricultural settlement is writ large in the plain economic facts of the situation. It is when we come to the questions of quality and quantity that differences of opinion arise. The two chief opposing theories may conveniently be named the economic and the political. According to the economic policy, importance should be attached, chiefly if not exclusively, to the economic value of immigrants. Its advocates are convinced, first, that the main consideration is to fill the country up as quickly as possible, and the only test that they would apply is that newcomers should be of a type likely to be satisfied with, and successful under, the relatively rigorous conditions—at any rate in the newly-

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settled districts—of Canadian agricultural life. They would prefer British settlers, if available, but they are convinced that British people have to a great extent lost their zest for pioneer life, and that the newer countries have no option but to look to other European countries for immigrants. Failing British settlers, they would seek recruits from the northern races, but would be prepared to accept any that offered, provided that they were of a type likely to succeed on the land. In the process of settling down, race differences will, they believe, be sunk in a common Canadianism, and British institutions will not be endangered. At the root of this so-called economic view of immigration policy lies the idea that Canada's economic condition demands speedy and drastic "treatment"—that the country is overloaded with debt, due chiefly to the war and to over-development of railways, and that the remedy is more people—and at once! The right kind, if possible, but, in any event, people, and plenty of them. It is lack of people, and nothing else, in this view, that is holding back the over-due development of the country.

As regards this reason—and it is the chief one advanced—for adopting the economic view and thinking of the whole problem in terms of dollars and cents, it may be said at once that the facts do not bear it out. "In spite of greatly increased public burdens," as has already been pointed out in *THE ROUND TABLE*,* "and much higher taxes, Canada, so far as individual wealth is concerned, is far richer than at any previous time in her history." Thus the Finance Minister recently stated that 80 per cent., or about two thousand million dollars of the total debt of the country is held in Canada. The Government railways which in 1920 had an operating deficit of \$30,000,000 and were regarded as a financial millstone which could be removed only by mass immigration, showed for 1926 an operating surplus of \$45,000,000. The striking increase

* *THE ROUND TABLE*, No. 68, September 1927, p. 799.

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in bank assets, in the amount of insurance in force, and in the export trade of the country tells the same tale of financial strength. In these circumstances the present generation of Canadians is hardly justified in thinking of immigration in terms of easing their own immediate burdens. The truth is that this school of thought is largely influenced by the American precedent. Canada should, they feel, follow the example of the America of the 'eighties and 'nineties and "fill the country up." That policy was the forerunner of America's abounding wealth and strength of to-day, and the same thing would happen in Canada.

The most recent advocate of this view is Sir Henry Thornton, the chairman of the National Railways. His proposal is that the Government should give the railway companies an increase in rates to the American level in return for which the National Railways would be prepared to spend a large sum (\$10,000,000 was mentioned) in bringing in large numbers of settlers. There seems little likelihood that this "offer" will be taken up by the Government. It is fairly well recognised that the true solution of the problem does not lie that way. Apart from any other consideration, the experience of the 1904-1914 period of mass immigration makes it fairly clear that that kind of immigration does not "stick." Between 65 and 70 per cent. of the immigrants re-emigrated. As the Dominion Statistician expresses it: "A large part of our immigration (during the 1904-1914 period) really represented a short-time loan of labour by Europe."

Curiously enough, it is precisely of the American precedent that the opponents of the economic view are thinking when they put forward what we have called the political view. While not denying the fact of America's prosperity, they are convinced that that country's immigration policy has produced effects in the social and political sphere which should serve as a warning rather than an example to Canada. In particular they point to the lively apprehension of thinking Americans that the original stock with its

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own distinctive character and traditions is being swamped by the heterogeneous mass of newcomers. Hence, of course, the Quota Law, an attempt as it were to retrace their steps—which may well be too late. These are considerations which Canada cannot afford to ignore. If, as the great majority of Canadians agree, the governing principle of immigration policy should be to keep Canada distinctively British, then the American is the last example that should be followed. The acid test of prospective immigrants should be: "Will these people fit into a British community?" And it must not, of course, be forgotten that the present population is only 56 per cent. British. In other words, for purposes of assimilation of alien stocks, we start with a very great handicap as compared with America when she was at our stage.

All of which points, of course, to a policy of "hastening slowly," a policy of quality rather than quantity. This view is, moreover, confirmed when we look abroad for immigrants of the desirable kind. For what we find is that the people we most want are least disposed to come. The British, Scandinavian and northern European peoples generally are less and less disposed to emigrate; so that the field is left to the Southerner and Easterner.

This disinclination to emigrate is found particularly in the British Isles. The reasons usually given are the raising of the standard of living since the war, the increased desire for comfort and the existence of old age pensions and unemployment insurance legislation. There is also no doubt the reaction from the feverish restlessness and the breaking up of families in the war period. Whatever the cause, there can be little doubt about the fact that the British people who constituted the dynamic force in the moving white world of the nineteenth century have undergone a revolutionary change and are no longer playing their old leading rôle in the transfer of energy to the newer lands.

The truth is, that the present world situation in the matter of migration amounts to a revolution as compared

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to what prevailed during the nineteenth century. Throughout that period the initiative lay with the emigrating peoples. The new continents, Australia, North America and the rest were willing to receive all comers. The emigrant could pick and choose his destination. It was, so to speak, an emigrant's market. That has all changed. The initiative has passed to the countries of destination. They no longer welcome all comers with open hands. They are all—notably, of course, America—now inclined to put up the bars and make a selection. Moreover, and this is the pertinent thing from Canada's standpoint, there is a marked tendency to prefer the very types Canada is seeking. America, again, is the striking example. The result is that Canada is in danger of missing the right type and being flooded with the less desirable who have been excluded from the United States.

The situation therefore appears to be that while Canada wants agriculturists and wants them British, the present-day British have lost their taste for pioneering, especially for agricultural pioneering. This seems unsatisfactory and serious enough, but it has hardly been proved that the position is desperate. In the first place, while it is presumably sound to prefer agricultural settlers, it should not be overlooked that when conditions are normal, Canada can absorb a considerable number of immigrants of the artisan type. Thus in most large towns such industries as that of building have largely depended on recruits from Great Britain, and it is a fact that at the present time there is a serious dearth of such artisans on account of the cutting off of this supply. Nor is this by any means an isolated case. In these circumstances the policy may well, it is submitted, be reconsidered of confining "assisted passages," as at present, to farmers and domestic servants. In the second place, there is reason to believe that the present-day British disinclination to settle on the land can to a considerable extent be overcome. Thus the report of the committee which investigated in 1926 the

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working of the Three Thousand Families Scheme states that the fact has been established that "families of the right type are available in the United Kingdom for settlement upon the land in Canada and that with the co-operation of the Dominion and provincial Governments the numbers of British families so settled annually can be substantially increased." The view is not accepted that "settlers from Great Britain are no longer capable of undertaking any kind of pioneering work." Many of the families visited had cleared and broken unimproved portions of their farms. The outstanding prerequisite of success is said to be "the right spirit," rather than previous experience of farming, or capital, though the possession of a reasonable amount of money is of very great value during the first year or two of settlement. There seems no doubt that the family settlement plan is one of the most hopeful that has been tried in recent years.

The possibility of the extension of such a scheme obviously depends, however, on the amount of suitable land that can be made available. It is not generally appreciated that the number of suitable farms and the areas of suitable improved land immediately available and within reasonable access to railways and markets is limited. The assurance that Quebec has 6 and Ontario 5 million acres of Crown lands available for immediate settlement, Manitoba and Saskatchewan 2 million each, Alberta 5, and British Columbia 8 million is not really very helpful. The fact, however, that in Manitoba, Saskatchewan and Alberta there are some 25 million acres of unoccupied arable land within 15 miles of existing railways and available for purchase at a fraction of the cost of land in eastern Canada and the United States which is no more fertile; that, it is submitted, is pertinent. It is being increasingly recognised, however, that it is not enough to provide the land and the railway facilities. Thus, for example, housing must now be regarded as a most important factor in the problem, particularly of course in connection with family settlement;

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and generally, it is being found that the supervising authority must interest itself not merely in the choice of land and in getting the newcomer settled, but in "following up" afterwards. This raises the point whether the provincial authorities should not take a more active and direct part in the whole matter of immigration. They are in closer touch with local needs and conditions than the Federal Government can be, and indeed, from almost every point of view, they are in a better position to deal with the problem of transplanting human beings, which is pre-eminently one that demands a maximum of direct personal interest in, and knowledge of, the people who are being transplanted. Nor, it is submitted, should the decentralising process stop there.

On the same principle that applies in the case of the provinces, there is reason to believe that greater encouragement should be given to the various voluntary associations, such as those of the churches and other bodies, which are prepared to bring out settlers and accept some responsibility for them during the first trying years. This is not, of course, to overlook the necessity for medical inspection and general supervision by the central authority, but given that, there is surely a strong case for a maximum of decentralisation, so far as the actual dealing with immigrants is concerned.

This does not, however, mean that there is no room for a general nation-wide scheme sponsored by the Dominion Government itself. On the contrary, there is reason to believe that such a scheme is urgently needed. And while it would be rash to dogmatise about the details, it should, it is suggested, embody the related principles of the provision of carefully selected land and the advance of a reasonably substantial amount by the Canadian Government, the latter to be a charge against the land and to be repaid on fairly easy terms after the settler has been allowed, say, four or five years, to get on his feet. In other words, the day is past when settlers can be expected to be successful

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if they are dumped down on any sort of land and without any capital. The higher standard of living to-day as compared with a generation or two ago has made a difference in this field as in every other. Generally speaking, the intending immigrant of to-day is not prepared to face the grim conditions that were accepted as part of the game by the early pioneers. Methods of farming, too, have greatly changed. Mechanisation has really effected a revolution; and newcomers can hardly be expected to muddle along with the old "bow and arrow" methods until they acquire the capital necessary to provide themselves with modern appliances. There is, it is submitted, a strong case for providing them, to some extent at least, with the sinews of war—and if they have been well selected, no better investment could be made in the interests of the country as a whole. This raises the question of selection. On that, obviously, everything depends. In this connection there is undoubtedly great merit in the suggestion recently made in Parliament by General McRae, himself a successful western business man with experience of land settlement, that more use could be made of successful British and Scandinavian settlers as colonisation agents. Knowing the Canadian conditions, such men would know what sort of recruits would be likely to succeed; returning as successful settlers to their old homes, they would presumably command the confidence of potential emigrants. They would have the advantage, too, of not being regarded as government officials or railway company agents with axes to grind. This, it may be pointed out, is in accord with the desideratum of a maximum of personal interest in, and knowledge of, the newcomer. It is also a method and a policy which accepts the lesson taught by our experience of mass immigration, and believes in steady accretion, the adding of like to like, rather than the promiscuous dumping in of disparate elements in the hope that some mysterious North American leaven will leaven the lump. A more familiar simile is that of the "melting pot" from

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which, presumably, the metal is supposed to emerge refined and homogeneous. But where the ingredients are human beings and the amalgam is expected to be a nation, one may, perhaps, be permitted to doubt the relevance and helpfulness of such a simile. Canadian experience points rather to the figure of the youthful digestion, as being more illuminating. Certain foods have proved to agree with the child; let him stick to that sort of diet. Others have not agreed with him, have brought weakness and not strength; let him avoid them. And generally, let him avoid over-large meals.

To sum up, the rôle of the central authority should, it is suggested, be in the main to provide the land and advance the capital; but, in the actual construction of the building, so to speak, there should be a minimum of control by the Federal Government, and a maximum of delegation to provincial Governments and private associations which, in the nature of the case, are, as we have suggested, in a better position to deal with such a delicate and personal problem as that of transplanting human beings.

This preoccupation with method is, it should perhaps be pointed out, predicated on the view that the flow of population to Canada is going to be comparatively slow, that the day of mass migration has definitely passed. The truth is that Canada's present economic structure is not such as to call for a very large population. Its outstanding characteristic is a number of highly productive and profitable primary industries of a kind which do not, generally speaking, require a particularly large working force, especially in these days of rapidly developing mechanisation. Thus, even on the land itself, the work can be done by a fraction of the number required a generation ago, and in any case, agricultural development will not of itself produce a large population. Another striking example is the production of power. Instead of thousands of miners getting coal, we have a few score engineers superintending hydro-electric installations. Assuming then that we should think in terms

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of an immigration of manageable proportions, there is point in paying particular attention to method, selection and the like, especially since it seems fairly clear that a policy of *laissez-faire* will not secure the settlers we have seen to be most desirable, *viz.*, solid British folk, either actually or potentially agricultural. The "conclusion of the whole matter" seems to be that the problem is really one of re-distributing the population of the Empire. The centre is congested, the extremities are half empty. Further, the centre controls capital while the extremities have undeveloped resources. The solution, in theory, seems easy. In practice it is, no doubt, anything but simple, and ready-made specifics are to be deprecated. One parting suggestion may, however, be made. It is well recognised that there is an intimate connection between movements of capital and movements of people. It is no accident that the period of the greatest British immigration (1903-1914) into Canada was also the period of the greatest influx of capital. The two chief attractions to capital of those days, railways and municipalities, are of course no longer to the fore, but many other enterprises, industrial, mining and the like, which are attracting millions of America's capital, might well be given more consideration than in recent years they have received from British investors. It is true that investment in industrial and mining ventures probably requires more direct and intimate knowledge than is needed in the case of railways and municipalities. But for years London has been actively investing in mining and industrial enterprise in India, South Africa, and various European countries, and there seems to be no valid reason why it should not now extend these activities to Canada. Certainly such a development would have a far-reaching and desirable effect on British migration. As things are, it is left to American capital to develop this part of the Empire, while the Empire's own surplus capital and surplus population go elsewhere—the latter in large numbers curiously enough, to America itself. This phenomenon is,

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of course, to some extent, inevitable; Canada herself will always lose population to a prosperous United States. But a substantial flow of British capital to this country will none the less do much to keep the movement of British people within the Empire, and that, in our view, is the true solution of Canada's immigration problem.

II. THE ST. LAWRENCE DEEP WATERWAY

THE problem of the St. Lawrence Deep Waterway has been advanced a stage further by the publication of the correspondence which has been in progress between the Governments of Canada and the United States since the spring of 1927, and the discussion of the subject has been renewed in the press of both countries. The correspondence begins with a note from Mr. Kellogg, the Secretary of State, to Premier King, in which he reviewed briefly the history of the waterway project, cited the conclusions of different bodies which had reported upon the engineering and economic problems involved, and concluded with this proposal:—

In view of the action taken by both Governments, it is apprehended that they are in accord on the principle that the project should be undertaken. If this Government's conclusion in this respect be correct, there only remains to be effected an understanding as to the methods and means for its earliest accomplishment. It seems highly appropriate that the development of the common highway for the benefit of both countries should be jointly undertaken.

This Government is prepared to enter into negotiations with a view to the formulation of a convention appropriate to this subject and should be grateful to be informed of the views entertained on this subject by your Government.

Three months later Premier King replied with an intimation that his Government would not be able to "determine its policy" until it received the report of the National

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Advisory Committee which had been created to advise it upon the non-technical aspects of the scheme, and which could not be framed until certain delayed findings of the Joint Engineering Board were available. The National Advisory Committee compiled its report in January and while two French-Canadian members felt compelled to make reservations on certain points, its general tenor recommended the scheme as a feasible and desirable project. On January 28, Mr. King was able to reply to Mr. Kellogg, and his letter which dealt in exhaustive fashion with the economic, financial, power and navigation aspects of the scheme can be accepted as representing the considered views of the Government. It suggested further attempts to reconcile the conflicting views of the American and Canadian engineers about power development and that allowance be made for future requirements by the provision of a 27-foot waterway instead of the 25-foot depth proposed by the Joint Engineering Board. It also endeavoured to build up a strong case for the contention that the United States would reap much more advantage from the waterway than would the Dominion, and it gave clear warning that "public opinion in Canada is opposed to the export of hydro-electric power." But the most important passages of his letter were definite proposals to the following effect :—

1. That Canada should consider providing for the construction of the waterway in the sections wholly Canadian, that is, the Welland Ship Canal and the works in the St. Lawrence below the international boundary.

2. That the United States should consider undertaking the completion of a 27-foot waterway to the head of the Lakes, in addition to meeting the entire cost of the development, under joint technical supervision on lines to be agreed upon, of the international section of the St. Lawrence, both for navigation and for power.

3. That the wholly Canadian (Welland and St. Lawrence) sections be built before the international section, this permitting further consideration of the engineering problems in the international section and also reasonable absorption of the power developed on the Canadian side.

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Mr. King further reinforced his proposals with a provisional statement of the probable cost of the waterway and the ancillary power development and a suggestion for the allocation of the burden between the two countries, account being taken in it of expenditures already incurred. This statement was as follows :—

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Present works.			
St. Lawrence ship channel	\$30,000,000		
St. Lawrence and Welland Canals ..	50,000,000		
Lock at Sault Ste. Marie, Ontario ..	5,560,000		
			\$85,560,000
Proposed works.			
Welland ship canal	\$115,600,000		
Wholly Canadian section, St. Lawrence shipway, 27-foot navigation and development of 949,300 h.p.	199,670,000		
			\$315,270,000
Total for Canada			\$400,830,000
<i>United States.</i>			
Present works.			
Dredging St. Clair and Detroit Rivers	\$17,536,000		
Locks at Sault Ste. Marie, Mich. ..	26,300,000		
			\$43,836,000
Proposed works.			
International section, St. Lawrence shipway, 27-ft. navigation and initial development of 597,600 h.p.	\$182,157,000		
To complete development—additional power 1,602,000 h.p.	92,090,000		
Upper lake channels to 27-ft.	65,100,000		
			\$339,347,000
Total for United States			\$383,183,000

Mr. King concluded his note by impressing upon Mr. Kellogg the constitutional aspects of the problem in Canada and the necessity of giving consideration to provincial rights about water power.

Mr. Kellogg's reply which was dated March 12, 1928,

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reviewed all the points raised by Mr. King, and its contents can be roughly summarised as follows :—

1. The United States Government finds "an acceptable basis of negotiations" in the proposal that it should undertake the whole work and cost of development, both in respect of navigation and power, of the international section.

2. It suggests that the use of the waterways should be properly safeguarded by treaties.

3. It is disinclined to accept the proposal that the construction of the purely Canadian sections should precede the work on the international section, and submits that this question must be a matter for negotiation, because the navigation system ought to be completed at substantially the same time, and the United States should be able to get the advantage of its share of power from the international section without waiting until Canada has disposed of her power.

4. It finds nothing to cavil at in the principle governing the allocation of costs submitted by the Canadian Government but suggests further negotiations on details.

5. It accepts the plan of a 27-ft. waterway instead of a 25-ft. channel.

6. It accords full recognition to the rights of Canada to the ownership and share of power which may be developed in the international section, as well as to all the quantity developed in the Canadian sections and also agrees that the disposition of that Canadian share is purely a domestic question.

7. The United States accepts without reservation the principle that the operation of works on the international section must be such as will control the fluctuations of the outflow from Lake Ontario in such a way as to safeguard all interests on the Canadian sections of the river, especially the port of Montreal.

8. It regards as acceptable the proposal that the design and operation of the works in the international section be under joint technical control.

To this there was sent from Ottawa on April 5 a reply which reiterated the Canadian contention that the construction of the Canadian section should be given priority over work on the international section, and directed attention once more to the constitutional difficulties whose settlement will leave the Canadian Government "in a position to inform the Government of the United States

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further of its views." The correspondence closes with a note from Mr. Kellogg dated April 7, 1928, emphasising the desire of his Government to co-operate with Canada in the accomplishment of the great project.

It is, however, abundantly plain that two important points remain to be settled before any further progress can be made with the negotiations. The task of reconciling the differences of opinion between the Canadian and American sections of the Joint Engineering Board may not be easy, as each has taken a firm position for a plan based on exhaustive technical study. Then, the question of the relative jurisdiction of the Federal and provincial Governments over water-power on navigable rivers, upon which the Supreme Court will hear the arguments of the leading counsel of the Dominion on May 28, will not be finally settled by its verdict. Premier King intimated in the House of Commons on April 14 that it would probably be necessary to take an appeal on so important a matter to the Privy Council, and its decision could scarcely be hoped for before the end of 1928 or the spring of 1929. Previous legal decisions of the Privy Council would indicate the probability of a decision supporting the contention of the provinces, and in that event they would have to become a party to all further negotiations. Under these circumstances it is altogether unlikely that the King Government will be in any position to frame a definite policy in connection with the waterway until the summer of 1929 and even then it must previously have solved some grave political difficulties. It is true that one Quebec Senator, Mr. W. L. Macdougall, the chairman of the Montreal Harbour Commission, is an enthusiastic advocate of the waterway, and another, the veteran Senator Béique, who commands great authority among his compatriots, has expressed the view that Canada cannot refuse to negotiate with her neighbour about this project, but otherwise the Quebec supporters of the King Ministry show little sign of relaxing their opposition, and the provincial Government

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of Quebec led by Premier Taschereau is still vehemently against it. It is unthinkable that the Government would risk its life by sponsoring a policy which was completely unpalatable to its most faithful group of supporters, and therefore ways and means must be found of evolving a plan which will be completely acceptable to Quebec.

Now it happens that the Conservative party, in drafting its new programme at Winnipeg last October, pronounced itself in favour of the construction of the waterway as an all-Canadian enterprise, and if the waterway is ever to be constructed this scheme might easily find favour with Quebec, which is intensely suspicious of any bargain with the United States likely to impair its control of the water-power in the section inside its own boundaries. But Senator Béique was able to quote the opinion of a competent government engineer who has studied the technical aspects of the problem, to the effect that any scheme for an all-Canadian project was bound to involve at certain points a diversion of the flow of waters of the St. Lawrence, which would infringe the international rights of the United States. Furthermore, the financial burdens entailed by such a solution would be regarded in many quarters as too dangerously heavy in the present state of the national finances. So this combination of obstacles seems to be a barrier to immediate hopes of any all-Canadian scheme, and, unless the scheme is to be indefinitely postponed, an international solution must perforce be sought. Mr. Kellogg in his note of March 12, 1928, indicated an unwillingness to consent to an arrangement which would defer the construction of the international section until the section wholly within Canadian territory is completed, and his objections are shared by most people in Ontario, whose main interest in the waterway lies in the possibilities of the new power developments in this very section.

Between Quebec, where the private ownership of water-power is the accepted order of the day, and Ontario, which has embarked upon a great collectivist experiment in the

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shape of the Hydro-Electric Commission, there is a fundamental divergence of opinion on the power problem. Indeed, there would undoubtedly be bitter resentment in Ontario if the Federal Government countenanced a scheme which gave priority to the private power corporations of Quebec and left the Hydro-Electric Commission, which even to-day is compelled to buy power from Quebec sources, to satisfy a steadily expanding local demand as best it can, and Liberal members from Ontario who value their seats would find difficulty in supporting the plan outlined in the Government's despatches. One interesting bi-product of the waterway project remains to be recorded. A company, called the Beauharnois Light Heat and Power Company, which has behind it influential figures of the financial world of Montreal, applied last session to the legislature of Quebec for an extension of its powers, including authority to construct a canal between Lake St. Louis and Lake St. Francis, two expansions of the river St. Lawrence lying west of Montreal, and, although their application was strenuously opposed by other local power corporations, it was granted. The Beauharnois company cannot begin operations until it has secured the consent of the Federal Government, which it is now seeking, and it proposes in return for the concession of the power rights to hand over to the Dominion a fully completed navigable channel for this section. If, therefore, this scheme is endorsed by the Federal Government, it would have a prospect of securing without expenditure of public money a substantial part of the Canadian section of the waterway.

The general impression, however, is that the King Government will mark time pending the decision of the constitutional question, and watch carefully the developments of public opinion upon the general issue. In the despatch of January 31, 1928, a kite was flown suggesting that judicious tariff concessions by the United States would stimulate in Canada kindlier sentiments for the

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waterway, but Mr. Kellogg in his reply completely ignored it. Nor do the general tendencies of economic and political sentiment in the United States indicate any growing disposition to give more generous fiscal treatment to Canadian products. Indeed, the evidence is all in the other direction, for at Washington a western representative has lately introduced a Bill calling for increased duties on several lines of agricultural imports, and another measure proposes the imposition of fiscal penalties upon American goods entering by Canadian ports, by way of retaliation for the discrimination established by Canada against American ports through the provision which makes British preferential rates unavailable for goods imported through them. Perhaps if the Democratic party were to come into power next November there might exist some prospect of successful negotiations which would cover both the fiscal and transportation questions at issue between the two countries but this contingency cannot yet be rated as a probable development, and Mr. King meantime must proceed on the assumption that a high protectionist party is in power in the United States. In the face of these circumstances the opinion prevails that, although the King Government is in a sense committed to do its best to bring the waterway scheme to practical fruition, it will continue to proceed with the same caution which it has exercised in the preliminary stages of the negotiations, and the country is not disposed to criticise such a Fabian policy, because it realises the immense implications of the project. It may be that two years hence, when a general election is due, the waterway will be the main political issue and in that rôle it might perform an immense political service by producing a real divergence of opinion which would find expression in a more clear-cut issue between the two historic parties than now exists.

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AUSTRALIA

I. THE FEDERAL CHRONICLE

EARLY in the new year, tenders were publicly called for the purchase of the seven remaining steamers of the Commonwealth Line. The conditions of sale were as indicated in the last number of *THE ROUND TABLE*, and included stipulations that the purchaser would retain the ships on a British or Dominion register, and would guarantee to provide for ten years an equivalent service in respect of passengers, cargo, and refrigerated space. Preference would also be given to a tenderer who would undertake to safeguard Australian exporters and importers with regard to freight rates. The public has regarded the transaction very doubtfully. The *Sydney Bulletin* depicts the Prime Minister pointing to a smirking beast sitting on its haunches upon a flattened individual whose trousers are labelled "Australian taxpayer." The cartoon bears the legend "Auctioneer Bruce to overseas ship-owners: 'What am I offered for this nice white elephant, the buyers to have the privilege of taking the place of the gent underneath for the next ten years?'" The overseas shipowners, indeed, are more likely to demand than to offer guarantees. Thus, before tenders were called for, Lord Kylsant enquired whether the Government would indemnify the purchaser against loss through industrial troubles. Already there have been threats on the water-front to boycott the ships under a new owner. Tenders will certainly be low. Indeed, *The Shipping World* has gone so far as to suggest that it would pay the Australian people to give the ships away.

But, of course, the vendor is not oblivious to the fact that to attach such conditions will affect adversely the

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price offered. His difficulty is that while he cannot afford to keep the ships, he yet cannot afford to dispense with the services they offer. A much better price could have been obtained by offering the seven perfectly good (though mortal) ships unconditionally. But a Government, anxious to improve Australia's export trade, and giving much thought to marketing, could not readily do that. The existing schedule provides for eighteen round trips yearly, and the steamers of the "Bay" class have 80 per cent. more refrigerated space than an Orient liner, and it seems that all the space now available is being utilised. The Prime Minister even hinted earlier that a subsidy might be preferable to the loss of the service. But the service could no longer be provided by government enterprise and by ships on the Australian register. Several tenders have been received, but no information as to their nature is yet available.*

Just before Christmas there was introduced into Parliament an amending Conciliation and Arbitration Bill, the later stages of which seem likely to give rise to a struggle with far-reaching effects upon Australian industry. It will be remembered that, by rejecting the present Government's proposals in the referendum of 1926, the people refused to give the Commonwealth additional powers to deal with industrial matters. The present Bill is the result. It is an attempt on the part of the Government to utilise more fully—to utilise to the limit, as the Attorney-General admits—the existing constitutional powers. The Parliament is now empowered to legislate with respect to "conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State." Three major defects are patent in the working of this provision. In the first place, though, in practice, there has been an appreciable amount of conciliation, the emphasis of the present law has been on

* Lord Kylsant's tender has since been accepted, the price being £1,900,000.

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settlement rather than prevention of disputes. The Act has, it is urged, even made for the multiplication of disputes, creating an atmosphere unfavourable to organised co-operation between employers and employees. In the second place there is a great deal of overlapping between Federal and State awards. Owing to the integration of industrial organisations, almost any industry may be brought within the jurisdiction of the Commonwealth Court, and there are now some 700,000 unionists working under awards of the Court. But recourse to the Commonwealth Court has not prevented the same union from seeking an award from a State tribunal, and it seems that in Victoria about 60 industries are subject to overlapping awards. Thirdly, many awards are simply not obeyed. Proportionately to population, at least as much loss of working time through industrial disturbances occurs in Australia as in Great Britain or Canada. The attempt to throw around industrial differences "the solemn circle of the law" has not wholly succeeded.

The present Bill attempts to cure these defects. First, it makes further application of the principle of conciliation. The Chief Judge is empowered to appoint a conciliation committee with equal representation of the parties and an independent chairman. If the committee fails to reach agreement, the matter will be left to the Court. Provision is also made for voluntary arbitration, in the absence of a dispute, the determination of the arbitrator in such a case to have no legal effect whatever.

Secondly, the Bill is based upon the supremacy of Federal awards. State Courts are forbidden to deal with a matter covered by such an award, and as between existing awards dealing with the same subject matter the Federal award is to prevail. Upon application, the Court may declare a State award invalid. It might formerly have been possible for a State Parliament to circumvent the Court by passing legislation, but the High Court of Australia has recently held that the 44-Hour Week Act in New South

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Wales is invalid, in so far as it is inconsistent with Federal awards applicable in New South Wales.

Thirdly—and this is really the contentious part—the Bill contains a serious and detailed assertion of the principle that he who seeks an award must obey it. One of the chief difficulties in this regard hitherto has been that a union has been committed to breaches of an award by the acts of its officers or minority groups of its members, over whom in the present state of affairs the union, as a whole, has no effective control. In such circumstances it seems harsh to penalise the union, and yet the liability of a corporation for the acts of its officers and members is a first principle of juristic personality. The Act, therefore, makes elaborate provision for securing proper control. Unions are, to begin with, given statutory power to expel officers or members, under notice, for breach of an award. By expelling the persons who have exposed them to penalties, unions may reduce their liability from £1,000 to £100, provided that no reinstatement takes place within twelve months. In fixing penalties, the Court may take into consideration the efforts that have been made to prevent the offence, and, on the other hand, neglect to exercise its powers of control may be a ground for de-registering a union. The effect of de-registration is made more stringent by a provision that the Court may wind up a de-registered union as though it were a company, and distribute its property. Further, it is provided that any ten members of a union may make secret request to the Court, for a secret ballot upon any election or resolution, the ballot to be controlled by the Court.

Postulating, therefore, full control of officers by unions, the Bill proceeds to prohibit in detail conduct by unions which frequently occasions breach. Domestic rules in contravention of awards, for instance, are to be prevented by vesting in the Court supervision and control over union rules. Again, it is to be an offence to prevent or to endeavour to prevent any person from working in accordance

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with the terms of an award, by violence, or threats, or pecuniary penalty, or abusive language, or any kind of boycott.

This third division of the Bill is bitterly resented by large sections of the trade unions. "A new criminal code for workers," one labour leader dubbed it, and the two largest workers' organizations, the Australian Workers' Union and the Australian Council of Trade Unions, have determined to fight it. The counter measures so far canvassed have been two-fold. On the one hand, it is suggested that when the Bill becomes law, all the 149 unions now registered in the Court should obtain de-registration. On the other hand, kindred unions (as in the transport, building and metal trades) should establish joint control councils which would be strong enough to "deal directly with the employers." The unions, that is, would eschew the Court and have resort either to direct action or to collective bargaining.

While this storm has been brewing, the Prime Minister has invited organizations representing all aspects of Australian economic life to nominate delegates to an Industrial Peace Conference, after the fashion of the one recently held in London. In surveying the whole field of economic relations, the Conference should, Mr. Bruce suggested, deal in particular with (1) the present economic position of the primary and secondary industries of Australia, with particular reference in each case to their ability to compete in overseas markets; (2) the increase of production upon a sound economic and social basis; (3) the present distribution of the proceeds of industry, between those taking part in production, and methods of removing any unfairness found to exist; (4) the control and management of industry, and the question of giving employees a share therein; (5) methods by which greater security of employment can be guaranteed to all classes of workers.

Since the shadow of the next general election has already fallen across Australian politics, it is only natural that such proposals should be denounced as election propaganda.

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But the new Conciliation Bill is a very serious obstacle in the way of the Conference. The Council of Trade Unions holds that it would be hypocritical to talk of industrial peace until the Conciliation Bill issue is decided, and has accepted the invitation to the Conference only on condition that the proposed amendments are withdrawn. The Government has placed the Bill in a low position in the order of business for Parliament, but will go no further, and the fate of the Conference is still uncertain.

A motion of want of confidence instancing the Government's failure in view of the unemployment in Australia to terminate the migration agreement of 1925, raises sharp questions as to the Development and Migration Commission. That agreement looked to the States to investigate and propose development schemes, but in 1926 the Commonwealth Government set up a commission of four which should not only assist and co-ordinate State efforts, but should investigate Australia's resources independently from a national point of view. The initiative would seem to have been shifted from the States to the Commonwealth. In relation to development, the Commission is charged in particular with investigation of the condition and development of existing industries and the possibility of establishing new ones, and with negotiations respecting such development and establishment. In relation to migration, its powers include the examination of any proposed State scheme, the framing of other schemes, and the control of the Commonwealth migration staff.

The first report of the Commission (to June 30, 1927) shows that in respect of migration it has not only examined and approved twelve schemes, representing an estimated expenditure of £3,573,973, but is engaged in investigating other State schemes, and has made many improvements in the migration machinery, as for instance, by securing free passages for domestic helpers. Whether due to the work of the Commission or not, it is interesting that in 1927, migration to Australia was greater than in any year

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since 1913. In respect of development, the report contains an impressive list of investigations conducted. The Commission has enquired into almost the whole economic life of Tasmania, into the gold-mining industry, into the dried fruits, the canned fruits, fishing, tobacco, paper, and other industries, into forestry and into motor transport developments. An investigation will include such questions as methods of production, transportation, prime costs, availability of markets, marketing methods, and economic research into the value of the industry in the sphere of world production and consumption. The Commission's tasks have been added to by reference from the Imperial Conference, and repeatedly from the Prime Minister. It has, moreover, had to create its own organisation for co-operation with Commonwealth departments, especially the Department of Markets and Migration and the Council for Scientific and Industrial Research with State departments, and with British departments.

The Commission has inevitably received criticism. Its very versatility and celerity provoke the suspicion—of which indeed there is a hint in the report itself—that it has scarcely time for the thoroughness which its high tasks demand. Against this, however, should be set a recent disclaimer by the chairman: "We are not," he said, "doing all the work contained in our first report; we are organising the brains of Australia to do it." But the point is crucial. A single large-scale failure will retard both development and migration for years. A second line of criticism is perhaps harder to meet. With all its care to arrange co-operation, the Commission can scarcely avoid some overlapping with existing organisations, and repetition of work already done. The Commission is, it is stated, finding it hard to escape some jostling both with the State departments of agriculture, and with the Council for Scientific and Industrial Research. But the work is too great, and the workers are too few, to permit any waste of effort.

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II. THE TARIFF BOARD

THE appointment of the members of the Tariff Board expires this month. They are four in number and are intended to represent as far as possible the interests of manufacturers, importers and primary producers, except for the chairman who by law must be an administrative officer of the Department of Trade and Customs. The functions exercised by the Board are those of investigation and advice. It has to advise Parliament on tariff matters requiring legislation, and to advise the Government on matters of tariff administration. To carry out these tasks satisfactorily the Board has power both to institute inquiries, and to undertake those referred to it by the Government. Under the head of advice to Parliament, the most important matters for investigation are the amendment of the tariff, whether in the direction of increased or lowered duties; the general working of the tariff in relation to industry; and any complaints that manufacturers are using the tariff to the disadvantage of the consumer. Under the head of advice to the Government, the principal matters to be considered are preference, deferred duties, dumping, and the admission of goods under departmental by-law.

These tasks entailed very heavy work upon the Board, as is shown by the fact that during the years 1925-6 and 1926-7 its reports and recommendations totalled almost 2,000. Much time, especially in the later years, has been occupied in hearing evidence for and against applications for new and increased duties. Since 1924 these hearings have been held in public, and this has not only stimulated public interest but has had other beneficial effects. In its last annual report the Board of Trade states:

No longer are applicants able to prepare an unchallenged case for an increase in duty, with the hope of obtaining by means of *ex parte* statements of the facts sufficient support in the House to

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attain their object. . . . The parties seeking further protection have also to justify their application to the Board on economic grounds, in the interest of the community as of themselves.

In proposing to Parliament tariff changes, the Government now has the advantage of investigations by the Board, and commonly follows, in great part, its recommendations, as in the tariff of 1925-6. Unfortunately, whether for lack of time or for other reasons the Board has been unable to make any general inquiry into the working of the tariff in regard to industry, which remains the most pressing tariff problem in Australia. Nor has it found opportunity to investigate any complaints that undue advantage of the tariff was being taken by manufacturers. The Board claims, however, that it never forgets the interest of the consumer as a factor to be considered along with others. In its last annual report, too, it calls pointed attention to certain highly protected industries which use resulting high profits to increase dividends rather than to reduce prices, and warns them that this practice may lead to a reconsideration of the relevant duties.

In administrative matters the Board has been concerned in the preparation of reciprocal treaties with New Zealand and with Canada; it was responsible for recommending the narrower definition of "British" goods for purposes of preference, which was adopted in 1925; and it has constantly advised the Government whether to allow a deferred duty to become operative, or to be further deferred. In its earlier years the Board was largely occupied with investigations and recommendations with regard to the application of the anti-dumping provisions of the Customs Tariff (Industries Preservation) Acts; especially those affecting the trade of countries with depreciated exchanges; but, naturally, this part of its work has of late years been greatly reduced. Finally, in regard to administration, the Board has advised the Government on the use of the "concession items" of the tariff, which can be used from time to time, at the discretion of the Minister

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for Trade and Customs, to allow goods to be imported at low rates or duty free, which would otherwise be subject to ordinary duties.

The work of the Board in revising the items of the tariff has undoubtedly been useful, and although the fact that it has been easy of access to applicants may have tended to encourage demands for tariff assistance, yet it has afforded a means of sifting the more reasonable demands from the less reasonable. The existence of the Board has not imported any more flexibility into the tariff, but it has meant the exercise of discretionary power on the advice of an independent body, rather than on the advice of the Department of Trade and Customs. In its annual report for 1925-6, however, the Board recommended that Parliament should grant to the Prime Minister, or to the Minister for Trade and Customs, power to increase the tariff rates to any extent found desirable after report and recommendation by the Board. Nothing has come of this proposal to alter the powers of the Board and the present method of tariff-making.

The Board has made some comments on the working of protection in Australia which are all the more interesting, because of its generally favourable attitude towards that policy. Its annual report for 1925-6 contained a solemn warning that, if increases in duties continued to be followed by corresponding wage increases in Arbitration Courts, the Board could "see nothing but economic disaster ahead, and that at no very distant date." In its next annual report for 1926-7 it "reaffirms and further emphasises the warning it issued last year, being convinced that the situation has become even more ominous." In the same report the view is expressed that in certain industries increased duties have failed in their objective and have led to stagnation rather than to expansion. "In other words, in some industries it is apparent that protection is failing to protect." The Board complains, too, of a prevailing tendency to abuse the system of protection.

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In some instances, attempts have been made to use the tariff to shelter obsolete or obsolescent plant, machinery, and methods. In other instances, applicants for protection have been earnest advocates of protection for their own industry, and of free trade for those which supply them with materials. These instances lend some point to Sidgwick's dictum that temporary protection is defensible in theory though not practically to be recommended.

III. SOUTH AUSTRALIA AND THE COMMONWEALTH

AFTER a succession of good seasons with high production and firm prices, during which there was every appearance of considerable prosperity in South Australia, the economic condition of the State is now temporarily depressed. The depression is partly due to seasonal conditions resulting in a smaller harvest than usual at a time when the prices of agricultural products are lower than they have been for some years, and partly to the reduced output of metals, principally at Broken Hill, as a result of lower prices combined with high costs of production. At the same time, the production of wool, one of the most important products of the State, has been above the average, and good prices have been realised, while the harvest, estimated at over 20,000,000 bushels, cannot be regarded as a failure. Seasonal conditions have but aggravated a depression which was in any event inevitable.

The prosperity of recent years was due not only to good seasons, but in a large degree to the very heavy loan expenditure on the rehabilitation of the railways and on development projects such as the extension of railway facilities, irrigation, the construction of country waterworks, of locks and weirs on the Murray river, and of roads and bridges. The extent to which such loan expenditure was justified is difficult to estimate. That a large part of it was in itself not directly reproductive cannot be

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disputed, but it was hoped that the State would be able to reimburse itself from the extension of the field of taxation as a resultant of increased population. Unfortunately for South Australia most of the taxation arising in this way is collected by the Commonwealth Government, mainly through the customs tariff, whilst the charges for the provision of social services, such as education, hospitals and justice, absorb whatever taxation is collected by the State. South Australia, by thus loading herself with a great burden of interest, has benefited all the States through the prosperity of the Commonwealth Government, whose abundant revenue has been largely distributed on a *per capita* basis. Some compensation has accrued to South Australia from similar developmental expenditure by other States, but the loss has been greater than the gain in the case of States with large areas to develop and only a small population to benefit from the increasing affluence of the Commonwealth Treasury.

It is probable that South Australia and the other States have been spending borrowed money at a greater rate than was warranted by their resources or by the rate of increase of their productivity; moreover, this money has not always been wisely spent. As a consequence, the States have been faced with depleted treasuries, and rates of taxation had to be materially increased. On the other hand, the Commonwealth has prospered and has been able to reduce direct taxation and, in order further to decrease its embarrassing surpluses, has sought fresh avenues of expenditure—for instance, in the Federal aid to roads grants. Expenditure by Australia of large amounts of borrowed money has resulted in material increases in taxation, but it must be realised that it is principally by such methods that migration to Australia may be stimulated. The increased taxation must be regarded both as a contribution towards the defence of the continent, and as some assistance towards a solution of the industrial problems of Great Britain where taxation

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is even higher. There is no reason to believe that taxation in Australia is greater than industry can reasonably be expected to bear, or that even further increases would materially lower the standard of living. What is serious is the inequitable distribution of taxation among the States.

With the recent changes the rates of taxation in South Australia are considerably heavier than those in Victoria, while the taxation per head in South Australia is greater than it is in any State with the possible exception of Queensland. The inevitable result is that there is a tendency for established industries to drift to Victoria and New South Wales, while the establishment of large new industries cannot be expected. Some witnesses before the Royal Commission on the Constitution of the Commonwealth gave evidence that their industries could be carried on more profitably if they were removed to Victoria in order to save taxation and other charges. Development work which South Australia cannot afford as a part of the Federation might be profitably undertaken by her as an independent State in control of her own customs revenue.

The serious effect that a heavy loan programme was having upon the State treasury was obscured for a number of years partly by the fact that expenditure which should have been met from revenue was being financed from loan, and partly by a succession of windfalls which abnormally inflated the income of the State. During this period an unhealthy optimism was apparent. The loan expenditure attracted labour from other States, and allowed migrants to be easily absorbed, while the increased purchasing power temporarily available caused business to be brisk and profitable. Some of these conditions were in existence in other States, and the combined loan expenditure, together with the extravagance of individuals, resulted in an adverse balance which has been a feature of the overseas trade of Australia for some years. In 1927 came the *dénouement*. Some of the expedients by which surpluses had been achieved of late years were no longer available, others the

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Government decided to abandon in order to secure financial stability. The year 1926-7 ended with a deficit of £1,050,049, the largest in the history of the State. Meanwhile the adverse trade balance and the increase in the ratio of advances to deposits caused bankers to call in overdrafts and forced a number of firms to apply to the market for increased capital. This restriction of credit helped to reduce purchasing power and caused some uneasiness in the minds of the community which was intensified by the realisation that the harvest would be below average. The reduction in the loan expenditure of the Government at this time, and the nearing of the completion of the rehabilitation of the railways resulted in large retrenchments in the public service both amongst casual labourers employed on loan works and the permanent employees of the railways, the latter being due to economies effected in working expenses as a result of the rehabilitation. This wholesale retrenchment caused considerable unemployment, and a further reduction in the purchasing power of the community. At this time, too, the Government, in an attempt to avoid further deficits, increased taxation by 15 per cent., which resulted in materially higher freights, fares and charges for services, such as water supply and sewerage. Such action, though inevitable, tended to aggravate the already difficult conditions, and to increase unemployment and the depression which had been produced by a combination of unfavourable circumstances.

The rapidly growing instability of the finances of the State forced the Government to seek effective measures to stop the drift, while the disparity between rates of taxation in South Australia and other States, and the tendency for industry to drift away from South Australia to Victoria and New South Wales brought a realisation that federation had involved South Australia in material financial disadvantages. The Government, therefore, appointed two committees, one to report on the financial position of the State and the remedies to be applied to improve the situa-

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tion, and the other to report on the financial effect of federation on South Australia. The former of these committees considered that the present adverse condition of the State was due to the effect of heavy borrowing for non-reproductive works, together with increased rates of interest, increased expenditure on social services, and the adverse effect of the policy of the Commonwealth Government. The high protectionist policy of Australia, sheltering as it does an Arbitration Court, which, behind the tariff, is able to impose conditions that tend to increase the cost of production, was considered to be a major cause of the parlous condition of a number of the primary industries, while they ascribed some of the financial difficulties of the State to increased costs arising from arbitration awards. In order that the position might be remedied, certain recommendations were made and adopted by the Government. These have, however, been discussed above.

The other committee stressed the fact that the financial difficulties of South Australia were due to heavy loan expenditure on development of a non-reproductive kind, but, though it admitted that "expenditure has sometimes been incurred in cases where expectations have not been realised," it pointed out that such loans have placed a very heavy burden on the State, partly because of the inequitable financial relationship between the Commonwealth and the States, and partly because the high tariff policy of Australia has restricted primary production and increased the cost of development. The committee contended that the tariff spreads the cost of developing secondary industries over all the States of the Commonwealth, and that those States in which such industries are established secure the whole of the benefit, though they only pay part of the cost. These industries are not established in South Australia to the same extent as they are in Victoria and New South Wales, and thus the primary industries of South Australia are taxed to further the development of secondary industries in other States. On

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the other hand, other States have benefited from development resulting from the heavy loan liability which South Australia incurred in order to expand her primary industries. The committee asserted that "the present method, under which the cost of developing secondary industries is borne by all the States, while the cost of developing primary industries is borne only by the State in which the development takes place, is manifestly inequitable." They considered that by reason of these inequities federation has proved a failure for South Australia, and they claimed as some compensation for the disadvantages inflicted that the Commonwealth should pay to South Australia a special grant of £750,000 per annum. Thus South Australia comes into line with Western Australia and Tasmania as a claimant for a larger share of the revenues of the Commonwealth. They claim that they are entitled to it solely as a matter of equity and in no way as a matter of charity.

The courageous attempt made by the State of South Australia to stop the financial drift which was rapidly becoming serious has no doubt helped to intensify the prevailing depression, but it has at the same time placed the State well on the road to economic stability. With average seasons and fair prices the re-establishment of general prosperity should not be long delayed, while if an equitable adjustment of the financial relationship of the Commonwealth and States can be secured, taxation should become less hampering to the industries of the State.

Australia,

March 30, 1928.

SOUTH AFRICA

I. "THIS NEUTRALITY"

COLONIAL status is an indifferent training for participation in the world's affairs. The Americans found it so after their revolution; the Dominions are finding it so now. They are only gradually awakening to the fact that new privileges entail new responsibilities, and that political isolation and immunity can be attained only by a Chinese policy of commercial abnegation which they are not prepared to adopt and their neighbours can hardly be expected to suffer.

South Africa, in this respect at least, is not unique. Those of our four provinces which were British colonies of long standing had considerable experience of liberty in internal matters, but they never provided adequately for their own defence by land, while, as far as the outer world was concerned, they always sheltered behind the sure shield of the navy. Even to-day General Smuts can roundly assert that "the association of South Africa with the Empire is the most valuable thing it has. The great sheet-anchor of South Africa's liberty is the British fleet."

Those of our provinces which were once republics were hardly in better case. They had an independent existence of half a century, but the Orange Free State was a republican projection of the Cape Colony virtually surrounded by British territory and, until the eve of the South African war of 1899, had so little contact with the outer world that strangers frequently got its name wrong. The gold-mines made the Transvaal the economic centre of South Africa and gave it a more varied experience of foreign affairs. But there was a sense of unreality about the whole business, for after 1881 Great Britain controlled its treaty-making

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powers. It was *in manu leonis* and, though the lion kept eagles and other dangerous birds of prey at a distance, it none the less overshadowed and finally devoured the republic. Such was the end of the Transvaal's one and only contact with the stark realities of foreign policy.

Two things follow from all this experience or rather lack of experience. First, South Africans are 'prentice hands at the conduct of external affairs, though they and their Government are beginning to face the new situation fairly and squarely. Secondly, the bulk of the English-speaking folk have hitherto taken it for granted that when Great Britain goes to war, South Africa will go to war too. And many Afrikanders, as the story of the late war shows, have no objection to this belligerency so long as it is personal and not territorial, so long, that is, as it affects only British volunteers and does not touch them in person or in pocket. A majority of the Afrikaans-speaking people, on the other hand, and an increasing number of English too, subscribe to Jefferson's policy of 1793 that "it is very necessary for us to keep clear of the European combustion, *if they will let us.*" They fear lest the Union be dragged into world affairs by reason of its connection with Great Britain and the rest of the Empire. This dual attitude became clear immediately after the Union of 1910, when even Smuts could say in the House that the abortive Declaration of London was no affair of ours. Then came the Imperial Conference of 1911, and Botha hailed the admission of Dominion Ministers—the title was a new one in those antediluvian days—to the Imperial Defence Committee as "the beginning of a new era in the history of the Empire." It was; and from 1911 till Locarno the policy was one of closer and more continuous consultation between the self-governing portions of what we are learning to call the British Commonwealth of Nations.

Side by side with this development went the growth of Afrikaner or, as it soon began to be called, of Nationalist suspicion. It is, however, important to remember that

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these suspicions were active long before the war and the rebellion of 1914. In 1911 *De Volksstem*, by no means a Nationalist paper, took alarm at Sir Wilfrid Laurier's warning that consultation before The Day might imply the necessity of co-operation "when the thing that couldn't had occurred." It was already well-understood that a Dominion need not actively participate in an Imperial war unless it wished, but *De Volksstem* went further and insisted that "an express declaration" by the Dominion Government was necessary "before the neutrality of any one of them can be disturbed." This was to confuse passivity with non-belligerency, a very different thing which, as Botha pointed out, would depend more on the enemy than on the Dominion or Great Britain. It also implied that Great Britain might remain neutral if a Dominion burnt its fingers, but this was an aspect of the case which was soon lost sight of in the year of Agadir.

Then Botha and Hertzog parted company over this very question of the position of the Union in the Empire; the Nationalist party asserted that good relations with Great Britain depended on the "scrupulous avoidance of any measure hampering the political freedom of the Union"; during the heat of the war, the cry of secession was raised and, in 1919, Hertzog led a deputation to Europe to ask for independence or, at the very least, the independence of the two ex-republics. This gesture was tactfully parried; nevertheless, secession remained a prominent though semi-official plank in the Nationalist platform. But it was a plank which wore thin as Premier after Premier went to Imperial Conferences and came back with their hands free; it wore still thinner when Labour, predominantly British, mounted the platform beside its Nationalist ally. Economic pressure and a clearer understanding of the privileged position occupied by a post-war Dominion made the old idea of secession unnecessary. It has, humanly speaking, been relegated to the lumber room by Hertzog himself in the debates which recently took place in the House of

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Assembly on the Report of the Imperial Conference of 1926.

General Hertzog returned from that Conference with reassuring messages to both sections of our European people, and was welcomed by both ; by the British because he said that not five per cent. of the people now desired to secede, by the Afrikaners because he had furnished them with a formula which covered the prestige of sovereignty and the benefits which membership of the Commonwealth gives. That formula, so reminiscent of the Athanasian Creed, recognised the Dominions as "autonomous Communities within the British Empire, equal in status, in no way subordinate to one 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." What more could anyone want in this imperfect post-war world ?

The debate on the Report was held over during 1927 while the flag controversy raged. That being happily settled and a valuable interval afforded for reflection, the Prime Minister moved the adoption of the Report last March. Throughout the first half of his speech he had the whole of the House with him, for it was little more than a statement of the universally recognised meaning of the document. But it was good to get such a full statement from the man whose past is, above all other men's, bound up in the public view with the idea of secession. It was good too to have his frank admission, following on his approving quotation of Mr. Amery's opinion that "full equality of status . . . does not mean equality of stature," that for a long time to come the main burden of foreign policy must lie, where it has always lain, upon Great Britain.

It was not so good to his opponents, it was clearly puzzling to some of his friends, when he went on to develop the thesis that a Dominion, including of course Great Britain herself, could not only remain passive during a war in

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which other parts of the Commonwealth were involved, but that it had a right to claim neutrality in the sense of being in a legal state of non-belligerency and to have that condition recognised by all the world. Neutrality, as both he and General Smuts in his reply pointed out, had not been discussed at the Conference ; at the last he reminded the House that " the question as to the right of a Dominion to remain neutral is one which will only arise in the very improbable case of Great Britain or the Dominion at war being declared the aggressor by the Council of the League. We have a right to presume that this will never occur." Nevertheless, he doggedly led the Assembly to and fro over this thorny constitutional region.

It would be a mistake to suppose that General Hertzog was merely displaying his forensic talents. The history of his people and still more of his party since 1910 shows that this question of neutrality has been a very real one to them and, as the speeches of some of his followers presently showed, one which has by no means lost its interest. They are still inclined to " snuff the approach of tyranny in every tainted breeze," and that they are so is largely the result of their past. Indeed, a real difference between what may, for the sake of argument, be called the English and the Afrikaner mind came out clearly in the debates. The Englishman (the Scot takes his own line as ever) says, " Let be. Meddle not with jurisdictions. If it works, let it work and see what will come of it. Given the right spirit, all will be well on the night." It is a mentality which has its dangers, but it does at least recognise that this is a queer, chancy world, and that premature definition and, still more, logic-chopping is apt to detach something that would have proved very useful later on. Not so the Afrikaner. His forebears were Dutchmen, a people great in law and polemical theology, French Calvinists, of all men most logical, and West Germans, a highly schematic folk. His own experience in the republics, an experience in a measure forced upon him, poring over the text of the

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hastily-drafted conventions in which his legal liberties were inscribed, or in the old Cape Colony, searching for formulæ which would cover early indiscretions of the Afrikander Bond, have bred in him a legalistic attitude towards political problems. He wants the substance, no man more so ; but he also has an appetite for parchments which the average Englishman finds it hard to share.

As is often the case, General Smuts, with his experience and understanding of overseas affairs, put the English or, more justly, the Commonwealth point of view most clearly. He agreed with nearly all that the Premier had said, but on the score of neutrality he repeated his warning, now seven years old, that

the old order of State isolation and the rule of the strongest which follows from it is passing away. . . . The international system now arising both in the League and the British Empire is not one of compulsion, but of free discussion, conference and consultation. . . . We are up against something new, something to which the categories of juridical science do not apply. . . . Do not let us discuss it here by way of inference and deduction.

Rather trust to goodwill to win us time to hammer out a scheme "which will enable us to follow a common policy for the Empire as a whole."

So the debate was adjourned for a week and then resumed in a somewhat less urbane atmosphere. One section was worried and frankly bored at the discussion of academic neutrality, the other disturbed by Smuts' talk of a future common Imperial policy and still more by his reminder that the day of the sovereign independent States that we have known is passing. That is a hard saying to many just as the Union has painfully achieved that status, but certain headlines in the newspapers during the neutrality debates suggest that the vital and effective States of the future will not be those which stand in isolation. "German Attempt to fly the Atlantic" (since successful) ; "Seeing across the Atlantic" ; truly this is not a world made safe for lawyers or neutrals. And, as if to point the moral still

A State Iron and Steel Industry

nearer home, two days after the debates ended, Sir Alan Cobham, flying round Africa, alighted in Simon's Bay.

But it was a member of Afrikander stock who greeted the adoption of the Report with the remark, "That's that, and now we can get on with the day's work."

II. A STATE IRON AND STEEL INDUSTRY

THE Union Parliament by a joint sitting of both Houses has just passed an Act for the establishment of a State iron and steel industry. The measure has occasioned keen controversy for the last two years and though it passed the House of Assembly last year and again this year it was on each occasion rejected by the Senate. Hence the occasion for a joint sitting by which it was finally passed into law.

It may be useful to give a summary account of the provisions of the Act without critical comment. The Act authorises the incorporation of a company with limited liability with the objects of carrying on the business of iron masters, steel makers, colliery proprietors, coke manufacturers, miners, smelters, engineers and iron-founders, with various ancillary businesses. The corporation is to be managed by a Board of directors seven in number, four of whom are to be appointed by the Government (one of whom is to be designated by the Government as chairman) and three by the private shareholders (who may designate one of their number as deputy chairman), and the Government may appoint any member of the Board as managing director. Members of either House of Parliament are expressly disqualified from being appointed as Government directors. The managing director is to be the chief executive officer and is to give his whole time to the affairs of the corporation.

The capital of the corporation is to be £5,000,000. The authorised share capital is to be £3,500,000 divided

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into 500,000 shares of £1 each designated as A shares and 3,000,000 shares of £1 each designated as B shares. All these are ordinary shares, but the Board with the approval of the Minister may, instead of issuing the B shares as ordinary shares, issue an equivalent number of preference shares on conditions to be approved by the Minister. The Board with the approval of the Government may also increase the share capital by issuing additional B shares up to 500,000. The A shares are to be taken up by the Government at not less than par, while the B shares are to be offered for subscription to the public at not less than par. The A shares are not transferable except by authority of an Act of Parliament, and they entitle the Government, as holder, to a number of votes exceeding by one the total number to which the other shareholders in the corporation may in the aggregate be entitled in respect of the shares held by them. In addition to the authorised capital of £3,500,000, which, as has been stated, may be increased to £4,000,000, the Board may raise money by debentures not exceeding £1,500,000 at interest not exceeding 5½ per cent., which are to carry a Government guarantee as to interest and principal. A sinking fund is to be established for the redemption of the debentures within 40 years.

The divisible profits are to be appropriated as follows : After the appropriation of any dividend due on preference shares the balance up to 6 per cent. is to be equally distributed among the A and B shareholders. Any balance remaining for distribution is to go to the B shareholders up to a maximum of 12½ per cent., and any surplus still remaining over is to be applied at the discretion of the Board in reduction of the price of iron and steel. A contract is to be entered into with the Railway Administration for a period of ten years, by which that Administration is to buy from the corporation such quantity of iron and steel articles produced by it as the Administration requires, but the acceptance of these articles would appear—the

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wording of the Act is somewhat obscure—to be subject to agreement as to prices and standard of quality.

The corporation cannot be wound up except under authority of an Act of Parliament.

This is a new departure in our industrial life. We have already an Electricity Commission which controls the production of electric power, and is itself the sole producer with the exception of one large private enterprise and various municipal installations for supply within their own boundaries. That Commission finds its capital which at present amounts to about £7,000,000 by borrowing from the Treasury, and it is controlled by a Board appointed by the Government, not by a government department. The new Iron and Steel Corporation takes us a step farther. It is to offer its shares to the public who, if the shares are taken up, will hold three or three and a half, out of the authorised capital of three and a half or four millions, as the case may be. But the Government will retain complete control, both by its majority vote as shareholders and by its majority on the Board of directors.

It is understood, though the Act is silent on the point, that the new industry is to be established at Pretoria.

III. THE PROVINCIAL EXPERIMENT (*Continued*)

IN THE ROUND TABLE for March, 1925, and again in that of December, 1925, some account was given of the re-adjustment of financial relations between the Union Government and the provinces. This re-adjustment was carried out by the newly-installed "Pact" Government, and that its form was determined by the necessities of the case was proved by the fact that the Government found itself obliged to follow the main lines of the report of that Provincial Finances Commission (the Baxter Commission) which had been the target of so much fierce criticism just before the Smuts Government fell in 1924.

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The main lines of the settlement must be briefly recalled. It involved two main principles of procedure :—

1. The assessment of subsidy on the basis of "reasonable expenditure" on education in each province. The subsidy is not actually *appropriated* for education, but a calculation is made on a capitation basis (so much per pupil in the various grades of education) in order to fix the total amount of the subsidy. The basis ultimately adopted was more favourable to the Cape and to Natal than that originally proposed by the Baxter Commission.

2. The definition by Union Act of Parliament of the forms in which the provinces might themselves impose taxation. In this way it was hoped that the provincial taxpayer might be afforded some protection, while the Union Exchequer, on its part, would be protected against inroads upon its own taxable territory such as had been made, for instance, in the Transvaal.

As subsidiary parts of the settlement we should note :—

1. The transference of "vocational" education to the Union Department of Education from the provinces.

2. The standardisation of licence fees throughout the Union, limiting their use as an elastic source of revenue.

3. The separation of the finance of native education from that of other education. Parliament has now instituted a Native Development Fund, fed by taxation and other revenue from natives, and from this grants are made to the provincial administrations which carry out the actual work.

Such then is the basis on which we have been working for the past three years.

We have now to survey very briefly the manner of its working, and to estimate, so far as possible, the probable future of a much criticised but still surviving system of provincial administration. Some of the prognostications that were hazarded in *THE ROUND TABLE** when the settlement of 1924 was made have been fulfilled, others not. Thus, there has been no increase in the total amount of subsidy payable to the provinces. Including the grants for native education, the amount still stands for 1928-9 at the £5½ millions or so which was the figure for 1925-6,

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

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itself an increase of nearly a million on the subsidy for 1924-5, the last under the old system. In so far as this steadiness is due to the coming into force of a provision that after the year 1926-7 children under seven years of age should no longer rank for subsidy, and to the failure of an expected large increase in school attendance—especially in the Cape—to reveal itself, the stationary figure does mean a check to expenditure. Nor has this check been counterweighed by a corresponding increase in taxation by the provinces from their own permissible resources—indeed the provinces seem to find new taxation even more impossibly unpopular than drastic economies!

But elsewhere there *has* been increase as a result of the settlement. The transfer of "vocational" education to the Union, which was expected to cost about £188,000, has already cost over £300,000, and the end is not yet. The estimates for the Union Department of Education—including universities and child welfare—which stood at about £700,000 in 1925-6 are over a million for 1928-9, representing an increase on last year of over £57,000. If we add to this the provincial subsidies and very nearly £200,000 for agricultural education, we get a figure approaching £7,000,000 as the amount voted from Union funds for education. As the total estimates of Union expenditure for 1928-9 stand at just about £28,000,000, it is clear that nearly a *fourth* of the Union revenue is voted directly for education. If we add to this the amounts spent by the provinces on education from their own non-subsidy revenues we get a figure which cannot be less than £8,000,000. Hence it is not surprising that uneasy doubts should arise whether, by our present administrative and educational methods, we are securing results which can justify an outlay so large in proportion to the resources of the country. Some of the increase in Union education expenditure (i.e., by the Union department) is due, no doubt, to real expansion, especially in the universities, and the new and very liberally-subsidised technical colleges.

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Strain and uneasiness in this field have led to the appointment of a commission of inquiry which is just about to report. The terms of reference point to a strong desire to limit the Government's liabilities in the matter and to secure some re-organisation and re-grading of the institutions that would enable economies to be effected by revising the basis of State-aid. Grants to universities and technical colleges have already been cut down, and popular, not to say demagogic, opinion is sufficiently behind the technical colleges to justify the belief that the grants to universities may be still further reduced.

After all allowances have been made there can be very little doubt that a good deal of wasteful expenditure arises from the confusion of authorities—Union and provincial—from the overlapping of their respective fields, and from attempts at discrimination which have in them much more of political expediency than of sound scientific and administrative principle. Thus the new Pact Government in 1924 rejected the proposal of the Education Administration Commission for a co-ordinating Union Board of Education and resorted to the device of a distinction between "vocational" and "cultural" education, the Union taking the vocational and leaving the other to the provinces. Thus we are trying to delimit fields of administration by means of a distinction which turns upon certain *effects* of education that cannot possibly be foreseen, and which does not necessarily coincide with particular types of school or curricula. Latin may be vocational and carpentry cultural. Who can tell beforehand? A pupil in a provincial High School preparing for the matriculation examination is there for a vocational purpose quite as much as the fitter's apprentice at the technical college, or a country boy learning wagon-making at a trade school. The attempt to give to so elusive a distinction sufficient objective validity to justify its use as a basis of administrative discrimination leads to endless difficulty, which is not without its aspects of comedy. Some of the

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usages of the terms "vocational" and "cultural" that one finds in South Africa to-day are startling to a degree.

Yet the matter has its serious side, too, in view of the rapid economic development of the country and the continued anxiety of the white man about the economic future of his children. There is no real sign, however, of any movement towards the long over-due co-ordination. Political considerations, and the jealousy of the provinces in defence of their own prerogatives are still too strong. So long as the Union Exchequer shows such bumping surpluses as the one just announced, popular feeling is likely to acquiesce in the confusion and cross-purposes.

In the provinces themselves conditions differ. While there has been no increase of any account in provincial taxation since 1925, there has been no decrease to set against the transfer of vocational education to the Union. The Transvaal begins the year with an accumulated surplus of about £86,000 and budgets for a deficit of £80,000, which it hopes to meet by economies in administration, or in other ways without taxation. Here it is to be noted that the Transvaal has already redeemed £136,000 of debt (over and above ordinary redemption), and proposes to redeem another £35,000 this year. The position in the Cape is much less comforting to the Administration, and it must be remembered that it is the Cape which affords the real test of the provincial system. Superficially the situation does not seem bad, when we look at the accumulated surplus of £171,000, even though for 1928-9 there is to be an estimated net deficit of £86,000. But so far from being in a position to redeem debt outside its normal obligations, the Cape is carrying at present a charge of well over £170,000 a year in respect of former deficits, now funded under pressure from the Union Government. Moreover, its teachers' pension scheme has been discovered, upon actuarial investigation, to be in deficit by about £2,000,000. Though these are legacies from a former somewhat spectacular Administration, they

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have to be carried by its successor. Hence teachers are deprived of ordinary leave, and a proposal is now made to reduce their salaries in a way that has already caused an outburst. Moreover, though the Cape deficit for 1928-9 is no larger than that of the Transvaal, which leaves it to look after itself, the Cape Administration feels compelled to increase taxation on motor-cars and so calls down malediction upon itself from yet another section of a tax-sensitive community—English patience would be quite incredible here!

The reason is clear enough when we survey the state of Cape finances as a whole. The Provincial Council is disposed to meet it by demanding an increase in the capitation grant for education from the Union Government. In the Cape this is £14 per pupil after the first 30,000 (who are paid for at the £16 7s. 6d. rate) against £16 7s. 6d. throughout for the Transvaal. The claimants say little of the procedure by which the capitation rates were originally determined by the Provincial Finances Commission. That body took the expenditure on education of each province for 1922, adjusted it in accordance with what was considered "reasonable," and in doing so reduced educational expenditure in the Cape by about £330,000 on £2½ millions. That gave a figure per pupil of slightly less than £14. The Commission fixed £14, and in negotiation with the Union Government later, the Cape Administration succeeded in raising this to £16 7s. 6d. for the first 30,000 of its pupils.

One might expect that if its complaint were justified, the Cape would be meeting a larger proportion of its expenditure from its own provincial resources than would the Transvaal. Yet the share to be so made up in the Cape on the 1928-9 estimates appears to be about £450,000 on a total spent on education of £3,158,493, *i.e.*, about one *seventh*. The corresponding figures for the Transvaal are about £845,000 out of £2,782,733, a little less than one *third*. Even if we deduct the £380,000 for Transvaal native pass fees, which does not appear in Cape revenue,

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the proportion is still higher than that in the Cape. And if the Cape can show £312,000 received from education fees, the Transvaal can point to £400,000 raised by a poll-tax which the Cape does not, and probably dare not, impose.

The conclusion from all this is that the Cape is certainly not suffering to the extent of having to make up deficiency of subsidy on a larger proportionate scale than that of the next largest province. Hence there would appear to be grounds for the conclusion that the Cape's demand for an increase of subsidy may be taken as the measure of its reluctance to shoulder its own responsibilities. What the end of that must be it is not difficult to foresee.

The two smaller provinces do not affect the general situation seriously except that Natal would certainly resist any abolition or restriction of the provincial system that was not accompanied by very substantial compensation. At the time of writing a provincial commission is sitting in Natal to devise ways and means for implementing those sections of the Indian agreement that promise improved facilities for the education of Indian children in Natal. As the promise was made by the Union Government we may expect that Natal will call upon it to foot the bill. The fact has emerged that Natal is at present spending on Indian education a sum less than it receives as subsidy on that account. Here again we have a typical situation: an important national interest, the direct concern of the Union Government, depends for practical recognition and effect upon the action of a province within its own sphere. The province will take the control and the Union must pay. Such, no doubt, will be the issue, for it is not easy to conceive of Natal taxing itself to implement the promises of a Nationalist Government in regard to Indian advancement. The Free State, still sore over the loss of some excellent vocational schools, is trying to reduce its expenditure, and is coming into conflict with its teachers in consequence. Meanwhile there are growing

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signs that the Free State is a less stalwart bulwark of the provincial system than it was a few years ago.

What, then, is to be the conclusion of the whole matter? So long as the Union Government has spare cash nothing much may happen. South African local government, except in some large towns, is seriously deficient in the sense of local responsibility which is so strong in England. And public opinion is not likely to be seriously stirred against the provincial system until large increases of taxation become necessary. Normally the grave mimicry of parliaments and the elaborately staged party manœuvres of which Provincial Councils are the field are either ignored or regarded with amused tolerance. At the time of writing the Cape Council is indulging in a downright parliamentary party debate on its budget, mostly with very little relevance to the real issues. Speech after speech ends with strong denunciation of the niggardliness of the Union Government, and a demand for a new approach to get increased subsidy. Some idea of the possibilities is to be gathered from the budget speech of the still young but very able Administrator of the Transvaal. After reviewing the financial position of his province with some justifiable satisfaction, he reminded the Council of the approaching end of his five years of office, and took the opportunity to express his views on the permanence of the provincial system. As Mr. Hofmeyr was a member of the Provincial Finances Commission and Chairman of the Education Administration Commission that followed it, and has been for four years a highly successful Administrator of the Transvaal, his views are likely to be well grounded. After a very effective answer to the critics whose objection was based, not on the inherent defects of the system itself, but on particular things that Provincial Councils had done, he pointed to two fundamental weaknesses which, in his opinion, would in time necessitate a change. In the first place the system is itself a compromise, and therefore likely to be unstable. It is doubly a compromise,

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on the one hand between a unitary and a federal constitution, and on the other hand, between a legislative body and a local authority. "They were conceived as something less than parliaments, something more than organs of local government." The restriction of their powers prevents them from being the one, and the large extent of their areas makes the other something of an absurdity.

More serious is the division of administrative functions that should be one and undivided. Mr. Hofmeyr recalled his own remarks of three years previously on this point.

Since I said that [he continued], the confusion has grown progressively worse. Inefficiency, wasteful expenditure and the neglect of essential services are the inevitable result of such a flouting of the canons of sound administration. The logic of administrative necessity seems to postulate either the resumption by the central power of the disjointed members on which the provinces still retain a more or less precarious hold, or a new and more stable definition of provincial powers. And since this country has already advanced so far along the path that leads away from federalism, I believe that the time will come when the provincial system will no longer form a part of the administrative fabric of this country.

Nothing need be added to that except to say that the Cape has succeeded in piling upon administrative confusion a further tangle of financial mismanagement which is accentuated rather than obscured by the manœuvres and party pantomimes that are performed with it as background. The student of constitutional development in the Dominions should find much in the course of the provincial system in the Union during the next few years to afford him both instruction and warning—perhaps even a little innocent diversion!

South Africa,
April 20, 1928.

NEW ZEALAND: THE SAMOAN COMMISSION

THE appointment, on September 5, 1927, of Sir Charles Skerrett, Chief Justice of New Zealand, and Judge Charles MacCormick, of the Dominion Native Land Court, as a Royal Commission to investigate the administration of the mandated territory of Western Samoa, was mentioned in *THE ROUND TABLE* last December. The reference was a wide one. The preamble spoke of the complaints* made to the Government and Parliament of New Zealand about the administration; the Commissioners were directed to inquire:

1. Whether, having regard to the duties undertaken by the Government of New Zealand under the said mandate, there is just or reasonable cause for such complaints or objections.

2. Whether the Administrator or the officials of the Administration have in any manner exceeded their duty in the exercise of the authority entrusted to them respectively, or have failed to exercise their respective functions honestly and justly.

3. Whether, having regard to the Samoan native customs, and to the due maintenance of government and order in the mandated territory, it would be prudent and safe wholly to repeal and abrogate all power to require a Samoan to remove for a definite period from one place on the islands to another.

The reference thus covered not only the complaints of the Citizens' Committee and the Mau, but charges against

* For the actual complaints the reader of the Report is referred to New Zealand Parliamentary Paper A.—4B., 1927, and to a petition presented to Parliament.

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any official whatever, high or low. Wide as it was, however, it was wisely given an even wider interpretation by the Commissioners.

The reason for the adoption of this course (in their own words) was the inability of the Samoans to understand any limitation of the scope of the inquiry. . . . We are unaware (they say) of any complaint having been excluded from evidence which could by any reasonable possibility be worthy of investigation.

With such a generous view of their functions, it was a creditable performance for them to finish their sittings in 27 days; 155 witnesses were heard—90 for the complainants and 65 for the Administration. Three of the former spoke for groups of 32, 12 and 32 other natives, and three of the Administration's witnesses for groups of 32, 31 and 6. These groups were themselves present or otherwise accounted for.

The report with its appendices covers 571 folio pages, and it starts by drawing attention to one very satisfactory, if negative, feature.

We think (say the Commissioners) that it is a significant circumstance that with reference to the acts of the present and previous Administrator, both on the European and native sides of their administrations, no act of malfeasance, misfeasance, or misconduct on their part, or on the part of their European officials, was charged by the complainants. At one time, it was suggested that charges of this nature might possibly be made against the present Administration, but absolutely no evidence of such charges was tendered before us. Furthermore, except in respect of so-called orders of banishment, of orders for the deprivation of titles, and of orders requiring natives to return from Apia to their homes made late in the year 1926, or in the year 1927, in connection with the operations of the Mau organisation—which will be later dealt with—no allegation was made that the Administrator or any of his head office officials had acted in a high-handed or arbitrary manner. The absence of such allegations speaks highly for the spirit in which the administration has in the past been conducted.

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II. THE EUROPEAN COMPLAINTS

THE complaints fall under two heads (1) European, and (2) native, and the European complaints are further sub-divided into :

1. Complaints relating to the total prohibition of the manufacture, importation, and sale of intoxicating liquor ;
2. Complaints relating to the action taken by the Administration with regard to the sale on consignment as agent for the producers of part of the copra produced by Samoans known as " native copra " ;
3. Charges of extravagance in the expenditure of the public revenues of the Territory.

As far as prohibition is concerned, objection might have been made on the score of laxity during the early years of the Administrator's term, but recent agitation has taken the opposite line, and is really against the law, not its administration. Under the mandate, natives alone are required to be protected from liquor, but Parliament decided at the outset that this could only be done by total prohibition, and all parties in New Zealand are still unanimous on this point.

The prohibition (say the Commissioners) is statutory, and the Administrator must, of course, respect and enforce it. The consideration of the matter is not within the scope of the inquiry which we are directed to hold, and we are not entitled to express an opinion upon it. For convenience sake we attach the evidence heard by us on this question, including the evidence of, and certain valuable returns put in by, Mr. Braisby, Inspector of Police. It appears clear that the legislation has proved effective to prevent, so far as could reasonably be expected, the consumption of liquor by Samoans.

The Citizens' Committee proposed that liquor should be permitted " Europeans " and only prohibited for natives. The Commissioners, however, point out that, of the 2,362 " Europeans," no more than 446 are of pure

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European blood, the remaining 1,916 being half-castes. It is, nevertheless, certain that the extension beyond the minimum requirements of the mandate was one of the principal reasons for the opposition of the Europeans and traders.

But the action taken by the Administration to get the Samoans a better price for their copra was also strongly resented. Copra is the Territory's main export, and the 12,000 tons which the natives themselves produce is, as was pointed out in the report, the only source from which they can obtain ready money. It was not disputed that the traders had for many years, when the European market price fluctuated, been in the habit of meeting and fixing the price for local copra.

There was (the Commission points out) no real competition. The Samoan producer was helpless. If he did not accept the traders' fixed price, he had practically no other means of disposing of his product. One other circumstance is of great importance. The traders made it a rule to pay one price only, whatever the quality or condition of the product, provided only it would pass the Government Inspector as fit for export. The Samoan producer had no incentive to exercise care and attention in the preparation and drying of his copra. The better the quality of his copra, the more the profits of the traders were enhanced. It may well be that a change of system in the direction of paying a better price for increased quality might have involved difficulties for the trader ; but it is clear that the trader had no inducement to alter the system, with which he was well content.

It was the Samoans' dissatisfaction with this system which induced the Administrator in February, 1926, to get leave to take over the marketing of native copra, and he agreed, subject to the quality being satisfactory, to advance the producer, on delivery at Apia, a sum within approximately £10 of the current London forward market price. The first shipment under this scheme realised £27 a ton in London at a time when the best quotation for " Straits " copra—a high grade variety—was £27 13s. 6d. The second shipment was sold in advance at £28, i.e. 2s. 6d.

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better than the rate then obtaining for "Straits" copra.

We think (say the Commissioners) that the results have shown that the Samoans are quite capable of producing a high-grade copra which will command a good price in European markets. The value of the scheme, to our minds, lies in its providing an incentive to the Samoans to use care and attention in the preparation of copra for export, and the provision of a reward for the exercise of industry and attention, to which they are not very accustomed.

The traders' objections were as follows :

1. The scheme was (they said) an improper interference with private enterprise :
2. The advances made by the Administration were too large, and must result in loss :
3. If the Administration should undertake the marketing of copra extensively, it must (they complained) mean the elimination of the trader and the closing-up of trading stations throughout the Territory, involving the loss of the capital invested in trading stations.

These criticisms are not dealt with in detail—the system adopted by the Administration was, the Commission hold, "a pure measure of policy and does not come within the scope of our inquiry"—but they make two important observations about the first objection.

We think it right (they say) further to point out that the special relationship which under the mandate subsists between the Mandatory and the Samoans, and the duties which have been cast upon such Mandatory of watching and safeguarding the moral and material interests of the inhabitants, may warrant interference with private enterprise which under other and normal conditions might not be justifiable. It cannot be said that the conditions under which the Samoans sold their copra to the traders were just or reasonable.

Whether or not the traders had been making an undue profit, the Commissioners found it unnecessary to determine, but there is a significant reference to the case of the private cocoa planters. In 1922 the latter were getting from £40 to £45 a ton for their produce and complained

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to the Administrator that the price was insufficient, the market being graded by the inferior article. When, however, they were offered a guarantee of £50 a ton for unwashed and £55 for washed cocoa of approved quality, the traders put up the price, which rendered it unnecessary for the planters to take advantage of the offer.

A charge of gross extravagance was made against the Administration in an elaborate report prepared by Messrs. E. W. Gurr and A. G. Smyth on behalf of the Citizens' Committee.* It rested, however, solely upon a comparison between the public expenditure of Samoa and that of Fiji and Tonga, and the Commission doubt whether the conditions are comparable. In any case they condemn the figures in the report as "wholly incorrect and misleading," and, before its authors had left the witness box, nothing remained of their case. A few examples of their misrepresentations are given by the Commission. Those in favour of the other islands range from 45 per cent. in the case of police and prison expenditure, to 80 per cent. for the department of agriculture. In other cases the Samoan figures were twisted. To take a single passage :

From this (they say) it appears that a Maintenance and Improvement Account of £9,398 (estimated) requires an expenditure in salaries for the Administration of the Public Works Department of £4,962, or approximately about half the estimated sum of maintenance and improvements.

Such a result might well suggest the need of careful inquiry. In this case, however, all that was needed was to turn over the page. £9,398 was carried forward from page 20 of the estimates, but page 21 contained other items of £6,100 and £36,000, which bring the total up to £51,498, an error of £42,100! An equally gross mistake appears in another of these reports, and one need not even take the trouble of turning over the page to detect this one. The report on

* See New Zealand Parliamentary Paper A,—4B., 1927.

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the medical department prepared by Mr. Williams, a member of the Legislative Council, states that

In 1925-26 the number of in-patients admitted to hospital was 144, which works out an average of 16 patients to each nurse per year—which is certainly ridiculous.

Too ridiculous, indeed, to be true! The figure for the Europeans only is taken; 688 Samoans and 315 Chinese and Melanesians, which brought the actual total of patients up to 1,147, and gave each of the eight nurses almost exactly the number which he supposed to have been divided among the lot of them, are omitted.

But the most serious charge of all from the point of view of the effect on the native mind was made in Messrs. Gurr and Smyth's report.

The committee understand (so it runs) that the public debt of £100,000 was originally incurred for public improvements in the Mandated Territory, and the money was loaned by the New Zealand Government on the security of the Samoa Crown estates. The committee may be in error, and, if so, we are prepared for correction. The New Zealand Government, we are informed (probably erroneously) has now taken over the Samoan Crown estates, and they are held by the New Zealand Government under the title of the New Zealand Reparation estates. . . .

A mortgagee, having foreclosed on a property which was secured by a loan of £100,000, and having become the owner of the property without further payment, appears to be in an anomalous position when he continues to carry on the loan whilst he possesses the property which was secured for the repayment of the loan.

This last paragraph is not, probably, in accordance with facts, but the committee is seeking certain information which at present is not disclosed to the committee, and this paragraph has been inserted with the particular view of putting the committee right where it may be in error.

There is not an atom of truth in all this. The £100,000 lent by our Government was not secured by any mortgage or charge on the Reparation estates. These estates are not the property of the Samoan Administration. Our Government never foreclosed on this or any other security. The

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whole story is moonshine. The Commissioners suggest that these misstatements are "hardly palliated by the expression of doubt as to their accuracy." An inquiry of the Samoan Treasury would have at once removed doubt.

The qualifying clauses would certainly not have palliated the effect on the native. The following resolutions were passed at a public meeting.

(a) That the accounts (money matters) of the Government of Samoa be inquired into; that the white officials be decreased, and their salaries.

(b) That the debt of the Samoa Government to New Zealand be inquired into—where has this money gone?

The fear, as the evidence of the chiefs, Tofaeno and Faumuina, showed, was that New Zealand was owed money, and would take over Samoa.

We think (say the Commissioners) that there can be no doubt that the foundationless statements contained in the report read at the meeting, and probably circulated in other ways amongst the natives, caused them to believe that the expenditure of the Administration was grossly extravagant, and that there was a grave fear of losing some of the property of Samoa under a mortgage or security to the New Zealand Government.

III. THE MAU AND NATIVE GRIEVANCES

BEFORE coming to the charges relating to native affairs, the Commissioners trace the origin and growth of the Mau. It owes its birth to a public meeting of Europeans and Samoans at Apia, already described in THE ROUND TABLE.*

We are satisfied (say the Commissioners) that until the public meeting of October 15, 1926, there was no real dissatisfaction amongst the Samoans against the Administration.

It is also clear that before this meeting its principal

* THE ROUND TABLE, No. 69, December, 1927, p. 198.

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convener, Mr. O. F. Nelson, the chairman of the Citizens' Committee, and the leading spirit in the Mau from the outset, was on the best of terms with the Administrator. During his absence from February to September, 1926, they had carried on a friendly correspondence, and at the public reception given to Mr. Nelson on his return in the latter month, they had exchanged compliments in the most cordial manner.

Mr. Nelson as a colleague (said Sir George Richardson) has my wholehearted sympathy and friendship, and I hope that I shall always be able to retain that friendship long after I have left Samoa.

Mr. Nelson in his turn praised the General's "sense of fair play and good British sport," and referred to his "kindly letters" and his "tactfulness and kindness of heart." Yet he had already been complaining as early as September 1, to the Prime Minister at Wellington about General Richardson's administration, and he had made arrangements before the reception for the very public meeting at which the hostile agitation was to be launched, though he did not breathe a word about either matter to the friend he was attacking.

The conduct so disclosed (say the Commissioners) is, we think, properly subject to animadversion. If Mr. Nelson was actuated by public motives, why should he not have given some intimation of his proposed course of action with respect to the ventilation of the alleged grievances and have discussed them with the Administrator?

The reasons Mr. Nelson himself gives are transparently inadequate. Perhaps the efforts of the Administrator to get the natives a better price for their copra excited the resentment of the largest purchaser of copra in the islands.

At the time when the Minister of External Affairs visited Samoa in June 1927,* about half the adult natives were, according to the Commission, members of the Mau.

* THE ROUND TABLE, No. 69, December, 1927, pp. 197-204.

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The number was, at any rate, "quite sufficient, if they determined to resist and thwart the activities of the Administration, to paralyse the functions of government." As to the objects of the Mau, the Commission was

satisfied that the organisation had two purposes. The first was the intention to secure practically self-government for the Samoans. . . . The second purpose was undoubtedly to frustrate and render ineffective the functioning of the Administration. It is clear that there was an organised refusal among the members of the Mau to obey the laws and regulations. There was an organised refusal to recognise the authority of the Faipules and pulenu'us [town rulers] and inspectors of plantations. Generally speaking, there was an organised refusal to destroy the rhinoceros-beetle, although in some districts the beetles were still being caught, but handed over to committees appointed by members of the Mau. There was an organised refusal to attend District Councils and to send their children to the Government schools. There was a further organised refusal to attend the *malagas* [official journeys] of the Administrator and the Resident Commissioner, and to recognise the authority of native magistrates.

We now pass to the complaints affecting native administration. The first was that

the system of government permitted the rule of an absolute dictator, and caused officers of the Administration to think that they could carry out certain policies regardless of the customs and feelings of the people of Samoa.

This charge the Commissioners regard as a mere repetition in general terms of the main charge that the Administrator had failed to pay due regard to the customs and feelings of the people of Samoa. On a review of the whole evidence they hold it to be unfounded.

The second complaint was:

that the Faipules [the members of the native advisory Parliament] were appointed by the Administrator without consulting the people of the district and without the qualifications required by native custom.

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The finding on this point was as follows :—

We are satisfied (say the Commissioners) that there is no foundation for this important charge made against the administration of Sir George Richardson. We are satisfied that he did consult the people of the district before appointing a Faipule and assured himself that the appointment would be an agreeable one to them. We are satisfied that this was also done during Colonel Tate's administration. We are satisfied that no complaint was ever made as to the method of the appointment of Faipules by the Administrator until after the meeting of October, 1926. It was then taken up by the Mau as a cry or slogan against the Administration.

The third complaint was :

that the Faipules were guilty of misconduct in the performance of their duties, and interfered with the jurisdiction and duties of other native officials.

There were many sub-heads under this charge, and an immense amount of evidence was heard, nearly every Faipule whose conduct was impugned being called as a witness. The result was a huge accumulation of chaff and hardly a single grain of wheat. The whole business was, in the Commission's own words, so "ridiculously trivial" that they did not feel justified in including a detailed statement in their report, contenting themselves with giving a few specimens in an appendix. Their view found support in a rather unexpected quarter. Mr. Baxter, leading counsel for the Mau, not only admitted the triviality of these charges, but made it part of his argument.

There is (he argued) another striking phase of the Samoan evidence, and that is the number of complaints made against the Faipules by the Samoan witnesses called. Every Samoan witness called, no matter on what subject he was called, when asked if he had any complaint against the Faipule, had some. Many were trivial and unimportant and a number were denied by the Faipule, and others do not concern the Commission at all. I do not propose to go into the merits.

The Chairman : Will you mention one complaint that is not trivial ?

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Mr. Baxter : I do not think I can mention one that is not trivial, and that is what impresses me. It is evident from the very fact that these trivial complaints have been made that the Faipules are disliked and distrusted by the Samoans. If the Faipules had the confidence of the Samoans and were liked and trusted by them, then these trivial complaints would not be brought up against them ; but that dislike and distrust caused the Samoans to bring forward these complaints.

The argument is worthy of the trial in *Alice in Wonderland* :—

"That's very important," the King said, turning to the jury. They were just beginning to write this down on their slates, when the White Rabbit interrupted : "*Un*important, your Majesty means, of course," he said in a very respectful tone, but frowning and making faces at him as he spoke.

"*Un*important, of course, I meant," the King hastily said, and went on to himself in an undertone, "important—unimportant—unimportant—important—" as if he were trying which word sounded best.

Mr. Baxter's own position was less embarrassing : "serious—trivial—trivial—serious—" it really did not matter which, because they both meant the same thing. But the Commission's reminder "that these complaints were not heard until the organisation of the Mau" suggests that these trivialities had a serious side. They seem to be the outcome—an outcome, unreasoned, inarticulate and approaching the farcical when it gets as far as expression in words—of the jealousies, suspicions, love of intrigue, childish ill-temper and vague discontent which the Mau was formed to stimulate. The very word, Mau, means "dissatisfied," as one of the native witnesses reminded the Commission. The Mau has failed to provide its adherents with any single reason which is not trivial, but the dissatisfaction provoked by it is certainly serious. On June 11 last, Mr. Nelson told the Minister of External Affairs that the Committee's reports

emanate from the very hearts of the people, and were only put into legible form by the Citizens' Committee whom they elected for the purpose.

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Whatever view be held of the Commission's skill in interpreting such inarticulate emanations, it certainly discredited "the legible form" elaborated by the Committee.

A fourth grievance was "the imposition of the medical tax," a tax of £1 paid by every adult male Samoan for free medical treatment. The Commission's reply is as follows :

We are of opinion (they say) that the medical tax was imposed with the general consent of the Samoans, and that the medical treatment which it enabled the Administration to provide for them has proved a blessing to them in the very efficient care it has taken of their health. It is a truism to say that no public health system can be maintained only out of payments by patients for medical treatment, which is the only alternative suggested for the tax.

The Citizens' Committee express their desire for "a medical department that commands respect and confidence, not one which creates more or less ridicule," a peculiarly outrageous statement in view of the tribute paid it by Dr. P. A. Buxton, Director of Medical Entomology, London School of Hygiene and Tropical Medicine.

It is perhaps not impertinent (Mr. Buxton writes) to state that New Zealand provided a public health service which might serve as a model to any small tropical country, and that the administration of that department seemed to be characterised by vision and forethought.*

Mr. Williams, who wrote this particular report, when confronted with this testimony, took the honourable course of withdrawing the statement with an apology and an undertaking to let the natives know the truth, but Mr. Nelson brazened it out and continued to accept full responsibility for it.

The fifth complaint was about the so-called local "banishment" orders. It is a pity that these orders, which provide merely for the removal of natives from one part of the Territory to another, should have been called by a name

* See *Researches in Polynesia and Melanesia*, p. 4. (Published by the School).

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which suggests total expulsion, and the Administration, which has tolerated and even adopted the term, has probably suffered more in consequence than it has from anything it has actually done. The phrases "order of banishment" and "the place of exile" actually appear in the official heading of an order made on July 16, 1927. But though the term "local banishment orders" is used in the headline, there is fortunately no ambiguity in the text.

There are three kinds of orders :

- (a) Those requiring a native to leave a certain place and to reside in a defined place in Samoa ;
- (b) Those requiring a native to return to his home ; and
- (c) Those depriving a native of his titles.

The power of compulsory removal has always existed, and it was kept on by the Germans. The need for such a power was not denied by natives who objected to the Administrator's use of it either in particular cases or generally. During the years 1923-26, there were orders affecting 56 persons. Thirty-nine were made at the instance of chiefs, heads of the family, or aggrieved persons ; in only nine cases involving 13 persons, did the Administrator himself prosecute, and in every instance proper investigation had been made. The cases, were, moreover, all "admittedly destitute of political significance."

The second class covers orders "made after the Mau had, rightly or wrongly, been recognised as an organisation which should be suppressed." That was in July, 1927 when large numbers of natives were assembled in Apia awaiting the result of Mr. Nelson's visit to New Zealand to present their petition to Parliament. The nature of their hopes may be inferred from the following letter which was produced to the Commission.

The chief thing in the wireless message (wrote Anapu from Apia on July 25, 1927) is that Samoa is to be cut off from the control of New Zealand. Mr. Nelson will return with a verdict as to which Government is to have control of our country, but New Zealand

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is finished with Samoa. This is absolutely true and the crown of victory is now within our grasp.

In these circumstances, the Administration felt it must take prompt action to suppress the Mau, and send the natives back to their villages. The machinery of the "banishment" order was therefore applied. There were some 59 orders made, affecting 50 natives. In 42 of the cases the natives were ordered to return home, or else to remain at home; in 8 they were directed to remove to other villages; 20 of these orders were obeyed and 39 were not. One may note in passing the absurdity of describing an order to a man to go home as a "banishment" order. It was this which gave the Christchurch *Sun* its excuse for saying, as it did on March 8, that "Samoan chiefs and citizens are biting their nails in exile." The Commission's own view is as follows:

It appears to us that these orders were made after a proper inquiry and that no objection can be taken to them. We are not concerned with the form in which the orders were drawn up. The Administrator satisfied himself of the propriety of making them, and gave to each person affected the opportunity of appearing before him and stating his case. Some so appeared and others declined. We are wholly unable to see that, in the circumstances which obtained, the Administrator was not justified in exercising such powers as he possessed to discourage the organization of the Mau and to compel the dispersal of the natives to their respective homes. It is clear to us that the Administrator was right in his opinion that the organization of the Mau as understood and used by the natives could not exist alongside of and concurrently with the administration of the country under the mandate. One or other must give way.

The question arises whether this power of compulsory removal within the limits of the Territory could be safely abolished. The Commissioners remind us that it has its origin in the customs and usages of the natives, having apparently been evolved from their family and communal system, and that in an official list of cases affecting 84 persons, the applications by chiefs or on behalf of the

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families of the persons affected numbered 67—about 80 per cent. Their conclusion is as follows:—

It has undoubtedly its uses, as pointed out by Captain Bell, in preserving order in villages and in preventing irritation likely to result in violence. Moreover, the power appears to us to be useful at times or places where there may be native unrest, and it may be desirable to isolate affected natives and restrict the growth of disorder. We do not think that it is possible to rely wholly upon the ordinary criminal procedure. Many acts which might well justify the removal of a native from a village might not come within the definition of any crime. Moreover, there is practically no adequate police force in the Territory. The gaols are few and are wholly insufficient to provide for a number of persons whom it might be desirable, as a safeguard, to keep in custody. We are, therefore, of opinion that it is not prudent or safe wholly to repeal the power which we are considering; and further, that no demand exists for such a repeal. The power of course, ought to be exercised with wisdom and caution.

IV. THE GOVERNMENT'S ATTITUDE

The report was published on December 9 last, and on the 23rd, the Prime Minister's office in Wellington issued the following statement.

The Administrator of Western Samoa, after taking the steps required by the Samoa Amendment Act, 1927, has been authorized by the Governor-General-in-Council to require Messrs. Olaf Frederick Nelson, Edward William Gurr and Arthur George Smyth, to depart from Western Samoa, Messrs. Nelson and Gurr to remain absent for a period of five years, and Mr. Smyth for a period of two years. The necessary orders made by the Administrator were served upon the gentlemen named to-day.

Though this step did not come as a surprise after the report, the Government was generally considered to have made a mistake in not making it clear before they took such an extreme measure, that the ringleaders had been given a reasonable chance of putting themselves right. But, if they remained silent, Mr. Nelson himself filled

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the gap by his parting advice to the Mau on the wharf at Apia on January 13.

Rely on me (he said) I am going to win a victory for Samoa. I ask you to stick to the Mau. Stick to it, stick to it.

There was plainly nothing of contrition in this.

On January 24 the Prime Minister issued a second statement. He explained why the deportations had to be made, and gave a grave picture of the state of the country. He confessed that "our administration of Samoa had for many months been very largely ineffective."

In Samoa to-day (to give his own words) the native people are seriously disunited; a large section of them are in a state of passive resistance to constituted authority; so far as they are concerned, the King's writ is not running; they are refusing to obey the orders and summonses of the Court, even though serious indictable and criminal offences are involved; they are refusing to pay their taxes; they are failing to search for beetles or to account for those collected; they are neglecting their plantations; they are keeping their children from the Government schools, and, perhaps the most serious of all, they are rejecting medical help and neglecting sanitary precautions.

It is impossible to ignore the serious position that exists to-day, and has existed for some months past, and it is not too much to say that sufficient mischief has already been done to prejudice the prosperity of Samoa and the Samoans for many years to come.

For six months the authorities had shown "limitless patience in most difficult circumstances," but toleration had been carried so far as to make our administration ineffective. The Mau had actually set up a "police force" of its own, equipped with uniforms. The situation was such, indeed, that the Government had to assert its authority. It was its policy, the Prime Minister said,

by removing those who were, in our opinion, primarily responsible, to prevent any extension of the mischief, and so enable the Administration to put in hand those conciliatory methods which we believe will ultimately prove successful.

Meanwhile the Mau was using all the old kinds of passive

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resistance, and one or two others as well that went beyond the passive stage. A boycott of storekeepers throughout the Territory was proclaimed on January 28, and "a hundred uniformed Mau men, carrying big sticks, parade Apia streets and prevent Samoans patronising the Apia stores." The police force consisted of only two European officers—six others were on their way from New Zealand—and 30 natives. All they could do was to warn the Mau "police" that their action was illegal. On February 22, the Press Association's Apia correspondent reported that,

The boycott of shops continues, and Mau policeman armed with big sticks compel the Samoans to return to the shops articles purchased from them. Even Samoan servants of Europeans are being compelled to return purchases made on behalf of their employers. The time given by the Administrator within which the Mau representatives should interview him regarding grievances expired this morning.

Public opinion is that drastic action for the suppression of the European-made Samoan revolution is unavoidable now.

By this time, however, as the result of a message from the Administrator that "any action taken by the official police will be regarded as a signal for general retaliation against Europeans," our two cruisers, *Dunedin* and *Diomedes*, were on their way to Apia, and on February 24, the local police, with the aid of an armed force from the ships, arrested 250 of the Mau's illegal "police," without disturbance. Subsequent arrests brought the number up to about 400, all of whom were, on March 1, convicted of intimidation, and sentenced to six months' imprisonment. On March 7 the Administrator offered a settlement, but it was refused by the spokesman of half the prisoners, who made it a condition "that Samoa should be run by Samoans entirely without white officials, but under the British flag." Sir George Richardson rejected this as "seditious," but two days later he released all the prisoners, saying that on the expiry of his term—March 16, later extended to March 31—he was leaving to represent New

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Zealand at Geneva, and desired his last act to be one of clemency.

The truce was of brief duration. On March 14, the Press Association's correspondent at Apia telegraphed that,

The present serio-farcical position in Samoa may soon develop into a grave crisis, as the loyal Samoans threaten to take effective action after the "failure of the Administration and the warships to arrest Tamasese and other defiant Samoans who are re-disturbing peace and reiterating their demands that Samoans should govern Samoa."

This, coupled with the inability of the warship forces to detain prisoners at Mulinuu and effectively protect the Administration police endeavouring to make arrests of rebels, is arousing the passions of the people of Malietoa, a former King, who say, "Let us fix these disturbers of Samoa's peace."

According to the *New Zealand Herald*, "these incidents have convinced the Mau that the navy is forbidden to use force, and the cruisers are freely referred to as 'scare-crows.'" The tension at Apia was, however, soon relieved by the departure of a large number of Mau adherents, largely on account of the difficulty of getting food.

Meanwhile, the Government in New Zealand, though it deprecated alarmist talk, did nothing to allay public uneasiness till March 22, when the Prime Minister reviewed the whole position, and announced his intentions in a statement which was generally considered to have made the best of a bad business. The crux was, of course, the failure to arrest Tamasese when he persisted in holding "fonos" [meetings] within the prohibited area and defied the marines in the belief that their guns were not loaded, thus calling the bluff of the Administration. Mr. Coates' explanation was as follows :

The attempt (to arrest Tamasese, he said) led to considerable excitement among the Samoans, and although it could undoubtedly have been effected had force been used, it was considered by those on the spot that in the circumstances it was not desirable to risk

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injury to these misguided people unless that was rendered essential by attempted violence on their part. Accordingly, no further steps were taken, and as a matter of fact, the Mau subsequently dispersed peacefully to their homes, leaving in Apia a committee with the object no doubt of watching events.

The Prime Minister's words removed the fear that effective action on the spot had been frustrated by hampering instructions, and it was pretty clear that, in the opinion of the Government, the Apia authorities had exercised their discretion wisely. This appears also to be the general opinion.

Hankow (in the words of *The Evening Post*, March 23), was certainly not a desirable precedent, but it was at least better than Amritsar, and some of the worst features of the Hankow precedent were removed by the complete passivity of the resistance offered.

As regards the future, Mr. Coates admits that patience cannot last for ever, and that the change in the administration is the last chance that will be given the Mau natives.

That (he said) is the position at present, and I wish the public of New Zealand to understand how very reluctant the Government are to have recourse to the final arbitrament of force. . .

But it must be understood at the same time that the New Zealand Government cannot, and will not, allow the existing position to continue. It is our duty to govern Samoa, but we have felt that in view of the necessary departure of the present Administrator and the appointment of his successor, it would be wise . . . to defer further action until the new Administrator has taken over and the natives have had a further opportunity to realise their position and the Government's.

With this caution our narrative must be brought to a close.

New Zealand.

March 27, 1928.

PRINTED BY
W. H. SMITH & SON
THE ARDEN PRESS
STAMFORD ST.,
S.E., AND PUB-
LISHED BY MAC-
MILLAN AND CO.,
ST. MARTIN'S ST.,
LONDON, W.C.



THE TASK OF THE SIMON COMMISSION

I. HOW TRADE WITH INDIA LED TO THE INDUSTRIAL REVOLUTION

THE people of Europe, who two centuries ago were mainly clothed from the backs of sheep, have since learned from India the use of vegetable wool. This change began with the opening of the eighteenth century, when "John Company" was placing cottons woven in India on the English market. A taste for these new fabrics grew so rapidly as to threaten the prosperity of the English wool-workers. So English wool spinners learned to twist raw cotton into thread, and the weavers to imitate the calicoes imported from India. Such was the demand that the spinners were unable to twist the yarn as fast as the looms could weave it. Some improvement in the old spinning wheel was wanted to enable one person to spin two or more threads at the same time. In 1738 Paul of Birmingham invented such a machine. Thirty years later Hargreaves following a different principle produced a frame upon which one person could spin sixteen threads at the same time. Arkwright improved on Paul and finally in 1779 Crompton combined both principles in a frame known as the mule. With this machine spinners produced yarn faster than hand-loom's could weave it. By 1787 the balance was redressed by Kay's flying shuttle and Cartwright's power-loom.

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These various machines needed some force greater than human muscle to drive them. First horses and then water-wheels were used, and the sites where streams could be made to drive cotton mills were soon occupied for the purpose. But vast stores of solar energy were preserved beneath the surface of England in the form of coal. The engine invented by Watt enabled this energy to be used for driving the frames and looms. By 1804 the use of steam for this purpose had become general. Inventors were considering how to move the increasing quantities of coal needed to drive engines, and iron for their construction. In 1825 Stephenson opened the first railroad for cars drawn by a steam locomotive. A ship crossed the Atlantic under its own steam in 1838, a hundred years from the date when Paul had first begun to show English workmen how to compete with an Indian industry. British trade with India thus opened the way to a revolution in industrial methods, which in two centuries has wrought changes more far-reaching than the world had known in any previous ten.

II. TRANSITION FROM COMMERCE TO GOVERNMENT

THE Company meanwhile had acquired sources of wealth other than commerce. From the long struggle with the French it had issued victorious, and had also acquired the right to revenues of large territories, which its servants collected to swell the dividends. It had paid them so poorly that it could not prevent them from trading for private profit. As political officers, they could not live on their salaries and accepted "presents," as was customary in the East, retiring with fortunes which sometimes enabled them to control votes in Parliament. Its independence was threatened by the influence of the Company and of "Nabobs" enriched by oppressing its helpless subjects in India.

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The growth of these evils was arrested by legislation which gradually converted the Company into an instrument of government controlled by Parliament. Its administrative officers were secured in the enjoyment of liberal salaries and retiring allowances, and forbidden by stringent enactments to accept payments even as gifts from those they ruled. A career was thus opened to men of honour and education in which they could rise to distinction only by devotion to the welfare of the people entrusted to their care. It was officers of this quality and with this point of view whose studious industry developed an administrative system which the people of India can now use in learning to govern themselves.

The administration of those provinces which came under British control from the time of Hastings onwards was thus organised by Englishmen of high character and ability. Their aim was to endow India with the methods of Western civilisation so far as her people were able to adopt them. Of these the most comprehensive and fundamental was a greater measure of justice than any people of Asia had yet enjoyed. But justice demands more of rulers than a disposition to judge fairly between rival claimants. It involves a continuous and constructive attention to an infinite mass of tedious detail, in order to provide remedies for the grievances from which men find they suffer. It is thus that the Romans and British have earned distinction as exponents of justice.

In reforming Indian methods of justice the English experience of centuries was comparatively easy to apply. The most fundamental and original reform made by the British administrators was in the sphere of revenue. In the theory of the East the position of ruler and land-owner was scarcely distinguished. The ruler was legally entitled to all he could get from the land. A good ruler was one who left the cultivators a fair subsistence by restricting expenditure on his own establishment. The exactions of a bad and extravagant ruler were only limited

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by the fear lest the peasants in despair should leave their holdings untilled and take to brigandage, as is happening in China to-day. In an empire so great as that of the Moguls the revenue collected from the peasants had to pass through a great number of hands and vastly more was appropriated by the intermediate officers than ever reached the imperial treasury. Such a system must always tend to concentrate the wealth of the country in the hands of a powerful minority, to bankrupt the State and impoverish the great mass of producers. These results can be prevented only by methods foreign to Eastern ideas. It needed the kind of thoroughness and exactitude in finance which the constant scrutiny of Parliament required and the younger Pitt had reduced to practice.

A revenue system based on the rent of land involves a government at every point in questions of tenure. It has to determine what are the rights of each individual in the land, as well as the amounts which he is to pay for enjoying those rights. In assessing and collecting the revenues from lands under their control the British officers used the higher exactitude which the business of government as conducted in Europe requires. The amount due from each particular field and the periods for which that amount would be due were reduced to accurate record. The periods during which the amount due to the government remained unchanged were steadily lengthened. Indian officials were trained to these methods, and narrowly watched by the handful of British administrators to ensure that so far as possible no more was exacted from the peasants than was rightly due.

Of those who created the revenue system the greatest perhaps was Thomas Munro, who began life in India as a military officer in the time of Hastings and died as Governor of Madras in 1837. The nature of the problem as he viewed it is best described in his own words :

The peculiar character and condition of the ryots require that some laws should be made specially for their protection. The

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non-resistance of the ryots in general to oppression has been too little attended to in our Regulations. We make laws for them as though they were Englishmen, and are surprised that they should have no operation. A law might be a very good one in England, and useless here. This arises from the different characters of the people. In England, the people resist oppression, and it is their spirit which gives efficiency to the law : in India the people rarely resist oppression, and the law intended to secure them from it can therefore derive no aid from themselves. Though the ryots frequently complain of illegal exactions, they very seldom resist them ; they more commonly submit without complaining, and they often abscond when they have no longer the means of paying for them. . . . As therefore they will not protect themselves by resisting injustice, we must endeavour to protect them by laws which would be unnecessary in England, or in almost any other country under foreign dominion ; and we must, for this salutary purpose, invest the Collector and Magistrate, the person most interested in their welfare, with power to secure them from exaction, by authorising him to make summary enquiry into all illegal exactions, to recover the amount, to restore whatever is received to the ryots, and to punish the offenders.

In 1819 Elphinstone wrote :

If we can manage our native army, and keep out the Russians, I see nothing to threaten the safety of our Empire—until the natives become enlightened under our tuition, and a separation becomes desirable to both parties.

In 1824 Munro wrote in a similar strain :

We should look upon India not as a temporary possession, but as one which is to be maintained permanently, until the natives shall, in some future age, have abandoned most of their superstitions and prejudices, and become sufficiently enlightened, to frame a regular government for themselves, and conduct and preserve it. Whenever such a time shall arrive, it will probably be best for both countries that the British control over India should be gradually withdrawn. That the desirable change may in some after age be effected in India, there is no cause to despair. Such a change was at one time in Britain itself at least as hopeless as it is here. When we reflect how much the character of nations has always been influenced by that of governments, and that some, once the most cultivated, have sunk into barbarism, while others, formerly the rudest, have attained the

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highest point of civilisation, we shall see no reason to doubt that if we pursue steadily the proper measures we shall in time so far improve the character of our Indian subjects as to enable them to govern and protect themselves.

From these minutes it is clear that Munro and Elphinstone did not regard the people of India as naturally and incurably unfit to maintain a system of government which was just and efficient. The object they had in view was to enable Indians to provide this benefit for themselves, and, as Munro says, this required a definite change in their outlook. He realised the immense influence of government on character and looked to a juster system to induce that change.

Such was the goal to which two great administrators looked in organising a system of order and justice, the like of which had never been seen in the East. But the order they established was constantly threatened by the anarchy which persisted in the territory beyond their control. Indian Princes, successors of the satraps who had governed provinces under the Moguls, continued to fight and intrigue to extend their power. Napoleon's attempts to foment these troubles were countered by the Wellesley brothers whose victories led to vast extensions of British territories. The directors were always averse to wars which reduced their dividends, and in 1805 the Marquess Wellesley was recalled. But the need for one paramount authority in India was inexorable. As Elphinstone wrote in 1813 :

We have long since abandoned the policy which might perhaps have averted the jealousy of other Indian States ; and we have stopped short in the midst of the only other line that was safe or consistent—that of establishing our ascendancy over the whole of India. In consequence, we have still the odium without the energy of a conquering people, and all the responsibility of an extensive empire, without its resources or military advantages. There would be some reason in remaining in this dangerous position if we were strengthened by peace, but so far are we from that, that our provinces and the dominions of our allies are much more exposed to invasion and plunder than they would be in the time of war.

Mechanisation Applied to India

The British Government, as anxious as the Company to avoid Indian wars, was unable to resist the logic of facts. By the middle of the nineteenth century, the peninsula was subject to British control from Cape Comorin in the south to desert and mountain barriers in the north. This did not mean that the whole area was administered by the Company's officers. So far as possible Indian Princes were maintained in a position of subordinate alliance. More than one-third of India is still under their control.

III. MECHANISATION APPLIED TO INDIA

IN producing the engine which was destined to have so potent an influence on all human affairs, one of the difficulties experienced by Watt was to get his artificers to make a cylinder which was really cylindrical. Machinery imposed on its constructors a new standard of thoroughness and accuracy which reacted on business and administration. Enterprise was organised in larger units, each dependent for success on the punctual and accurate working of numerous departments, and demanding therefore a higher degree of exactitude from every person engaged in the business. This higher efficiency was in turn reflected in the sphere of government. The financial and administrative reforms of the younger Pitt, of Peel and of Gladstone were the outcome of an age when men had learned to harness physical power to their tools, and to reserve their own to the task of guiding them.

India was a typical example of the law enunciated by Malthus. Her methods of production and transport had continued unchanged for thousands of years, and the people were always increasing to numbers which these methods were unable to support. A serious shortage in the variable rainfall of summer resulted in famine, and pestilence often followed in its train. From time to time millions perished

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by hunger and disease. In the Indian mind such catastrophes were regarded as the act of God; but British administrators, conscious of their new power over nature, were determined to reduce this destruction of life. In the snows of the Himalayas were enormous reservoirs drained by rivers, whose waters, distributed by canals, would render whole districts immune from drought. The grain produced from these districts would suffice to keep alive the population of areas dependent on rainfall when the rains failed, if the grain could be got to them in time. Railways would enable this to be done. So engineers were employed to initiate schemes for distributing water and the food it produced. The construction of telegraphs began to give a handful of British administrators an increasing sense and power of control over the entire peninsula. The mechanical accuracy of the age was applied especially to the assessment and collection of revenue. Education on Western lines was initiated, but mainly in order to train the natives required to play their part in the huge machinery of government control.

The highly organic structure which England had developed for herself was thus suddenly transported to India. Her vast society and its numerous parts began to react on each other as never before. In matters affecting her daily bread India was becoming an integral unit. A paramount government for the whole country became a necessity.

In seeking to avoid wars of conquest the rulers of India had sought where possible to solve the problems imposed on them by her unity by entering into treaties under which the Princes of Indian States were allowed to retain their power and position subject to the suzerainty of the Governor-General. Broadly speaking, the British authority acquired the powers of an Imperial government over India as a whole. Such powers as provincial rulers exercise in a loose confederation were secured to the Princes. On the provinces annexed by the Company were devolved such powers as a provincial government can exercise in a unitary system. The result

Mechanisation Applied to India

is seen in the fact that to-day about 39 per cent. of the surface of India and 22½ per cent. of her population are still governed by Indian Princes under powers regulated by the treaties into which their predecessors entered with the Government of India.

This policy of leaving large areas under native control must always create formidable obstacles to the projects of administrators anxious for progress. To take one instance, the lines traced by the engineers for canals and railways had no relation to the boundaries settled by history between native and British territories. In such matters reluctant Princes had in the end to give way to the needs of the engineer. But administrators eager to push on their beneficent schemes naturally chafed at delays which had not to be faced in territories subject to direct British control.

In January 1848 there landed in India a Governor-General in whose character and outlook the dæmonic spirit of that time was incarnate. Though only thirty-five years of age, Dalhousie had, as President of the Board of Trade, controlled the railway development of England then at its height. His energies were at once applied to advancing schemes already initiated for covering India with a network of irrigation works, railways and telegraphs. When he left India eight years later a large section of railroad was in actual working, and thousands of miles were under construction.

Dalhousie applied his energies not only to constructive works, but also to improving every branch of the civil administration. The corruption and injustice which continued to characterise the rule of Princes was an offence to his mind, apart from the obstacles which they presented to the further development of centralised control. In two years he had finally conquered the Punjab, the former dominions of Ranjit Sing, and promoted it to the status of a well-ordered British province. In four he had begun the annexation of Burma. He adopted the policy of annexing

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Indian States whenever a Prince died without leaving an heir to his body. The King of Oudh, a flagrant example of maladministration, was dethroned and his kingdom incorporated with the North-Western Provinces.

In 1854 was initiated a project for extending a scheme of Western education to the people at large, by the institution of vernacular schools and of universities. This project was pushed on with such energy by Dalhousie that in 1857 universities were founded in Calcutta, Bombay and Madras. Dalhousie's motives have never been impugned even by his critics. Beyond question his vigorous methods were intended to benefit the voiceless millions of India, and succeeded in their object. But, like all far-reaching reforms, they were slow in coming to fruition, while their first effect was a wide-spread disturbance of vested interests and the alienation of small but powerful classes.

IV. THE MUTINY AND AFTER

THE Indian Mutiny which broke out in 1857 was in essence a revulsion against methods and ideas which were threatening to disturb the very foundations of Eastern society. It failed, as a society based on traditional beliefs will always fail when it enters on a struggle with one which has tapped the springs of genuine knowledge. The rising was crushed with a ruthlessness which shows how easily a higher civilisation can borrow the methods of a lower in the throes of a mortal conflict.

At the time of the Mutiny India was still in theory governed under the sovereignty of the Mogul Emperor, directed by a joint stock company founded for the purpose of trade in the reign of Elizabeth. It was now decided to abolish the Company and to recognise that section of the Indian people, which the Company had governed, as subjects of the Crown, entitled as such to the privileges which British

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subjects enjoy. The principle that India was to be governed for the benefit of her people and not for the profit of England was stated in terms. As for the Indian States, the Crown adopted and promised to observe the treaties which the Company had made with their Princes. Dalhousie's "doctrine of lapse" was explicitly renounced.

At this period John Bright was alone in suggesting that the Indian subjects of the Queen should be taught to govern themselves. India was encouraged to believe that the British monarch would in future rule them as successor of the Mogul Emperors. In the document proclaiming the new system it was not found necessary to explain how all this was to be harmonised with a polity the antithesis of that which the great Mogul had ruled.

Up to the time of Dalhousie the territories now controlled by the Government of India had supported little more than 200,000,000 souls. The population of that area is to-day nearly 320,000,000. There are thus in India to-day at least 100,000,000 human beings who exist by virtue of good government and also of mechanisation. As in Europe and America, society has increased in volume, and in doing so has developed a highly integrated structure. The operation of this intricate mechanism still depends in a high degree on a mere handful of English officials whose fitness for the task is the product of the Western society from which they spring. The very existence of some 100,000,000 souls still depends on a faculty for discharging public duties generated in a totally different order of society on the other side of the world.

Till 1919 the Government of India was, and to a great extent still is, the Indian civil service. The quality of the literature on India produced by its gifted members when they return after years of service to the land of their birth is in no small degree the secret of the power they exercise over public opinion in this country.

Knowledge is power. When in 1858 Parliament sought to assume a direct responsibility for controlling the govern-

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ment of India, it destroyed the principal means through which its members had formerly been able to keep in touch with Indian affairs. Till 1858 Parliament had never renewed the Charter of the Company for more than twenty years. Towards the close of each period Parliament had appointed a committee of its own members to examine witnesses and to advise it as to the terms upon which the Charter should be renewed. All interests affected had thus an opportunity of making their voices heard in London; and in Parliament were members with first-hand sources of information whose minds had been exercised on the problem of adjusting Indian policy to changing conditions.

The educational system inaugurated by Sir Charles Wood and Dalhousie produced an army of Indian officials who could speak English and were trained to execute the orders of their British superiors. At the Indian universities the landowners were able to educate their sons for professions, especially law. The literature and history of England were the basis of their studies and led them to desire for India the principles of self-government which England had developed. In England, meanwhile, the views of John Bright had begun to influence the Liberal party. In 1880, when Gladstone came to power at the head of a substantial Liberal majority, Lord Ripon was appointed as Governor-General, with instructions to make some attempt to introduce a representative system in the sphere of local government.

With traditional loyalty the British officials took the new bodies under their wing, and threw themselves into the task of making them work. The magistrate usually acted as chairman of the board, and with infinite patience laboured to persuade its members to do with equal efficiency things which previously would have been done by virtue of a simple command from himself.

The general result, achieved at the cost of much additional labour, was no great loss in efficiency and no great gain on the part of elected members in capacity for making

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their own decisions. In some provinces the electoral system was so hedged with safeguards and restrictions as to have no practical effect in training electorates. In the larger municipalities there was more inefficiency and corruption, and also more training in the art of self-government.

A measure intended to put Europeans in India on a footing of equality with Indians before the law aroused passions so violent in the European community that Ripon withdrew it.

The success of the Europeans' agitation against the Ilbert Bill was an object lesson to the Indians in the power of organised agitation for political purposes, and their reply to it was the foundation in the following year of the Indian National Congress as an organisation through which, in default of regular representative assemblies, the Western-educated Indian could make his voice heard not only in India but in England, and, for the first few years at least, made it heard with a greater regard for lawful forms and methods than Anglo Indians had shown in their campaign against the Ilbert Bill.*

In the light of after events it would have been wiser to have encouraged the Indian National Congress to have developed on constitutional lines. But this could only have been done if the agents of England on the spot could have conceived, as Munro did at an earlier date, that the people of India might in course of time learn to govern themselves. The Mutiny had combined with the mechanisation of India to force that idea into the background. One wonders whether Munro himself would have persevered in this faith, had he known an India where 100,000,000 depended for their very existence on the punctual working of a vast and intricate mechanism. The system imported from Europe worked because it was supervised by some hundreds of Englishmen whose standards of public duty, efficiency and faculty for decision

* *Fifty Years in a Changing World.* By Sir Valentine Chirol, p. 223.

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were produced by institutions in which they and their ancestors were bred. The results of a breakdown were so serious that the handful of British directors were impelled to keep in their own hands the responsibility instead of imposing it on their Indian subordinates. The Indian had little training in actual decision, while the Englishman came to regard him as a person naturally incapable of acquiring the faculty of direction. Englishmen in India naturally developed a distrust of the principles inspiring the polity which had made them what they were. The policy of making the Indian National Congress a responsible body would only have been possible to rulers who honestly believed that Indians could in time govern themselves. As it was, the Congress became an instrument for insisting upon the demand for self-government rather than a training ground where educated Indians could develop the qualities needed for the task.

In 1899 Lord Curzon brought to the government of India an energy equal to that of Lord Dalhousie. When he left in 1906 he had made improvements in every department. The effect was a widespread and murderous conspiracy, which came to a head in 1909. The election of 1905 had again brought to power in England a Liberal Government with an overwhelming majority. John Morley, as Secretary of State for India, at the instance of Lord Minto, the Viceroy, decided to meet the demand for constitutional reform on the part of educated Indians who did not believe in anarchy. By an Imperial Act in 1909 he provided that a certain number of members might be elected to the Indian legislatures. Indian spokesmen were thus given the right to criticise their rulers without being made in any degree responsible for the conduct of government. Lord Morley failed himself to realise the inevitable results of a system which gave every scope for finding fault and scarcely any for providing remedies. He even expressed the view in Parliament that India could never hope, like a Western people, to govern herself.

The War and its Consequences

"If it could be said that this chapter of reforms led directly or indirectly to the establishment of a parliamentary system in India, I, for one, would have nothing at all to do with it."

When such was the verdict of the greatest living exponent of Liberalism, Englishmen accepted the view of that small body of their countrymen who had given their lives to the government of India. Nor did they inquire how it could be reconciled with the principles of the polity under which India was governed.

V. THE WAR AND ITS CONSEQUENCES

AND so matters might have continued indefinitely if the great war had not forced Englishmen to consider what were the principles upon which that polity was based.

To Frenchmen the war was mainly a question of defending their own soil from invaders. With Englishmen protected by the sea from immediate invasion it was otherwise. They felt themselves to be fighting for principles dear to them, and were therefore forced to ask themselves what those principles were. They saw, what the French in their anguish could scarcely see, that the ultimate issue at stake was the principle that men should be made to govern themselves. In the central Empires of Europe, they realised, was a system based on the ancient principle of authority dangerously equipped with that power over nature created by a system the opposite of itself. Authority had mastered the weapons of experience, and was using them to threaten the system which produced them. In the words of Clutton Brock, written in the darkest days of the German onset, it was "freedom betrayed by science." It was in this cause that the British Government summoned the manhood not only of England but of the whole Commonwealth to face the ordeal. The response which India made was substantial, and the British Government rightly extolled it to the world. No sufferings can have well surpassed those which Indian troops endured the first winter

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in the trenches of France. Of the rising in India with which British as well as German forecasts had reckoned there was scarcely a sign.

When the very existence of the Commonwealth was at stake India had shown that she was to be trusted. Officials were the first to insist that her conduct must be marked by some signal act of trust on the part of the Commonwealth, and that Indian demands for a greater share in their own government must be met in some practical way.

Ministers in England readily agreed, and the Government of India was thus faced with the task of preparing an actual scheme of reforms. The easy and obvious step was to grant the demand which Indian politicians were making that Indian electorates should be given a majority of members on the legislative councils. This was strictly in harmony with the Liberal ideas which had ruled since 1905. The British Government was therefore advised that, subject to certain safeguards, the Indian demand for an elected majority on the legislative councils should be conceded. But, as usually happens in India, the official proposals leaked out, and the Indian leaders hastened to formulate proposals of their own on the same principle with most of the safeguards omitted. This more advanced scheme was approved by the Moslem League as well as the Indian National Congress. By the end of 1916 the publication and enactment of the official proposal would have seemed a rebuff rather than a concession to Indian hopes.

The official and Congress-League schemes were alike exposed to the criticism that they gave the elected members power to bring government to a standstill free from all obligation for seeing that its wheels continued to turn. They would thus tend to destroy rather than develop that sense of responsibility in voters and members which must be the mainspring of popular government. This objection was as old as Lord Durham's report, and Lowell, the greatest living authority on constitutional questions, had shown that his reasoning, wherever ignored, had been

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verified in subsequent practice. In India, it was urged, such schemes would lead not to self-government, but rather to deadlock and anarchy. Meantime, the theory advanced by the British Government as to the issue for which they were fighting the war had forced public opinion in India as well as England to consider the question of ultimate principles. If the British Commonwealth was really fighting, as its rulers sincerely insisted, for the freedom of nations, its own and others, to govern themselves, could India, whose people were an actual majority in the Commonwealth, be permanently treated as an exception to the rule? Could India be told never to hope for the rights which she herself was fighting to secure for Serbia and Belgium? It was now no longer enough to speak of self-government. The controversies of the time had revealed that this well-worn term might be made to convey almost anything, according to the ideas in the back of the minds of those who used it. To some it meant the government of India through Indian officials; to others no more than it meant to Lord Morley—facilities to criticise government; to others, again, the dissolution of British India into Indian States.

The crisis was one which forced England to examine her own heart and say what she meant in terms which left no room for dispute. On August 20, 1917, the answer was given by the Secretary of State for India in the House of Commons:

The policy of His Majesty's Government, with which the Government of India are in complete accord (he said), is that of the increasing association of Indians in every branch of the administration and the gradual development of self-governing institutions with a view to the progressive realisation of responsible government in India as an integral part of the British Empire. They have decided that substantial steps in this direction should be taken as soon as possible, and that it is of the highest importance as a preliminary to considering what these steps should be that there should be a free and informal exchange of opinion between those in authority at home and in India . . .

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I would add that progress in this policy can only be achieved by successive stages. The British Government and the Government of India, on whom the responsibility lies for the welfare and advancement of the Indian peoples, must be judges of the time and measure of each advance, and they must be guided by the co-operation received from those upon whom new opportunities of service will thus be conferred and by the extent to which it is found that confidence can be reposed in their sense of responsibility.

The use at this juncture of the words "responsible government" was the most important act of policy ever deliberately taken in the history of British India. It meant that Great Britain proposed in course of time to withdraw from India as completely as she had withdrawn from Canada, Australia or South Africa. The significance of the words "responsible government" is enhanced by the fact that they were introduced by Lord Curzon, who was at the time Secretary of State for Foreign Affairs. He, better than anyone, knew what the world at the time wanted to know—what the words meant in that outer world, and also the full difficulties involved in their application to India.

VI. REACTIONS OF THE NEW POLICY ON THE INDIAN STATES

THIS pronouncement was generally assumed to apply only to British India. And yet it contained no reference to the fact that some 40 per cent. of its area and a quarter of its population were still ruled by upward of 500 chiefs under the suzerainty of the Government of India. Its relations with each chief were determined by treaties, each differing, and some widely differing, in their terms. In these numerous territories the authority of the central Government is thus limited by as many contracts, framed for the most part before the era of mechanisation had begun to unite the localities and peoples of India in a highly organic structure. At a meeting of the Princes in 1919 the spokesman of the Government admitted that

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there had been in the past a constant development of constitutional doctrine under the strain of new conditions as the British power had welded the country into a composite whole. That doctrine, as for instance, in the case of extra-territorial jurisdiction, railway and telegraph construction, administration of cantonments and various other matters, had been superimposed upon the original relations of many States with the Crown, but had evolved in harmony with the needs of the Indian body politic, and had not been inspired by any desire to limit the sovereign powers of the Indian rulers. The rulers' consent to such doctrine had not always been sought in the past, partly because it was often evolved piecemeal from precedents affecting individual States, and partly because it would have been impracticable to secure combined assent within a reasonable period. It was admitted, however, that, while the justice and necessity of the new measures was clearly seen, their effect upon the treaty position was not appreciated at the time, with the result that a body of usage influencing the relations with the States had come into force through a process which, though benevolent in intention, was nevertheless, to some extent, arbitrary.

In plain words, these political scriptures are no longer in harmony with modern conditions. In order to control those conditions, the Government of India is constantly led to interpret the treaties in a sense never intended by those who signed them. Such interpretations the Princes accepted, however unwillingly, so long as the paramount Government was British and therefore disinterested in settling questions at issue between themselves and the rest of India. But when, in August, 1917, a promise was made which could only mean that one day the Government of India would become responsible to an Indian instead of a British electorate, the case was entirely altered. It meant that sooner or later an elective Government of British India might speak the last word on questions affecting the States ruled by the Princes no less than its own electorate.

In 1917, some active Rajput Princes invited political leaders in British India to meet them and discuss the new situation. Now the politicians knew well that in the seats of authority were some who regarded a revival of princely rule in British India as the only practical form of self-

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government. They were just as anxious that Princes should have nothing to do with the plan of reforms for British India as were the Princes that Indian rulers of British India should develop no claim to interfere with the Indian States. The politicians and Princes had no difficulty in agreeing for the moment to resist any temptation to meddle one with the other. British India and the Indian States should be treated as though they belonged to separate spheres. They ignored the truth that these two orders of territory were part of one country and closely interlaced. The Princes closed their eyes to the fact that Indian electorates in controlling currency, customs, and railways would also control the major interests of the Indian States. Their attention was concentrated on a scheme for enabling the Princes to act together in resisting the encroachments of the Political Department. The Chamber of Princes, established in 1921, was the result of their efforts.

VII. THE MONTAGU-CHELMSFORD REPORT

MR. MONTAGU, the Secretary of State who had made the pronouncement, in 1917 hastened to India, to discuss with the Viceroy, Lord Chelmsford, what steps should be taken to initiate responsible government in India. Their joint report was published in July, 1918, and, before coming to its contents, let us glance for a moment at the vast community to which their daring proposals were applied. The Indian Empire contains some 320,000,000 souls, a population approximately equal to that of all Europe west of Russia. In race, language and religion, Europe is less divided than India. There are 70,000,000 Mahomedans and 210,000,000 Hindus, whose mutual feelings somewhat resemble those of Protestants and Catholics in the seventeenth century. The vast majority of the people are illiterate and living dangerously

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close to the margin of subsistence. One quarter of them are still under the rule of hereditary Princes. The only language common to their rulers is English. The problem which the Secretary of State and Viceroy set themselves to solve was how to initiate the principle of responsible government in a community so immense, so diverse, so inexperienced in self-government, so divided by race, language and religion. The solution they proposed, as embodied in the Government of India Act of 1919, may be briefly summarised in the following paragraphs.

The declaration of August, 1917, was embodied in the preamble to the Act, with the addition of a clause reciting that it is expedient "concurrently with the gradual development of self-governing institutions in the provinces of India . . . to give to those provinces in provincial matters the largest measure of independence of the Government of India, which is compatible with the due discharge by the latter of its own responsibilities."

The Secretary of State and the Viceroy had said in their joint Report on which the provisions of the Act were based :—

The provinces are the domain in which the earlier steps towards the progressive realisation of responsible government should be taken. Some measure of responsibility should be given at once, and our aim is to give complete responsibility as soon as conditions permit. This involves at once giving the provinces the largest measure of independence, legislative, administrative, and financial, of the Government of India, which is compatible with the due discharge by the latter of its own responsibilities.

The authors of the Report thus recognised that no real control of provincial matters could be given to the provincial electorates unless control over provincial governments, exercised by the Government of India and the Secretary of State, was simultaneously relaxed.

As proposed in the passage above quoted, it was in the provincial constitutions that the principal changes for which the Act provided were made. They were as follows :

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1. The proportion of elected members in the provincial Legislative Councils was substantially increased: each council was in future to have a majority of elected members forming not less than 70 per cent. of the whole. The framers of the Act contemplated that, contemporaneously with this increase in the number of elected members, there would be changes in the rules governing elections which would provide for a great extension of the franchise on the basis of property qualifications lower than those hitherto adopted, and for the abolition of secondary elections. By the changes subsequently made, the electorates throughout India were increased so as to include about five million voters.

2. The provincial governments were to be of a two-fold character—consisting of the Governor acting with members of the Executive Council, formally styled “the Governor in Council” (the official side of the Government), and the Governor and Ministers (the popular side). Provincial functions were to be divided into “reserved” and “transferred,” the reserved being exercised by the Governor in Council; and the transferred by the Governor and Ministers. The members of the Executive Council were to continue, as in the past, to be persons having official status, whose tenure of office would be in no way dependent on votes. Ministers, on the other hand, were to be elected members of the Legislative Council, appointed by the Governor, and their tenure of office was to depend on their commanding a sufficient following in the Legislative Council. This plan of having provincial governments partly official and partly popular, and allotting separate functions of government to the official and non-official sections respectively, came to be known as “dyarchy.” It was contemplated that further progress towards responsible government in the provinces might be made by degrees as additional subjects were transferred to the control of Ministers.

3. In order to prevent deadlocks, and to enable the

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Governor to obtain necessary supplies for the reserved departments of government, and any legislation which the Governor might regard as essential for the discharge of his responsibility for reserved subjects, provision was made enabling the Governor to secure the necessary supplies, or to enact the required Bill, on his own authority, where the Legislative Council had refused assent to his proposals.

4. Important steps were taken in the direction of provincial independence as foreshadowed in the clause of the preamble quoted above:—

(a) The limits of the provincial sphere were to be defined more clearly by a new classification of the functions of government as either “central” or “provincial.”

(b) The authority of the provincial governments and legislatures within their own spheres was to be more fully acknowledged, and, in particular, the power of the central government to interfere in relation to transferred subjects was to be definitely restricted.

(c) Certain sources of revenue were to be allocated to the provinces so as to give the provincial councils power to control their own budgets.

So far as the central government was concerned, no attempt was made to introduce dyarchy into the Government of India on lines similar to those followed in the provinces, and the essential character of the Viceroy's Executive Council, as an official body accountable to the British Parliament through the Secretary of State, remained unaltered; but important changes were made in the constitution and powers of the Indian legislature. Instead of a single chamber with a majority of nominated members, there were in future to be two chambers, the Council of State, and the Legislative Assembly: the Council of State was to consist of 60 members, nominated or elected, but not more than 20 were to be official members: the Assembly was to consist of 140 members, of whom 100 were to be elected members. The Assembly was given

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the right to discuss and vote upon appropriations proposed in the annual budget, but certain heads of expenditure were to be excluded from their discussions, and the Governor-General was given power to secure supplies which he regarded as essential, in spite of the refusal of the Assembly. As in the case of provincial Governors, the Governor-General was also given power to enact on his own authority any measure which he regarded as "essential for the safety, tranquillity or interests of British India or any part thereof," in spite of the rejection of such measure by either or both chambers of the Indian legislatures.

The reforms in the central government thus followed the lines traced in the Congress-League scheme, but subject to the all-important safeguard that the Governor-General might override the legislature, not merely by refusing to ratify its Bills, but also by enacting measures which it failed to pass. These powers have in fact been used to release deadlocks which would otherwise have paralysed the machinery of government. The attempt to initiate a genuine instalment of responsible government was confined to the provinces.

It will be clear from this brief summary of its main provisions that, while the Act of 1919 faithfully reflected the terms of the pronouncement of August, 1917, and opened the way to a substantial advance along the path of "progressive realisation of responsible government," the reforms which it introduced were of a tentative character. This character was further indicated by the inclusion of an important provision for future revision, which revived in principle the procedure which Parliament had followed in the days of the Company. The terms of this provision deserve to be quoted in full.

(1) At the expiration of ten years after the passing of this Act, the Secretary of State, with the concurrence of both Houses of Parliament, shall submit for the approval of His Majesty the names of persons to act as a commission for the purposes of this section.

(2) The persons whose names are so submitted, if approved by

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His Majesty, shall be a commission for the purpose of inquiring into the working of the system of government, the growth of education, and the development of representative institutions, in British India, and matters connected therewith, and the commission shall 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 therein, including the question whether the establishment of second chambers of the local legislatures is or is not desirable.

(3) The commission shall also inquire into and report on any other matter affecting British India and the provinces, which may be referred to the commission by His Majesty.

VIII. THE SIMON, HARCOURT AND DONOUGHMORE ENQUIRIES

THE experiment in responsible government was thus made subject to enquiry and revision at the end of each decade. No feature in the Act of 1919 has provoked more criticism than this; but none the less an amending Act was passed which enabled the Commission to be called into being in 1927 instead of in 1929.

The Simon Commission was confined to members of Parliament, and we do not here propose to dwell on the controversies raised thereby. But when it was appointed scarcely anyone seems to have realised that its report would have to be written in the light of two other enquiries.

We have seen how the pledge given in 1917 to start India on the road to Dominion status at once reacted on the Princes. The prospect of a further advance in 1929 has revived their anxiety, which has found corporate expression through the Chamber created in 1921. It led to the appointment of Sir Harcourt Butler, Mr. Sydney Peel and Professor Holdsworth as a committee,

(1) to report upon the relationship between the paramount Power and the States, with particular reference to the rights and obligations arising from (a) treaties, engagements and *sanads*, and (b) usage, sufferance and other causes; and (2) to enquire into the financial

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and economic relations between British India and the States and to make any recommendations that they may consider desirable or necessary for their satisfactory adjustment.

The attitude of the Native States on this subject was ably expressed by the Chancellor of the Chamber of Princes His Highness Major General the Maharajah of Patiala, in a speech to the East India Association on July 24.

The Indian States (said His Highness) were so interwoven with British India that the main arteries of communication, which were vital both for the safety and the well-being of the Indian continent, ran principally through State territory. He asked whether this did not argue that the prosperity of India as a whole was very largely dependent upon effective co-operation between the governing authorities in British India and the States. . . . As time went on the Princes, finding their position becoming increasingly difficult, approached the Viceroy in person to ask for an impartial and authoritative enquiry. They had become increasingly conscious of the fact that, while there was never any intention on the part of the framers of the Reformed Constitution in British India to trespass upon the rights of the States, yet in actual practice these had been affected very deeply. In a great variety of directions—for example, the fixing of the rupee ratio, the introduction of protective duties, experiments with prohibition and the like—they found themselves most deeply and vitally affected by policies in the framing of which they had no hand.

These pregnant words recall the importance (too often ignored) when discussing political problems of always unfolding before our eyes a map of the countries to which they relate. We have only to glance at a map of India with the British provinces and Indian States differently coloured, and black lines showing the canals, railways, telegraphs and roads, upon which the lives of their teeming inhabitants depend, to realise that all the communities of this sub-continent must, in the course of events, travel towards one political goal.

Ceylon, though separated by a narrow strait from the sub-continent, is part of the Indian world in a way that Burma is not. The incompetence of a Governor in 1797 led to its

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removal from the jurisdiction of the India House, and to its subsequent establishment as a Crown Colony. The island has thus come under the department of the Secretary of State for the Colonies, instead of the India Office. But, of course, the reform movement in India in 1917 was immediately reflected in Ceylon, and steps were taken by the Colonial Office to meet the demand for self-government, as advanced by the Ceylon National Congress. On August 13, 1920, an Order in Council was issued creating a Legislative Council with fourteen official members, nineteen elected and four more appointed by the Governor to speak for minorities. Three unofficial members were added to the Executive Council which remained irremovable except by order of the Secretary of State. The Governor was given the same overriding powers as the Governor-General in India under the Montagu-Chelmsford reforms. In Ceylon, however, these powers were unused, with the very results which critics of the Congress-League scheme had foretold. Within seven years the deadlock was so complete that Lord Donoughmore, Sir Matthew Nathan, Sir Geoffrey Butler, M.P., and Dr. Drummond Shiels, M.P., were appointed as a commission,

to visit Ceylon and report on the working of the existing constitution and on any difficulties of administration which may have arisen in connection with it; to consider any proposals for the revision of the constitution that may be put forward, and to report what, if any, amendments of the Order in Council now in force should be made.

Their report, signed on June 26, 1928, is likely to remain a landmark in the history of constructive politics. In answer to the first part of their reference, they record their opinion of the present constitution of Ceylon that

It is reducing the Government to impotence without providing any means of training the unofficial members in the assumption of executive responsibility; the tendencies to which it has given rise and the methods by which it has been worked have alike been

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detrimental to the best interests of the country. The defects inherent in it are such that it could never have worked successfully except under the most favourable conditions. Denied these conditions it has proved an unqualified failure.

As a cure for these evils the Commission propose to adapt the English system of municipal government through standing committees, which is seen at its best in the London County Council, and to base it on manhood suffrage. In claiming the League of Nations (which is not a government) as their model, the Commission fail to disguise the real nature of their proposal. Its original character lies not in the novelty of the mechanism suggested, but in its application to a country half the size of England, with a population of over four million which, after all, is less than that of the area controlled by the London County Council. One could wish that the experiment might be tried in time to afford the Simon Commission some actual experience as to its working.

The Donoughmore Commission, one half members of Parliament, remark on a world-wide tendency to doubt whether parliamentary institutions, as copied from Great Britain, are really responsive to public opinion. How often are we told that the Bolsheviks and Fascists are on the way to something better, and also that the people of America have found it! It is well to remember that our institutions are like our shoes. We feel the corns that they give us, but not the bruises and cuts from which they have saved us. And so with machinery, physical and human. It is easier to think of new devices which avoid the evils from which we have suffered, than to foresee the fresh defects which those devices will develop in practice. Constitutional designers are least at ease as they watch their contrivances running their trials.

The Donoughmore Commission was not, like the Simon Commission, bound by the terms of its reference to regard responsible government as the goal to be sought. Ceylon, moreover, was formally outside the scope of the pronounce-

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ment made in August, 1917. It is none the less clear from every page of the Ceylon report that the Commission read that pronouncement as determining the policy of the British Government in respect of Ceylon no less than of India. No attempt is made to evade the task of finding some means by which the government of Ceylon may be made responsible to the people of the island, and with that end in view of making the people of Ceylon fit to bear that responsibility. The problem of finding by trial and failure how in Asia and Africa public opinion can be brought into being in a form capable of controlling public policy is in fact the major problem of the British Commonwealth, and indeed of the world, in the epoch opened by the great war. The Donoughmore Commission have faced that problem squarely. It now remains to be seen what further light the Simon Commission and Harcourt Committee will be able to throw on it.

EDITOR'S NOTE.

The news of the appearance of the report of the committee, appointed by the Conferences of All Parties which was formed early in the year, recommending and embodying a constitution modelled on Dominion lines unfortunately reached England too late to be dealt with in this article, and the same applies to the recommendation made to the Simon Commission by the Associated Chambers of Commerce of India that the provinces should be given responsible government.

A FRENCHMAN ON THE BRITISH EMPIRE

THE future of the British Empire can never be a question of second rate importance for a Frenchman. It makes a great difference to France, and, indeed, to Europe generally, whether the ultimate solution follows "little England" or "Imperialist" lines; whether the Empire develops into a centralised State with all the appropriate organs of such a State, or remains a loose commonwealth of nations. That is why the Continent cannot treat its rapid evolution—we do not yet even know where the real centre will ultimately be—as a matter of merely academic interest. In the following pages an attempt is made to show how the problem presents itself to a foreigner.

I. THE OLD AND THE NEW IMPERIALISM

THE writer remembers a time before the present century began when "Imperialism" was a wide and vague enough term to cover almost any programme—it left room for development in practically any direction, and completely contradictory tendencies were covered by it. On the one hand, there was the growing determination of the Dominions to become nations, and on the other, one found people, especially in Great Britain, who wanted the political life of the Empire to be more centralised than ever. Imperialist suggestions in the latter sense at times aroused a good deal

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of natural anxiety, for they could not have been given effect to, notwithstanding the evident good faith and liberal attitude of British statesmen, without to some extent imperilling the autonomy which the colonies had already won.

Looking back a quarter of a century later, one wonders whether Chamberlain was on the right tack when he endeavoured to achieve unity before the great Dominions had become fully conscious of their nationhood or won their status as nations. Yet, it was essential that they should first reach that stage in their evolution. Otherwise, any attempt to establish a common administrative machinery would have been open to the suspicion that it was, in spirit at all events, a return to the old colonial system. That was certainly never Chamberlain's intention. Still, it is perhaps as well that the political, military, economic structure he contemplated should not have materialised in those early days. For it left the new system time to take form in its own way ten or fifteen years later when it was easier to see the problems of Imperial relations in their proper proportions.

The Imperialism which has actually prevailed did not, indeed, draw its inspiration from Chamberlain at all, but from Cecil Rhodes. The Dominion point of view has won a victory which is perhaps due to the fact that Rhodes, though quite as British as Chamberlain, lived in the colonies himself and completely adopted their political standpoint. We find the following passage in a speech of his on the Basutoland Annexation Bill delivered in the Cape Parliament as early as 1883 :—

I believe (he said) that confederated States in a colony under responsible government would each be practically an independent republic, but I think we should also have all the privileges of the tie with the Empire.

These were the words of a *précurseur*, but the whole genius of the Empire in its present form is implicit in this short

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and apparently simple statement. Rhodes' support of Parnell rather later was also, strange to say, more in keeping with the spirit destined to govern Imperial relations than the devotion to "unionism" of many an Imperialist of the day. But Rhodes' conception of complete colonial independence inside an Empire united by a strong moral tie did not gain ground till after the Boer war, not indeed till Chamberlain had been defeated, in the days when the ROUND TABLE was endeavouring to get people to study the fundamental verities of the problem. And so it comes about that the new Empire, which came into its own during and after the great war, expresses the Rhodes rather than the Chamberlain tradition. It is based, in the words of the ninth resolution of the Imperial War Conference of 1917—a momentous pronouncement—"Upon a full recognition of the Dominions as autonomous nations of an Imperial Commonwealth," or to quote the report of the 1926 Imperial Conference, "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." The writer does not imagine that Chamberlain and the Imperialists of his time would, if they had been asked, have objected to these formulæ; but the empire which they wished to promote would probably have been of a different kind. They aimed at a far higher degree of political and economic unity.

II. WHAT HOLDS THE EMPIRE TOGETHER

NO doubt to-day there is a greater measure of moral unity than ever existed before; but, from a Frenchman's point of view at all events, that is a very different matter to political or economic unity, and does not necessarily mean a closer political tie. This, of course, is the reason why the real strength of the new British system so often passes our comprehension. We have the utmost

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difficulty in estimating its true value, and where our British friends see realities which leave no room for doubt, we too often fail to see anything more than brilliant formulæ and sentiment, though the writer admits his countrymen's tendency to underrate the British political instinct and the part that sentiment plays in the British community of nations.

Nevertheless, a change of equilibrium which has shifted the centre of gravity of the Empire was bound to have far-reaching repercussions, and at this moment, when the British Commonwealth is finding its feet in the moral sphere, its diplomatic unity, as no foreigner could fail to notice, is no longer a fact. Ever since 1923, when the Canadian Halibut Treaty was signed by a Canadian plenipotentiary, the idea of a common foreign policy appears to have become merely optional. The writer, of course, fully appreciates the value, from a theoretical and sentimental standpoint, of the link supplied by the King; but that, after all, is only a symbol. Such political unity as formerly existed was effectively dissolved by the 1926 Conference when, speaking of protocols, it was careful to distinguish, for the future, between cases in which treaties are made "for Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations," and those in which they are made, for example, "for the Dominion of Canada" or "for the Irish Free State." There may still, of course, be occasions on which every part of the Empire will be included in the same treaty; but the Empire, in so far as diplomatic expression goes, no longer takes common action in the political field, unless the fact that treaties are all made in the name of the King is counted as such. Common action is possible; but the experience of the last few years clearly shows that it is bound to become more and more rare. Take, for instance, the following examples. In the Treaty of Lausanne Great Britain is concerned, but not Canada; the Locarno Treaties commit Great Britain, but not the Dominions; at Chanak

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Great Britain would have fought, but some at least of the Dominions would have stood aloof. In Europe there is a growing disposition to make a distinction between Great Britain's own policy and the policy of each of the Dominions, and, as we foreigners see it, the notion of the Empire amounts less and less, in the sphere of politics at all events, to a distinct conception. We became conscious some time ago that there was a Canadian and an Australian policy as well as a British policy. That fact is now officially admitted. The result is that, although Great Britain herself seems in some mysterious way to be merged in the wider moral conception of the Empire, yet another and a more consciously British figure can be distinguished inside it. It is not the "little England" of long ago—it includes not only the British Isles, but the whole Empire except the Dominions—but it is not Dilke's Greater Britain either. There is an appendix to the report of the 1926 Imperial Conference which regulates the form that treaties are to take, and its bounds will be found defined in this document as "Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League." This formula indicates exactly the sphere in which British political power is still sovereign; but it is no longer co-extensive with the whole Empire.

The distinction between the Dominions and the Crown Colonies is an old one; but, since the Dominions have grown up, it has assumed an importance which it never had before. It is no longer simply a question of the difference between two particular sections of the Empire, corresponding to the two branches into which the Colonial Office is now divided. It involves, in a real sense, the birth of two separate Empires. The one includes all the white nations of the Commonwealth and is, if not a State, at least a community; the other comprises Great Britain and the Crown Colonies and Dependencies, and constitutes, in the fullest sense of the word, what we French would call a State. The recent reorganisation of the Colonial Office

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and the establishment of a Dominions Office, with functions which have more to do with negotiation than with administration, is symbolic of the change.

It is possible that French people lack political imagination when they come up against foreign constitutional forms, and they probably have less sense of adaptation than the British. Otherwise, they would certainly be less ready to believe that the Empire is dead when it is only changing. Minds shaped for centuries by Roman law find it hard to believe in anything that is incapable of being written down in black and white, and they have a feeling that the reality of this new Empire, whose political unity, at least in so far as the Dominions are concerned, rests solely upon allegiance to a common King who himself possesses no effective powers whatsoever, is fading away. They are, of course, aware of the common view of life which British people share all over the world, and they know what a priceless tie that is in itself; but they are inclined to attach very little importance to its political value. They do not, the writer admits, take sufficiently into account the number of things that the partners do in concert, and they exaggerate the number that each of them does separately. Accustomed to a unified State themselves, they naturally lack the "commonwealth" sense. The writer himself, although he has a personal acquaintance with the ethnical, cultural and moral basis of the Empire, fails to see what strength it has gained from its latest development. It might have suffered worse things—no doubt it would have suffered them—if that development had never taken place, but that is an argument of despair. One can anyhow see for oneself any day one likes that Canada and South Africa are independent, if not of the King, at least of Great Britain. They at all events have all the outward signs of such independence. They have a separate policy even in foreign affairs. In an international discussion such as the one that has just taken place upon the Kellogg note, they are approached

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separately by foreign Powers, and they openly declare that, although they are in sympathy with the British point of view, they are under no obligation to follow it. This is obviously a very different position from the one to which Imperialists used to aspire in the last decade of the nineteenth century.

It is, of course, as easy to underrate as to overrate the practical political advantages which Great Britain derives from the existence of the great Dominions. Thanks to Imperial preference, she finds in the Empire a privileged market, and she can also look to the Dominions for general economic co-operation on the lines laid down by the 1926 Imperial Conference, e.g., the "buy British goods" campaign, the common organisation of patents and marketing, and the schemes for industrial standardisation throughout the Empire. British peoples too all over the world—one might almost for this purpose include Americans—will, thanks to their common language, traditions and standards, always have a better chance of understanding one another than the rest of us have. Herein perhaps lies the main and the most lasting strength of the British Empire.

There are, however, a large number of things which, with Imperial relations in their present condition, Great Britain cannot hope to get from the Dominions. The ideal, for instance, of a completely self-supporting Empire, assuming that she desires such a thing, is not capable of realisation. The scheme for a common customs union has never occupied the serious attention of practical statesmen for long. Chamberlain's mind sometimes turned in that direction; but he readily admitted its impossibility, and if the idea has cropped up from time to time since, it has mainly been, in the writer's view, as a formal and sentimental protest against the lengths to which foreign protectionism has been carried. A more disquieting feature is that it is not even possible, in view of the disinclination of young communities with rising or ambitious

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industries to bring down their tariffs to help the mother country, to expect a really effective preference. For some of the Dominions, Imperial preference simply means high protection against British, prohibition against foreign, goods. It is merely, so to speak, an embrasure in the wall. A really serious preference, if it were to be had, would probably, in the long run, involve the grant of corresponding concessions to Dominion imports in the British market. But as long as wheat and meat are on the free list, no policy involving any wide degree of preferential reciprocity is likely to be adopted.

Nor are raw materials in the Dominions at the unconditional disposal of the British consumer. During the war, as we know, they were requisitioned by the Dominion Governments and pooled in the common interest of the British and allied cause, and admittedly it is a thing which might happen again if there were to be another great conflict in which the whole Empire was involved. But in peace time—even in time of war in the absence of such an agreement—the Australian wool clip remains Australian not British, and the Canadian wheat and pulp Canadian. Raw materials within the Empire are British in fact as well as in name only in the Crown Colonies. It is, moreover, a matter of common knowledge that the free migration of people within the Empire is no more an admitted right than the free circulation of goods. Australia, for instance, wants settlers of British origin; but that does not prevent her applying the filter in a remorseless manner to the incoming stream. The would-be immigrant may proudly protest, "*Civis Romanus sum*"; but that does not entitle him, British though he be, to pass the threshold of the Australian Commonwealth.

Limitations of this kind—and they are numerous and beyond question—do not correspond with our foreign notions of a united Empire, and, as we see things, the tendency in the Dominions is to discard British leadership and to go their own way more and more. Nor can we help

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being struck by the difference between the eloquent homage one hears paid to the principle of unity at Imperial banquets, and the divergent lines which political action takes at practical business discussions. Even allowing for what a French Prime Minister once called *la chaleur communicative des banquets*, which is, of course, very much the same everywhere, the writer has often been amazed at the bold way in which speakers commit themselves on these post-prandial occasions. He has sometimes, indeed, felt tempted to suggest to the representatives of the Dominions that an agreement might be signed there and then on the menu card. But what a different *Stimmung*, to use a German expression, one finds the next morning, at the round table discussion! Goodwill inspired by sentiment is one thing and the prudence which comes from business considerations another, and the writer cannot help wondering how long these young countries will remain willing to accept any degree of solidarity with this elderly Europe of ours, of which Great Britain is, after all, part and parcel. They seem to get more and more like grown up married children who are already on their own account, and John Bull (*père*), accustomed though he is to exercising tutelage, and extraordinarily well qualified to do it, already feels that there is very little left for him to do, now that his political offspring have reached years of discretion. His help is no longer wanted, not even his advice. On the contrary, boastful youngsters from Australia and other places freely and loudly tell him what he ought to do himself. He is, however, a philosopher and, far from resenting such interference, he is really proud of these big sons of his. Possibly, too, he knows that none of the Dominions could safely go and set up for itself outside the Empire.

The Real "British" Empire To-day

III. THE REAL "BRITISH" EMPIRE TO-DAY

A CHANGE of this sort in the kind of influence which Great Britain exercises with regard to the Dominions was, however, bound to bring about a modification in the old British attitude towards the Empire, and the new one differs according to the degree in which the various parts have already got rid of Downing Street control. The old line in Virgil, *Tu regere imperio populos memento*, might have been specially written for British statesmen, and we readily recognise in British public servants whose work lies in the colonies the modern incarnation of the pro-consular spirit. But the ever-increasing portion of the Empire which is self-governing has already been withdrawn from the sphere in which that remarkable type exercises its activities. The Governor-General is the last British official left in the Dominions, and he has now ceased to be an official. To-morrow he may not even be British. Evolution in this direction has, indeed, gone a step further. In a country like Canada, for instance, British people no longer find unlimited openings in the way of private jobs—Americans are commonly preferred. Facts such as these have clearly not escaped British common sense. The result—and in the writer's opinion it is an important one—is that the British since the war have been concentrating their attention more than ever before upon the part of the Empire which still remains under the Colonial Office. For a time this tendency was hardly noticeable; but it is now, to foreign eyes at all events, far more in evidence. One may perhaps say without exaggeration that, if there are two British Empires, the "Colonial" and the "Dominion," the former tends more and more, from the point of view of British power, to become the real one.

The reason is obvious. Great Britain can do what she likes in the Crown Colonies. She can put her own people

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into them either as officials or as settlers without having to consult anybody, and British immigrants are not, for their part, obliged to put themselves to all sorts of trouble to obtain admission. Business is carried on according to rules laid down by the Colonial Office and British capital is naturally inclined to go where it is free from any control except British. It is notorious that British investments largely take the form of bonds in the Dominions and of shares in the Colonies, a fact which shows that British financial activity selects channels which lead it towards the Colonies rather than to the Dominions. Raw materials too from colonial sources, such as Sudanese cotton or Straits Settlements rubber, can be freely disposed of by Great Britain, and it may be that that constant preoccupation of many British statesmen, the idea of a self-supporting Empire, will to a large extent be found capable of realisation in this field. Chamberlain, if the writer's recollection is correct, was the first to pay attention to the latent resources of the Crown Colonies. But the real cause of the interest which they nowadays excite may be traced to the Balfour of Burleigh Committee appointed during the war.

The new Colonial Office now concentrates its energy on the administration of an Empire which, though it does not include the Dominions, Ireland or India, covers a wider area than the French Colonial Empire. It is, moreover—and this is also worth noticing—in many respects curiously like that Empire, a fact which, no doubt, accounts for the increasing interest which well informed British circles are now taking in our colonial work. In the nineteenth century—to go no further back—we were bitter rivals in this sphere and—let us be the first to admit it—French colonisation commanded scant respect in England. The French used themselves in those days—many will remember it—to say that they had no genius for colonisation. They have since proved the contrary by their success in North Africa and Indo-China. Great Britain might, indeed, do worse than draw upon our experience there, for she herself

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has problems to cope with which do not differ materially from Gallieni's in Tonkin and Madagascar or Lyautey's in Morocco.

In the eighteenth, and still more in the nineteenth, century, it was the main object of the colonies which are now Dominions to people empty or partially empty territories, and there were hardly any heterogeneous elements in the early Australian and American settlements. The problems which tax the energies of the British in their Crown Colonies are, however, complicated by the presence of coloured races, some of which have reached a high stage of civilisation. Settlement proper in such Colonies is, indeed, of secondary importance to the exploitation of natural resources with the aid of coloured labour, and there is, in consequence, a new type of empire emerging which, as regards its underlying principle, has less in common with the Gladstonian type familiar to the nineteenth century, than with the Spanish or Dutch. No doubt there is a kind of non-conformist conscience which would never admit the exploitation of a territory in the interests of people at home to be the principal business of colonisation, and readers of that way of thinking will be shocked at this comparison. British business men, however, who deal with colonial problems in a businesslike spirit will perhaps take it differently. This belief has, at all events, encouraged the writer to hazard the suggestion. But this comparison with régimes in which sentiment has found little place does not mean that British exploitation should have no idealism behind it. On the contrary, the problems presented by colonies in which there are different races and conflicting interests provide unlimited opportunities for the exercise of British genius. Great Britain has now to bring her sense of statesmanship to bear upon new questions in which the issue is between the investor in search of dividends, native races demanding respect for their rights, and colonial administrators in charge of the public interest—a term which includes all colours—actuated

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by that high sense of duty which we have come to know as mandatorial. It is a new phase in British colonial history, closely connected with the passing of the Dominion stage and the birth of a new era. It is not, however, the old atmosphere of the plantation days. The leaders of to-day hold loftier ideals, and the claims of colour, once entirely ignored, are no longer left out of account.

* * * * *

Such is the impression which the British Empire leaves upon us foreigners, who see it from outside. Great Britain's leadership is vanishing, in so far as the Dominions are concerned, and that very fact leads us to lay the more stress upon the active way in which she is now developing her Crown Colonies. In her relations with the Dominions her rôle is becoming a more and more passive one—in many cases, indeed, she seems to follow rather than to lead—but in this other sphere she still, we feel, possesses all the powers that go with sovereignty. That is why Great Britain, if one may make use of a business expression, seems to us a "clear proposition," and the Empire does not. But in this connection possibly we ourselves are in danger of forgetting Shakespeare's caution:—

There are more things in Heaven and Earth, Horatio,
Than are dreamt of in your philosophy.

Here, at all events, for what they are worth, are the impressions of a looker-on. They are put forward, not for the sake of any truth they may express, but because they may conceivably be of interest as showing how far a foreigner, with the best will in the world, can go astray in an attempt to understand the British Empire. But, perhaps, that in itself may serve to bring out the extent to which the British Empire is the creation of British genius.

Paris, Midsummer 1928.

THE PEACE PACT

IT now seems certain that the Peace Pact, as the agreement resulting from the Briand-Kellogg negotiations has come to be called, will be formally signed in Paris on August 27 by the Foreign Secretaries of the Great Powers and representatives of the self-governing Dominions, and that the signatories will include the parties to the Locarno treaties. It will be the most significant and far-reaching event that has taken place since the signature of the Covenant of the League of Nations. For it means not only the return of the United States to active co-operation with the rest of the civilised world for the prevention of war, but that the nations are brought into line in support of a new and dynamic idea—the outlawry of war.

It is unnecessary to follow the later stages of the negotiations which led to the agreement, though some comments will be found on a later page with regard to certain interpretative declarations made by one or two of the Powers when they announced their adherence. It is sufficient at this point to note that the original French conditions that the Pact should be open to signature by all the Powers, that the violation of its obligations by any signatory should release all the other signatories from their obligations in so far as that particular Power is concerned, and that the Pact should be recognised as fully consistent with the Covenant of the League, the Locarno treaties and the treaties of neutrality, have all been accepted.

The final form of the Pact will be found in the Appendix.

The Peace Pact

I. THE PEACE PACT AND THE COVENANT

THE Peace Pact, as was explained in the last number of THE ROUND TABLE,* is based upon the ideas of the outlawry of war school, and as such, it differs in one fundamental respect from the Covenant of the League of Nations. The Covenant provides that representatives of the member States shall meet in Assembly at Geneva at stated intervals, or when need arises, and the Council, which consists of the representatives of the Great Powers and of nine other Powers, at least once a year, for the purpose of the general discussion of world problems and the settlement of international difficulties.† It created an international secretariat which prepares their work for the Assembly and the Council. It binds its signatories to allow any disputes between them which involve a risk of war to be investigated and reported upon by the Council, or other pacific agencies, and a period which may extend to nine months must elapse before they can have recourse to war. Finally, it pledges all the signatories to enforce economic and financial sanctions and it authorises them to take military action against any member who violates his obligation to submit to investigation and wait for the prescribed report before he resorts to war, or who goes to war with any other member who has accepted a unanimous report by the Council after investigation. But the Covenant does not prohibit the use of war as an instrument of national policy. It recognises it as still constituting the *ultima ratio regum*, as the following paragraph of Article 15 makes clear :—

If the Council fails to reach a report which is unanimously agreed to by the members thereof, other than the representatives of one

* THE ROUND TABLE, No. 71, June 1928, p. 461.

† It has become an understood thing that the Assembly shall meet every year in September and the Council actually meets four times a year.

The Peace Pact and the Covenant

or more of the parties to the dispute, the Members of the League reserve to themselves the right to take such action as they shall consider necessary for the maintenance of right and justice.

The outlawry of war school have consistently objected to the Covenant on two grounds. First, because it recognises war as a legitimate method of settling international disputes (except when the Council reaches a unanimous decision, which is accepted by one of the parties to the dispute), and secondly, because members of the League are required to apply "trade and financial" sanctions and authorised to use war as the means of enforcing their rights under the Covenant. The Locarno Pact, indeed, makes military sanctions compulsory in certain contingencies for the purpose of enforcing its terms. This "legalisation" of war must, they say, in practice nullify all the rest of the Covenant, however elaborate the provisions to ensure peace. So long as the use of war as an instrument of national policy remains legal, so long as war is regarded as a normal method of enforcing international obligations, the nations will, they are convinced, prepare for war, war psychology and the war atmosphere will remain, and war itself will, in the future as in the past, in fact continue to dominate and to devastate the world. The only foundation, in their view, upon which a real organisation of the world for peace can be successfully built up is the "outlawry" of war altogether.

This conviction of the outlawry school is, we believe, unquestionably right. The position they take up is, in effect, that the problem of international peace can only be successfully solved by applying to it exactly the same fundamental idea as constitutes the basis of peace within every civilised community in the world. This basis, in Great Britain, the United States, France, Germany or any other State, is that the use of violence as a way of settling disputes or accomplishing anything is entirely renounced and forbidden, that individual citizens and groups of citizens

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are legally bound to solve their disputes or to effect any alteration in the conditions of their social life that they may desire by pacific means—*i.e.*, by resort to the law courts or to the legislature, where the issue will be decided by reason and justice, and not by the might of the stronger party, and the police and the army are ever ready to see that violence does not prevail and to ensure the reign of law. This was the basis of the *Pax Romana*. It is equally the basis of the *Pax Britannica*. The real foundation of the British Commonwealth, a political organism which keeps the peace among 450,000,000 people of almost every known race, colour, religion and language, is that war is outlawed within its borders. This fundamental method is, indeed, the only way in which peace has ever been maintained anywhere on the earth's surface since time began.

The Peace Pact and the Covenant of the League taken together would apply this same idea to the whole world. The Peace Pact outlaws war. The Covenant creates an elaborate mechanism for the pacific settlement of international disputes: it also recognises that the use of force is necessary in some form or other for police purposes if pacific modes of settlement are to prevail. If the ideas of the Peace Pact and of the Covenant can be harmonised—and that event is still a long way off—the foundations of the temple of international justice and so of international peace will have been well and truly laid.

II. INTERPRETATIVE DECLARATIONS

THE signature of the Peace Pact is, of course, only a beginning. An immense amount will have to be done to implement it before the outlawry of war and the reign of true international law can be said to have begun. Before, however, we proceed to consider the problems involved it is necessary to devote some attention to the interpre-

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tative declarations of the meaning that they attach to the Pact which have been made by the American, British and French Governments.

The first point relates to the right of self-defence. It was raised by M. Briand, and dealt with by Mr. Kellogg in a speech before the American Society of International Law as early as April 28 last, and what the American Secretary of State then said was afterwards quoted by him in the official despatch, under cover of which the final draft of the Pact was circulated for acceptance by the other Powers. Mr. Kellogg's words were as follows:—

There is nothing in the American draft of an anti-war treaty which restricts or impairs in any way the right of self-defence. That right is inherent in every sovereign State, and is implicit in every treaty. Every nation is free at all times, and regardless of treaty provisions, to defend its territories from attack or invasion, and it alone is competent to decide whether circumstances require recourse to war in self-defence. If it has a good case the world will applaud and not condemn its action.

Express recognition by treaty of this inalienable right, however, gives rise to the same difficulty encountered in any effort to define aggression. It is the identical question approached from the other side. In this respect no treaty provision can add to the natural right of self-defence. It is not in the interest of peace that a treaty should stipulate a juristic conception of self-defence, since it is far too easy for the unscrupulous to mould events to accord with an agreed definition.

It has been said that this interpretation, emphasised by the British, French, and other Governments, nullifies the value of the Pact. It is certainly true that there has never been a war in which every party did not plead that it was acting in self-defence, and it is easy for any Power, whenever there is a menace of war, to plead self-defence as the justification for any action that it may take. On the other hand, the right to repel an attack is a legal right not only of nations but of individual citizens in civilised States, and the retention of such a right need in no way impair the value of the Pact. The essence of the distinction lies in

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this. Inside civilised States every individual has the right to defend himself against attack, but he has none to indemnify himself for damage done, or to impose his own settlement of the dispute, by force. After repelling the attack he must still submit the issue and the question of damages to impartial adjudication and justify his own use of violence. So it ought to be with the nations under any system which outlaws war. Mr. Kellogg's reservation is obscure. It says that every nation is free at all times "to defend its territories from attack and invasion." That in itself is harmless. But he also says, as other Powers say, that "it (*i.e.*, such a nation) alone is competent to decide whether circumstances require recourse to war in self-defence." That sentence in itself is capable of being read in such a way as to nullify the whole Pact. The question of self-defence obviously requires clearing up. The solution, however, is not to redraft the reservation about self-defence, but to make it clear that even in the event of a forcible collision in the name of self-defence, in the final resort the verdict is to be determined not by the might of the stronger but by pacific means in which reason and justice, impartially applied, are the deciding considerations.

It is much the same with Sir Austen Chamberlain's reservation about the special regions in which the British Empire has a vital interest. Sir Austen's actual words were as follows:—

The language of Article 1, as to the renunciation of war as an instrument of national policy, renders it desirable that I should remind your Excellency that there are certain regions of the world the welfare and integrity of which constitute a special and vital interest for our peace and safety. His Majesty's Government have been at pains to make it clear in the past that interference with these regions cannot be suffered. Their protection against attack is to the British Empire a measure of self-defence. It must be clearly understood that his Majesty's Government in Great Britain accept the new treaty upon the distinct understanding that it does not prejudice their freedom of action in this respect. The Government of the United States have comparable interests any disregard of which by a foreign Power they have declared that they would regard

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as an unfriendly act. His Majesty's Government believe, therefore, that in defining their position they are expressing the intention and meaning of the United States Government.

This reservation clearly refers to the Suez Canal, the Persian Gulf and to territories for whose government, though they are not actually part of the Empire, Great Britain is responsible. In so far as the meaning of Sir Austen's words is—and this in all fairness seems to be their obvious interpretation—that the British Government would regard "interference with these regions" by other nations as a violation of the Pact giving it the right to use force for "their protection against attack," the reservation is harmless. But in so far as they are capable of being held to give Great Britain the right of using war as an instrument of her national policy in order to alter the boundaries of, or to extend these regions, they would obviously nullify the Pact. The Foreign Secretary on July 30 told the House of Commons that his reservation was "a pure measure in self-defence." The further question of how far this reservation would warrant Great Britain in resisting legitimate demands for the right of self-government by peoples for whose welfare she has made herself responsible in those regions will be discussed later.

The last interpretative declaration, made by all the European Powers, relates to the Covenant and the Locarno treaties. This question is one that has already been discussed in this Review.* Are the Covenant and the Locarno treaties primarily instruments for the settlement of international disputes, or are they primarily instruments for the enforcement, if need be by war, of the treaties of peace? The French, the Belgians, and the Powers of the Little Entente have hitherto, on the whole, taken the latter view. Great Britain, Germany and the neutral States of Europe have, on the whole, taken the former one. In our opinion the

* THE ROUND TABLE, No. 71, June 1928, p. 463.

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signature of the Peace Pact will greatly simplify the problem by dispelling the antithesis between the two. For the essential consequence of the Peace Pact must be that nations renounce the right to resort to war to alter the *status quo* created by the treaty, but they reserve the right to try to alter it by pacific means, *i.e.*, by the means prescribed by Article 19 of the Covenant and Article 2 of the Pact. Both the Covenant and the Peace Pact, therefore, arc, in effect, guarantees that the treaty settlement will not be altered by war. But the value of these guarantees clearly depends upon the effectiveness of the procedure which is set up for making such alterations in the treaties as reason and justice may show to be necessary by peaceful means, for if there is no effective peaceful alternative to war, war itself will in due course inevitably reappear.

III. SOME CONUNDRUMS

IT is obvious that if the new movement for the outlawry of war which has been launched by the Peace Pact is to be really effective, the nations will have to do three things. They will have to prohibit and renounce the use of war as a way of settling or of accomplishing anything in the international sphere. They will have to create alternative means, judicial and political, by which international disputes and problems of every kind can be quickly settled in accordance with reason and justice. And, thirdly, they must be prepared to maintain and to use force in some form for police purposes. This force, indeed, ought to be such that no nation, however strong, could hope to be able to take the law into its own hands and to impose its will by violence instead of resorting to pacific modes of settlement.

The Peace Pact—as we have already said—is only a beginning. There is clearly a very long road to be travelled before the reign of law, the goal which it sets before us, can be reached in practice. Its supreme value is that

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for the first time in history it unites all the most civilised nations in an effort to establish peace in the international sphere on the same principle as has at all times preserved it within civilised States. It may be useful, therefore, in conclusion to examine briefly some of the problems which lie ahead.

(a) *The Pacific Alternative to War*

The first and most obvious problem is to make Article 2 of the Peace Pact, *i.e.*, the undertaking to use only pacific methods for the settlement of international disputes, effective. War in modern times is not usually due to predatory or malignant motives. It is the inevitable method which nations adopt to remedy an intolerable evil or to achieve what they believe to be a rightful aim, when no other way of effecting either purpose seems to be possible. If respect is to be ensured for Article 1 of the Pact, *i.e.*, the renunciation of war, it will only be because an alternative procedure has been developed which will in practice result in the righting of wrong and the alteration by pacific means of the political structure of the world in such ways as time may show to be necessary sufficiently promptly to leave no nation with any justification for trying to take the law into its own hands. The renunciation of war will have no effect if it simply proves to be a way of stabilising the *status quo* and of resisting all progress and attempts to get grievances remedied.

The Covenant of the League creates an elaborate and well-designed machinery for the pacific settlement of international disputes between its members. This machinery includes the Court of International Justice at the Hague for the trial of justiciable questions, and it provides for arbitration, conciliation, mediation, or investigation and report by the organs of the League. When the outlawry of war is added to this list the League machinery will be wonderfully complete. But the Kellogg proposal contains no indica-

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tion of what the United States proposes to do to make Article 2 effective. She has signed the Bryan treaties, by which she binds herself to submit disputes with some twenty-one other nations to an international commission for investigation and report. She is, therefore, committed to the same general procedure as is made use of by the League. But it would be a profound mistake to suppose that the ratification of the Pact means that the United States proposes to join the League of Nations, or to take any other dramatic step forward in international association. Ratification must inevitably lead to a re-examination by public opinion in the United States of its attitude to existing international organisations. But all the evidence goes to show that ratification will not mean the acceptance by the United States of the responsibility for solving the internal problems of Europe which was so decisively rejected at the polls in 1920. The United States is much more likely, after the fashion of English-speaking peoples generally, to reject legal and constitutional commitments of any kind and to feel her way towards active co-operation in the pacific settlement of international questions, as opportunity and necessity dictate from time to time. The eventual outcome of the Pact may even be some regional reorganisation of the League system under which Europe, the British Commonwealth, Pan-America, and the Orient would become separate regions primarily responsible for their own affairs, and the World League would only take cognisance of world problems or of threats of war—for war, wherever it may break out, is a world concern.

(b) Sanctions

The most difficult problem, however, relates to what have come to be known as sanctions. All history has hitherto shown that while the basis of civilised peace is the voluntary obedience of citizens to the law, the reign of

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law crumbles and disappears unless compulsion is brought to bear upon the minority which would otherwise ignore or disobey it. Police force—and sometimes it has to be backed up by military force—has never yet been dispensed with in human society. Nor is there any reason to suppose that the outlawry of war or the Covenant of the League will make unnecessary the use of force in the international sphere. The problem of finding a sanction for international good conduct and therefore for the security of the member States of the international family is the root problem of international peace. If it could be solved the establishment of international judicial and political organisms, which would command respect and so make armaments and the residuary right to use them superfluous, would be comparatively simple.

The importance of the question may be shown in two ways. It is precisely because war is the ultimate court of appeal that international problems are so difficult to solve to-day. In every international dispute there are two separate and conflicting questions. One is the merits of the case; the other the effect of any proposed solution on the balance of power or the strategic security of the different nations. The provisions forbidding the *Anschluss*—the union of Germany and Austria—were inserted in the Treaty of Versailles not because anybody wanted to prevent Austrian-Germans and German-Germans from becoming one political family, but in order to prevent six million Austrians from being added to the potential military strength of Germany, and the military frontier of Germany herself from being pushed forward into the heart of the Balkan peninsula, which would enable her to dominate the whole of Eastern Europe. The reason why Great Britain or the United States or France view the acquisition of territory across the seas by Germany, Italy or Japan with the utmost suspicion is not because they object to their obtaining outlets for their surplus population, but because such territories might be used as naval or military bases, and

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so alter the balance of power or their capacity to make sure that if an international problem should be put to the test of war, their will and not that of their opponents would prevail.

Again, the real basis of the political stability of Europe to-day is not the League of Nations but the fact that there is an overwhelming superiority of armaments in the hands of France, Italy and the Little Entente behind the political settlement made in 1919, with the Locarno obligations of Great Britain in the background. The only alternative to the system of peace which depends on the preponderance of one side or the other—a very precarious system at the best—is a true balance of power such as existed before the war and ended with the war, or else an effective guarantee that the constitutional *status quo* cannot be successfully altered by war but only, if reason and justice show it to be necessary, by pacific means—in other words, by the method implicit in the outlawry of war.

The core of the problem of how the Peace Pact is to be made effective lies, therefore, in finding the means by which the nations can be given a real guarantee that international problems affecting themselves shall not be settled by war, for only in so far as this is done will it be possible to ensure their being fairly and wisely settled by pacific means. It was the Locarno guarantee by Great Britain and Italy which alone made effective the other Locarno treaties pledging Germany, France, Belgium, Poland and Czechoslovakia to settle their disputes only by pacific methods. As Sir Austen Chamberlain said on July 30, it will be the knowledge that the United States intends to throw her whole strength into the scale against the successful use of war as an instrument of national policy which will make the Peace Pact effective.

That leading people in the United States are beginning to recognise this to be true may be seen from a statement made by Senator Borah, the Chairman of the Foreign Relations Committee of the Senate, to the *New York*

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Times (March 3, 1928). One important result of the proposed treaty, said the Senator,

would be to enlist the support of the United States in co-operative action against any nation which is guilty of flagrant violation of this outlawry agreement. Of course, the Government of the United States must reserve the right to decide in the first place whether or not the Treaty has been violated, and, secondly, what coercive measures it feels obliged to take. But it is quite inconceivable that this country would stand idly by in the case of a gross breach of a multilateral treaty to which it is a party.

It is quite certain, however, that the United States will not commit herself to use force as a sanction at the bidding of a treaty or of international law. The whole tendency inside the League since 1920 has been for members to emphasise the fact that whether a nation is under a moral obligation or not to take part in military sanctions is a question which it must be free to decide for itself. France and the beneficiaries of the 1919 treaties have tried to make sanctions compulsory, because such sanctions would guarantee their own security and position. But all other nations, including Great Britain and the Dominions, have consistently rejected this obligation, except to the extent that Great Britain assumed it when she signed the Locarno treaty. The sanctions problem will only be solved by experience. No nation will now bind itself in advance to go to war.

The real reason for this hesitation about sanctions is that we have still to find a "pacific" mode of coercion corresponding to the use of the police within the State. Hitherto, the coercion of one State by another has spelt war. But how are we going to preserve the peace of the world by undertaking the obligation to go to war, even as a police measure? That has been the doubt which has caused so many misgivings about Article 10 of the Covenant, which prompted the opposition to the Protocol and even to the Locarno guarantee, which has done so much to keep the United States out of the League and

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which will certainly prevent her from undertaking any formal or legal obligation to use military or naval sanctions to make the Peace Pact effective. Yet the problem is not solved by ignoring it.

Here are two possible ways put forward. The first is to explore all the methods of putting pressure on an outlaw State which can be made effective without recourse to military violence. The second is that the great nations should make it clear that they will never ratify any decision which has been reached by violence, but only decisions which have been reached by pacific and constitutional means. This is, however, an immense subject which cannot be further discussed here. But the basis of peace within the State is not that violence is never used, but that it is never successful, because in the last resort it is the law courts and the legislatures, and not the parties themselves, which decide.

(c) *The Naval Problem*

Not the least important aspect of the Peace Pact is the effect which it will have on the naval problem. Indeed, it provides the only basis upon which the difficult naval issue between the United States and Great Britain can be solved. Reduced to its basic elements that issue does not relate to prestige or parity, but to security and prosperity. For two centuries the security and prosperity of Great Britain have depended upon her being able to assure the freedom of her own trade in peace and war. Because she has been an island while all her neighbours have been continental Powers with land frontiers to guard, she has been able to maintain a paramount navy. To-day, however, the United States has reached a point in her own economic development in which her prosperity, though not her security, is becoming dependent upon her being able to ensure the freedom of her own trade in peace and war.

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She too has no land frontiers to consider, and so can concentrate on sea power. The two States have now agreed in principle upon parity in naval strength. But so long as each has the right under international law to use its navy as an instrument of its national policy it has the right to interfere with neutral trade and therefore to endanger the prosperity or the security of the other, whenever it chooses to go to war.

So long as that right exists it is difficult to see how any stable basis of naval agreement between the United States and Great Britain can be found. But the ratification of the Peace Pact will alter the whole situation. In the first place, each will renounce the right to use its navy as an instrument of its own national policy. In the second place, in so far as it uses it for other purposes than to repel aggression, it will lawfully only be able to employ it to prevent an outlaw State from using war successfully as an instrument of its own policy, and so compel it to resort to pacific methods of settlement. If both nations live up to the Pact, it must mean not only that they will settle all their disputes by pacific means, but that the main purpose of their naval armaments will be to serve as an ultimate police guarantee that war shall cease to be the arbiter of international disputes and that pacific means shall be invoked instead. On that basis agreement as to the number and tonnage and gunnage of a reduced naval armament should not be difficult to reach.*

* The terms of the new naval agreement between France and Great Britain have not yet been made public. But the method of arriving at special agreements between two nations before a general conference is highly objectionable, and was one of the most dangerous features of pre-war diplomacy. The vehement suspicions which have been aroused in the United States, Italy and Germany by this agreement, like the animosity aroused elsewhere by the recent "advertising diplomacy" of the United States in China, is surely evidence that "round table" diplomacy is infinitely preferable and infinitely less dangerous than methods which lend themselves to the accusation of lobbying and intrigue.

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(d) *War and Police Force*

How then is a distinction to be drawn between war and the legitimate use of force? The use of police force may be necessary, as it was certainly necessary at Shanghai a year ago, when the dispatch of troops and warships was the only guarantee against the looting of a great international city by an excited and undisciplined army. The use of force has been necessary in the past to deal with chaos, anarchy and violence in Asia, Africa or Central America. The threat of force has often in the past been the only way of making semi-civilised or even civilised nations behave in a civilised way in dealing with their neighbours, or fulfil their obligations under some international treaty or law. Though the necessity for the use of force on such occasions ought to become increasingly rare, as the standards of international dealing improve, it is futile to pretend that they are not likely to arise from time to time. When is the use or the threat of force justified?

The distinction between war and the use of force for genuine police purposes is surely plain. War is the use of force as an instrument of national policy. Police work is the use of force to exact respect for international law, or to compel an outlaw to desist from violence and to have recourse to pacific means of settlement, or to maintain the elementary conditions of law and order. It will not always be easy to decide where the exact line should be drawn in practice. But in principle the line is clear and, if the Peace Pact is really implemented, the question of where that line should be drawn will be gradually settled by world opinion in the light of experience. In actual practice, the best kind of security will probably prove to be the development of the mandatory idea, that is to say, that any nation which sets out to use force for police purposes should have to account for its action to its fellow nations.

Conclusion

(c) *Big and Small States*

It is the same with the problem of large and small States. There has been a good deal of cynical comment in the press of the smaller nations and of Asia to the effect that the Peace Pact is a conspiracy by which the Great Powers are taking the right to share the control of the world between themselves. There is a sense, of course, in which this is true. One of the main reasons of the good behaviour of the nations in the past has been the fear of war. If that fear is removed their behaviour may undergo a change for the worse. The best protection against such abuse of power by the Great Powers would seem to be what has been called "international accountability." There is, indeed, much to be said for adding another clause to the Peace Pact to the effect that every nation "renounces the right to interfere in the internal affairs of any other State in the interest of its own national policy." That is the principle of trusteeship which, after long struggles, has now been adopted as the basis of British policy in dealing with backward peoples. It is the principle incarnate in Article 22—the Mandates clause—of the Covenant. As a statement of the general principle to which the Powers should conform it seems as unexceptionable as the two existing Articles of the Pact.

IV. CONCLUSION

WHERE the Peace Pact will eventually lead us no one is likely to venture to predict. It is to-day but a form into which life has still to be breathed. But, if it is to fulfil the expectations which have been aroused, it will be because the nations more and more come to see that it is not a mere gesture of good will and good intentions but a fresh start on the principle that the only road to lasting international peace consists in finding the means of

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applying in the international sphere the same principle as underlies the maintenance of peace in every civilised State, though the methods of applying that principle have still to be found.

The immediate problem, however, is to secure the ratification of the Pact in its present form. Before that can be done it will have to pass the scrutiny of the member States of the League of Nations in their Assembly at Geneva and of the Senate of the United States. In both some opposition is likely to manifest itself; in Europe because the general renunciation of war may seem to endanger existing methods of achieving security or even of accomplishing national ends; in the United States because Article 2 may open the way to a renewed entanglement in European affairs. It does not, however, seem likely that the opposition will in either case succeed. To reject the Pact would be to plunge the nations back into a new competition of armaments and a certain step towards another world war. To accept it may mean new responsibilities and risks, but it may also mean a long step towards the permanent abolition of the most terrible scourge of man.

APPENDIX

THE PACT IN ITS FINAL FORM

The President of the United States of America, the President of the French Republic, His Majesty the King of the Belgians, the President of the Czechoslovak Republic, His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, the President of the German Reich, His Majesty the King of Italy, His Majesty the Emperor of Japan, the President of the Republic of Poland.

Deeply sensible of their solemn duty to promote the welfare of mankind; persuaded that the time has come when a frank renunciation of war as an instrument of national policy should be made, to the end that the peaceful and friendly relations now existing between their peoples may be perpetuated;

Convinced that all changes in their relations with one another should be sought only by pacific means and be the result of a peaceful and orderly process, and that any signatory Power which

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shall hereafter seek to promote its national interests by resort to war should be denied the benefits furnished by this Treaty;

Hopeful that, encouraged by their example, all the other nations of the world will join in this humane endeavour and, by adhering to the present Treaty as soon as it comes into force, bring their peoples within the scope of its beneficent provisions, thus uniting the civilised nations of the world in a common renunciation of war as an instrument of their national policy;

Have decided to conclude a treaty, and for that purpose have appointed as their respective plenipotentiaries: . . . Who, having communicated to one another their full powers, found in good and due form, have agreed upon the following articles:—

ARTICLE I.—The High Contracting Parties solemnly declare, in the names of their respective peoples, that they condemn recourse to war for the solution of international controversies, and renounce it as an instrument of national policy in their relations with one another.

ARTICLE II.—The High Contracting Parties agree that the settlement or solution of all disputes or conflicts, of whatever nature or of whatever origin they may be, which may arise among them, shall never be sought except by pacific means.

ARTICLE III.—The present Treaty shall be ratified by the High Contracting Parties named in the preamble in accordance with their respective constitutional requirements, and shall take effect as between them as soon as all their several instruments of ratification shall have been deposited at . . .

This Treaty shall, when it has come into effect as prescribed in the preceding paragraph, remain open as long as may be necessary for adherence by all the other Powers of the world. Every instrument evidencing the adherence of a Power shall be deposited at . . . and the Treaty shall, immediately upon such deposit, become effective as between the Power thus adhering and the other Powers parties thereto.

It shall be the duty of the Government of . . . to furnish each Government named in the preamble, and every Government subsequently adhering to this Treaty, with a certified copy of the Treaty, and of every instrument of ratification or adherence. It shall also be the duty of the Government of . . . telegraphically to notify such Governments immediately upon the deposit with it of each instrument of ratification or adherence.

In faith whereof the respective plenipotentiaries have signed this Treaty in the French and English languages, both texts having equal force, and hereunto affixed their seals.

Done at . . the . . . day of . . . in the Year of Our Lord, one thousand nine hundred and twenty . . .

CHINA IN 1928: A BIRD'S EYE VIEW FROM THE SCENE

THE year 1928 sees the end of the first stage of the Chinese Revolution. In the seventeen years that lie between the fall of the Manchus and the Nationalist entry into Peking, China has been engaged in liquidating the Imperial estate; and only now can it be said that the Nationalist movement has come into its own. The period of militarism, which only the optimist will declare now closed, was a necessary part of the establishment of the Republic. The war lords were the legacy, in part of the Manchu régime, and in part of Yuan Shi-kai's abortive Cæsarism; and until they were removed the Republicans could not even begin to make the Republic. When Chang Tso-lin left Peking the last of the authentic tuchuns disappeared, and the remaining figures in north China—Chang Tsung-chang, Chu Yu-pu, Sun Chuang-fang—were but isolated units soon to be submerged in the tide that had swept him away.

There are, indeed, militarists in the centre and south, but they cannot be regarded as authentic: for they are encompassed by a movement which derives its force from a political motive, and their power to survive depends less on their armies than on their relations with the political world around them. To this generalisation one important *caveat* must be added. Of the three major figures on the present stage, only one—Chiang Kai-shek—is the direct offspring of the movement, being the sole military leader who derives his power from the Kuomintang, which is

the expression of nationalism as a political force, and not from the control of a province or the possession of a personal army. The other two—Feng Yu-hsiang and Yen Hsi-shan—are men of the north who, but for the growing power of the political (*i.e.*, civil) factor in the Revolution, might have still been reckoned among the authentic war-lords. Feng, to be sure, still plays the part of Dr. Jekyll and Mr. Hyde in the drama of Chinese nationalism; but it must be said that the militarist Mr. Hyde in him is losing ground every day; while Yen, on the other hand, remains what he ever was, a moderating and stabilising factor in north China. Neither is a free and irresponsible agent, and both recognise not only the invisible power of nationalism as a movement, but also the authority of the Political Council in Nanking which is its visible embodiment. So much is this the case that Yen Hsi-shan in Taiyuanfu (Shansi), and Feng Yu-hsiang in Kaifeng (Honan) have consented to the creation of branch political councils in those cities which are the subordinate organs of the supreme Council in Nanking. To complete the picture of these councils, which are in fact the forerunners of a new Chinese federalism, we may note that identical branch councils have been set up in Canton (for Kwangtung and the south) and in Hankow (for Hupeh and central China). These are elements of cohesion and the visible proof of a desire to be coherent.

Nor are other proofs wanting. There is widespread evidence of a longing that war should end and of the desire to exploit the opportunities of peace. Every manifesto speaks of the approaching end of militarism in accents of relief and hope; and even the military men promulgate plans of disbandment and reconstruction. The unification of China actually means to thousands of aspiring Chinese a great test and a great opportunity. It is the purpose of this article to endeavour to estimate the prospect which they have of realising even the most modest of their hopes.

China in 1928

I. THE MILITARY CHIEFS

IN the attempt to relate the story of this summer's events, it is not easy to find a starting point which is not purely arbitrary. There is a certain continuity in the history of the past three years which grows more significant as the lesser incidents fall into the background and the greater emerge into something like the true perspective of history; and to preserve alike the continuity and the perspective may be impossible if we lay too great an emphasis on any one occurrence. The hundred days that lie between Easter and midsummer, none the less, form an almost self-contained period, for it was just before Easter that the northern expedition began in earnest and by midsummer it had achieved its purpose. Among the crowded events that fill this time two are important above all others: the taking of Tsinanfu by Feng Yu-hsiang on Tuesday, April 24, and the evacuation manifesto issued by Chang Tso-lin in Peking on June 2. The first made the second inevitable; and the only uncertain factor was that of time. If the clash with the Japanese early in May had produced more serious consequences, and if subsequently Marshal Chang had chosen to make a determined stand in defence of Peking, the final result might have been postponed, but it would not have been avoided. Chang Tso-lin fell because the ground beneath him was rotten, because he represented no cause but himself, and because the oncoming force could not be defeated by any weapon he possessed. He went out with dignity and applause and leaves—in the foreign mind at all events—the memory of a man of rough ways and strong character, battling with a situation for which a personalty much greater than his was necessary. His last words in Peking were noble and direct, and it must be confessed that his manner of leaving the capital was perhaps the best thing in his stormy career. Be it said

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here that the bomb outrage which ended his life was a piece of tragic irrelevance in the whole drama, and of its effects something is said below. The contrast between the exit of the old order and the entry of the new was marked. An observer thus describes the scene when Shang Chen, in command of the advance guard of Yen Hsi-shan's army, entered Peking.

The Revolution entered Peking through the Changyi and Yungting gates as the old order went out by the Chaoyangmen, and the manner of their coming and going constitutes one of those ironies of history, which make the march of men and nations through time more fascinating by far than the most fantastic works of fiction. The new forces stirred the dust of the streets where but lately (as time counts in China) the symbolical yellow sand had been strewn. The puppets and Destiny shambled along wearily, dusty, dishevelled, undisciplined—mere striplings and aged men, some in uniform, some without, some armed, some unarmed, bearing a device strange in the city of dynasties, the white sun on the blue ground, almost as bedraggled as the men who bore it. There was no throbbing of drums, no playing of a triumphal march.

There was something symbolical in this absence of blatant fanfare over a city that was neither defended nor captured; and it was therefore not really extraordinary that the fall of Peking made so little stir. It was, in a sense, discounted beforehand, and it came as the result of no smashing victory. It ought to have been a historic moment, but the political uncertainty that hung over the future robbed it of glamour, and the chief thought of the hour was that the triumph of the Revolution brought with it problems greater than any that the Nationalists have hitherto faced. And no wonder! The white sun hoisted in Peking on June 8, in Tientsin on June 12 was, and is still, an emblem without a history, a flag whose colours have but few memories and little heroism to hallow them. And all's yet to do.

Now, since the northern expedition was launched in the early spring there has been a distinct change in the relative

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positions of its chief leaders: Chiang Kai-shek, Feng Yu-hsiang and Yen Hsi-shan, with Pei Chung-hsi (of Hankow) and Li Chai-sum (of Canton) as quiescent but watchful allies. The expedition itself was vital to Chiang Kai-shek, for without it he had neither function nor prospects; and its success ought to have made him the supreme figure. But fate and Feng ordained otherwise. Feng moved quicker than Chiang, and the superior mobility of his Kansu Mahomedan cavalry enabled him to reach and capture Tsinanfu (April 24) before the main body of the Nationalist armies could arrive. Feng was thus in Tsinan at least seven days before Chiang's advance guard; and this success, combined with his growing influence in Nanking political circles, set Feng's star in the ascendant. Thus the prospect was that, instead of leading a victorious army into Peking, Chiang Kai-shek would be on Feng's rear and liable to be forced out of the picture unless Feng would recognise Chiang's superior position as Commander-in-Chief of all Nationalist armies including his own. The situation created deep depression among the Nationalists in Shanghai and Nanking where the rising power of the erstwhile Christian General was viewed with alarm. The clash with the Japanese army in Tsinanfu made matters worse, and Chiang Kai-shek withdrew to Hsuechow, and eventually to Shanghai, where he announced his resignation. All through June he remained in a state of suspended animation, but whether he was sulking or merely awaiting the tactical moment no one could say. He has done everything to forfeit the leadership that once was his, but still retains a very large following despite his pusillanimous conduct in May. No one who knows the utter inconsequence of Chinese affairs will attempt to predict where he will be when this article appears; but in any other land he would be dead and damned. At the moment of writing he is making his entry in subdued triumph into Peking, nearly a month late; and still acts and talks as Commander-in-Chief.

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Meanwhile Yen Hsi-shan was instructed to push on to Peking in order to forestall Feng. Yen is regarded as the more reliable of the two, and has a good record in Shansi. He occupied Peking early in June, and was welcomed with open arms. Throughout that month, in the critical period of the change of régime, he kept order and proved that life and property were as safe under him as under the Manchurian marshal. But he is a sick man, and it is doubtful whether he can play the moderating part which his talents and his career alike would lead us to expect from him. Both Yen and Feng, as we have seen, accept the nominal supremacy of the Political Council in Nanking, and there is little doubt that Yen will co-operate in the further establishment of the civil power if his health allows him to take an active share in events. But Feng holds the key: the man of the moment, with a chequered past and an enigmatic future. The son of a mason in Honan, he had no education, became a soldier at sixteen, served always in the north, seized every opportunity that came his way, until he has made himself the arbiter of the Revolution north of the Yangtse. What he knows he has taught himself, and what he thinks few men know. He is not to be explained merely as the villain of the piece, nor as the altruist of missionary legend. His many "treacheries" have earned him the name of the "triple traitor," but names in politics are worthless labels; and though there is no smoke without a fire, Feng has stalwart friends among those whose judgment is good, and they can point to his undoubted qualities of leadership, discipline and straight living. It is not really material to the issue to decide whether he is a Christian or not, for Christianity in his case would have to be reckoned in terms, not of ethical principle, but of his natural character, which is that of a peasant of limited outlook, shrewd, hardy, suspicious, and unable to judge the larger consequences of his acts. He seems to be both obstinate and amenable to the influence of men of greater experience—

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a not uncommon contradiction—and his actions, during this chaotic interlude between militarism and reconstruction, will be guided, if not decided, by the company he keeps. Russian influence is still strong in his entourage, but other influences are at work about him; and it is not too much to say that the most significant struggle now going on is, not the civil war, but the fight between Red and anti-Red over the mind of Feng. As this article is not a chapter in prophecy, no forecast is made of his next move.

Besides him, there is the group known as the Kwangsi generals, who may be expected to play a part in the making of history this summer. They are affiliated to Nanking, but distrustful of Chiang Kai-shek, and they, in their turn, will make a bid to control the government if events favour them.

The next step is a conference of military leaders, which will be held early in July. The generals will meet to discuss the results of their success, to make plans for demobilisation (if they can agree to reduce their troops), and to advise the Nanking authorities on various urgent questions. That is, so to speak, the agenda; but the real business will be to allot the prizes of war to the winners, and in the process the rival chiefs may fall out among themselves. It is possible that they will agree to transform themselves into civil governors and accept a federal arrangement which will provide a working basis of co-operation between Nanking and the provinces. That is certainly the intention of Nanking. It is, indeed, the only condition in which Nanking can continue to exist; and if it is carried out China will at last be free from civil war on a national scale. Local feuds will continue, as in Szechuan: the Communists will hatch plots: a banditry will still ravage wide areas: the railways will still function lamely, if at all; and in fact, the revolutionary leopard will not change his spots in a night. But the era of civil government will have dawned, and the widespread desire for peace and reconstruction will begin to be satisfied.

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II. A GEOGRAPHICAL SURVEY OF THE SITUATION

THE Nationalist flag now flies over eighteen provinces within the Great Wall, and it looks as if at no great distance of time it will be hoisted also in the three eastern provinces outside the Wall, for Manchuria is growing more Nationalist every day. The whole area, within and without, can be divided into four regions; and some account of these will help to reveal certain important factors in the problem which now confronts the Revolution. These four regions are the South, the Centre, the North and Manchuria.

The South, after five years of war and rapine, enjoys a respite. The boiling pot of agitation is simmering down to normal; and, though the pot itself is still too hot to touch in some places, there is comparative peace. Propaganda and the armies have moved to the North; the severe blood-letting of 1926-1927 has probably passed its climax; and the constructive party is at work. In Kwangtung, Li Chai-sum is in power again, though some parts of the province are still in the grip of the Communists, and his authority is limited to the area round Canton. Both Kwangtung and Kwangsi pray to be left alone to recover. They are building roads, turning to education, planning railways and wireless; and if demobilisation can be carried out so as to prevent the whole region being over-run by armed bands, the South may claim to be in sight of the end of militarism. But there cannot be an established peace until the Communist cells in Swatow and Hailung and the nest of pirates at Bias Bay have been smoked out, and these operations will entail the maintenance of considerable armed forces for some time to come.

The Centre, *i.e.*, the Yangtse basin, is struggling out of the grip of militarism, and shows signs of a desire to

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follow the lead of the South in reconstruction. Nanking has promulgated programmes of reform; an educational conference representing seven provinces recently sketched ambitious plans of advance; there is much talk of the problems which the People's National Conference must solve; and so on. But all plans await the final political result of the northern expedition, and the Nanking Government itself does not know what the morrow will bring forth. The Kuomintang has lost much of its old energy and fears Communist penetration so much that it has closed its lists to new members. Personal intrigue is rampant, and the all-pervading air of uncertainty prevents constructive minds from setting to work. None the less, some real work is being done, and no one can go about in Shanghai and Nanking without realising that the Chinese believe, and try to act on the belief, that a new era has dawned. The whole atmosphere has greatly improved, and there is a real possibility of co-operation between Chinese and foreigners. The Nanking Government is still the most considerable power in China, and given freedom from disturbance, it may make good its claim to be the national as well as the Nationalist authority; but, after weighing all factors, the conclusion of the matter is that middle China is extremely unstable, and that the centre of gravity may shift to the left before the summer is out.

The North may almost be included in the same description now. The process of liquidating militarism has still far to go before it is complete, and Nanking's claim to control Chihli and Shantung has yet to be made good. In a sense, the North is to-day where the South was two years ago, but with a difference. Russian influence is in abeyance, though only waiting its chance somewhere in the background; the Japanese control of the Tsingtao-Tsinanfu railway places an effective check on disturbance in Shantung; and, on both grounds therefore, it is improbable that we shall see a repetition of the events of Changsha, Hankow or Nanking on anything like the scale

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of 1926. Only an outbreak of rampant Communism could make that history repeat itself; and Communism, though powerful in places, is at a heavy discount. Nationalism, as a sentiment, is as prevalent, though not as emotional, throughout the North as in any other part of China, and therefore the Nationalists have nothing but their own difficulties to overcome in the process of unifying China. What those difficulties are the whole world knows, and they are great enough without the creation of new ones. But there is a blatant wing of the movement which demands an immediate advance on Manchuria. If they have their way and Nationalist armies attempt to cross the Great Wall, the Revolution may well meet its Waterloo at Shanhaikuan. Fortunately there are enough people in Nanking who realise that the Nationalist future of Manchuria can be settled by negotiation with the Fengtien party, who have already shown signs of a readiness to hoist the white sun flag for a consideration. The danger of an armed attack on Manchuria will probably not materialise; but even without it the Manchurian problem remains the crux of China's foreign relations.

There were signs a year ago in Tokyo of the development of a new "forward" policy in Manchuria. When Mr. Yamamoto was appointed President of the South Manchuria Railway, his arrival in Dairen was heralded by a wild flourish of journalistic trumpets. Press comment, both friendly and hostile, was couched in such terms that even the soberest observers could not fail to assume that something was brewing. The excitement passed away and left the situation unchanged. During May, June and July of this year the same anticipations were provoked by the despatch of a Japanese division to Shantung, and even more by the ominous terms of the Japanese warning to China when Chang Tso-lin left Peking; but, once again, there was more smoke than fire, and even the crisis provoked by the bombing of Marshal Chang's train at Mukden passed quietly away. The truth is that the uncertainty

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which hangs over Japanese domestic politics also influence Japanese policy in China; and the Tanaka Government is perhaps unable to do what the Shidehara Government was unwilling to do, namely, to provoke further Chinese hostility with all the international complications which might follow. Indeed, it looks at the moment as if, so far from taking strong action, *e.g.*, by proclaiming a protectorate in Manchuria, Japan would be ready to come to terms with the Nationalists even over the three eastern provinces. If the Fengtien party compose their differences with the Nationalists and thus avoid an armed conflict, Japan may accept the accomplished fact, strong in the knowledge that she can always protect her own interests in South Manchuria, by force if necessary.

This is not the occasion to discuss further the Manchurian problem on the lines of the article in the March number of *THE ROUND TABLE*; but enough has been said to show that the events of this year have not diminished its importance. The political position is obscure, and the effect of Chang Tso-lin's death will not be clearly seen until after his funeral which takes place in August, the rites beginning on August 3 and continuing till near the end of the month. Even then the balance of power will be unstable, and the authority of the new government, or governments, will depend as much on events within the Great Wall as on manoeuvres outside it. Rumour assigns to Chang Huang-hsiang, of Heilungkiang, an important rôle in the near future, and denies it to the young general, Chang Hsueh-liang, the eldest son of Chang Tso-lin, who is none the less in power in Fengtien itself. At the present moment (July 10) the post of generalissimo of the three eastern provinces is vacant, and no strong candidate for it is in the field. The Japanese attitude is watchful, cautious, anxious, uncertain; for those behind cry, "forward" and those before cry, "back!"*

* On July 23 it was reported that Chang Hsueh-liang had decided, on the advice of Japan, to break off the negotiations with Nanking, just when

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III. SCHOOLS OF POLITICAL OPINION

SO far the picture of China in 1928 has been drawn on geographical lines. Another and truer view can be obtained by taking the schools of political opinion that have grown up during the last few years and assigning, largely by intuitive guess-work, their respective parts to each.

Nationalist China is still a state of mind, rather than an organised political entity; but organisation grows with the need for it, and each step that carries the movement nearer the threshold of constructive action compels individuals and groups within the movement to take stock of themselves in the light of new needs. Any cast-iron division of these groups as separate units is arbitrary, and therefore in describing them by distinctive titles the following account will necessarily ascribe to them a precision of purpose and an identity which is somewhat fallacious. In one case, the Communist party's, the separate identity is obvious: in the others it is merely assumed for the convenience of this account. Roughly speaking there are four groups in the picture: the *Kuomintang*, the *Communist party*, *Young China* and the *Old Guard*. The last, which we may dispose of first, is not a group at all, but derives its importance from the undeniable authority of a number of individuals whose past careers and personal distinction give them a place in the public regard, though they are entirely out of public life. For the most part they owe their prestige to services performed, both under the Empire and under the Republic, before the Nationalist

agreement appeared to have almost been reached. Nanking had a few days before denounced the Sino-Japanese treaty, in the same way as it had already denounced the Italian, Danish and French treaties. The Japanese are willing to discuss revision; but refuse to recognise the Chinese right to bring the treaty to an end.

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movement reached its present magnitude; and it is a remarkable fact that, whether they profess nationalism or not (and most of them are political agnostics), they have retained their influence and are a power behind the scenes, especially in times of crisis. As the Republic proceeds from agitation to constructive work, as the tumult and the shouting dies, these men—or some of them—will emerge to serve China once more. On that account they must find a place in the picture now being drawn.

The *Kuomintang*, or People's National party, is the authentic organ of Chinese nationalism. Composed of conservative, radical and even Communist elements, its one source of unity is the fight for the Republic. As the day approaches when the struggle changes its character from civil war to reconstruction, the common enemy, whose presence united all sections, is vanquished, and the conflicting opinions of these sections begin to create fissures in the party. This is a normal experience for any national party on the eve of victory; but in China it is intensified by violent personal feuds and by the influence of Russia. Apart altogether from the professed Communists, there is a strong group within the Kuomintang which still looks to Russia; and thus the Russian factor complicates the issue now developing in the party between conservative and radical. These internal feuds sap its strength; and, for the moment, it is passing through a crisis in its fortunes. It has reached the end of one stage in its usefulness and knows not what awaits it in the next. Its abler members are aware of the danger in which it stands, and are bravely endeavouring to consolidate its forces for a renewed political effort; but they are met on all hands by personal vendettas and by the internal weakness of the party due to the usurpation of power by the military leaders. Thus it happens that, just when the *movement* has shown its greatest power and is on the eve of a new test of its constructive capacity, the *party* is sterile. Individuals within it show powers of initiative and constructive capacity;

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large groups of the younger men strain at the leash in their desire to see something done; the Political Council in Nanking still remains the central authority, but the Kuomintang, which created it, does not appear to be able to sustain the effort of transforming it into the effective government which the unification of China now requires. One of the worst features of the situation is the committee system which emasculates all responsibility and obstructs the advent of strong personalities who can and will administer their departments without fear or favour. Thus the situation is full of contradictions, undeniably rich in promise, yet overhung with the clouds of foreboding; and it depends on the temperament of the observer whether he sees in it the true dawn or only a lull in the tempest.

Out of this confusion two other forces emerge to challenge the political monopoly of the Kuomintang:—the *Communist party* and a new formation called *Chung Kuo Ching Nien Tang*, literally the China Youth party, or *Young China*.

The *Chinese Communist party*, as its name implies, is the Chinese wing of the Comintern, closely allied to the Russian Communist party, but not always able or willing to abide by the instructions of Moscow. It possesses all the driving force which the Kuomintang lacks, and it will risk everything for "the cause." Well organised, supplied with funds by Russia, it is distributed in "cells" unequally all over south China, strong in Swatow and Shanghai, but lacking an effective organisation in the North. It is preparing to challenge the Kuomintang if it cannot dominate it. It has members of its own in the inner political circles in Nanking and will probably work for the expulsion of the moderate elements in the Political Council in order to set up a Nationalist Government which, while not Communist, will be the creature of communism. The weakness of the Kuomintang makes the Communist party a real danger, for it provides it with a new opportunity; and the only obstacles—fortunately for China they are not small—which confront it are the

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widespread feeling that China has already paid too heavily for Communist propaganda, and the lassitude of the masses whom the Communist party must arouse if it is to win.

The fourth group is *Young China*. It may be regarded as the natural result of the situation described above. Nationalist in feeling, but not solely or primarily political, it interprets the Revolution as a Chinese Renaissance as well as a change of institutions, and is thus concerned with thought even more than with action. But it is no quietist sect, for it has a militant purpose, with something of the crusading spirit of the Communist whose organisation it has tried to copy. Composed of young men who find themselves between the devil of communism and the deep sea of official nationalism, it has a clear view of the realities of the situation and may be said to be the first organised expression of that genuine desire for better things which has been the most hopeful feature in the whole Chinese situation this year. Being a critic of the evil ways into which many of the Nationalist leaders have fallen, it has incurred the hostility of the Kuomintang and runs some risk of persecution, and it is not yet powerful enough to take the field openly; for, though it claims 50,000 members and is organised in effective groups here and there, it is still too poor in men, money and experience to play a public part in China. Meanwhile, it has formulated no policy, its object being to take stock of the new situation and to make a policy. If and when the People's Conference is held it may then get its first chance; and, as it looks like being the nursery of the Chinese public men of the future, it will be worth watching.

IV. THE EXTERNAL QUESTION

IN Chinese politics foreign affairs have played a very important part, and to-day every move in the domestic game is calculated as much for its effect abroad as for its

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result at home. The capture of Peking was therefore a fact of great international significance, and its consequences in the relations of Nationalist China with the foreign Powers will be at least as important as its significance for the Chinese themselves. We are now face to face with a nominally united China, and, in the manifesto of June 15, the Nanking Government pointed out that unification meant recognition—which in fact it must. Full recognition of the Nationalist Government—*de jure*—is not a problem on which we need waste our thoughts at present; but recognition—*de facto*—may almost be said to be an accomplished fact. The precise moment at which the fact itself is advertised to the world may need careful choice, and it will probably come when the negotiations over the Nanking incident (of March 24, 1927) are completed. It is very regrettable that these negotiations have hung fire for so long, and they must be finished as soon as possible in order to clear the way for more important questions.

Recognition is not an isolated act: it implies active relations for the settlement of outstanding problems. From the point of view of real Chinese needs the maintenance of unity and the gradual increase of stability by constructive measures of a domestic character are far more important than treaty revision. But since some of the prestige and power of the new "united" Government will be derived from its recognition by, and from its treatment *of* and *by*, foreign Powers, it is plain that recognition, given at the earliest possible date, must be followed by action leading to treaty revision. China cannot expect the early and sudden abolition of the unequal treaties: but she is entitled to expect such revision of past treaties as will most surely and swiftly contribute to her domestic restoration. Of all the privileges and rights which the foreign Powers possess under the treaties, those which are fiscal in character are more important from the point of view of Chinese reconstruction than all the rest put together. Therefore, despite the *general* demand for treaty

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revision which has already found expression in the Nanking manifesto (June 15) and will certainly be loudly proclaimed from time to time, there is no doubt that the *specific* instance in which early revision will be sought is the tariff. And to support this claim there is a strong chain of practical reasoning, as well as the not unimportant fact that the Powers are already committed to Chinese tariff autonomy.

If it be true that the key to treaty revision is domestic reconstruction, it is equally true that, given a gradual return to orderly life, the key to reconstruction is finance, which in its turn depends on revision of the treaty tariff. This sounds like arguing in a circle, and so, in fact, it is. The problem of the first step—where to break the circle—is neither serious nor difficult, and it would be idle logomachy to debate it. The circle is already being broken at several points simultaneously; and our part is to recognise the importance of making as early and as large a contribution to the whole process as we possibly can. The risks involved are serious; but none of them can compare with the danger of long delay. We have been late in action too often in our relations with China, and we must make up for lost time.

Now, delay is a relative term, and no foreign Power can be accused of destructive procrastination if it decides to wait a little while in order to give the new Chinese Government the opportunity to show that it has the power to endure, to act, and (within limits) to govern. But, as we have seen above, the Treaty Powers have a definite part to play in breaking the vicious circle, and their action or inaction will promote or retard the process of stabilising government in China. It follows that we cannot wait till our conditions are completely satisfied, because our action is a necessary factor in assisting China to satisfy them; for

. . . strange to tell among that Earthen lot
Some can articulate, and some cannot:
And suddenly one more impatient cries
Who is the Potter, pray, and who the Pot?

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It is part of the strange legacy of our past relations with China that, in this moment when order is painfully emerging from chaos, we must take a share in moulding her destiny. China is, in fact, both Potter and Pot. Nowhere is this dual character of the problem more evident than in finance, which is the pivot of reconstruction. Hitherto Chinese revolutionary finance has been sheer spoliation, with here and there an attempt to introduce an element of control. To-day a more definite effort is being made to transform the collection of public money from a system of extortion sanctioned by military power into a more regular plan of authorised taxation. Mr. T. V. Soong's programme of financial reform has reached a point where, *given relief from the drain of military expenditure*, he can begin to assert central (*i.e.* civil) control over income and outgoings. In a word, he knows that the evils of Chinese revolutionary finance can only be cured by a budget; but before a budget can be framed, even in the rough and ready way which is all one can expect to-day, the question of certain conflicting claims on revenue must be settled. Unless, for instance, the demands of the provinces are satisfied, the central government will have no security, either political or financial; and, therefore, a federal division of revenues is the first problem in reform. Provided that the line which divides central from provincial taxation is clear, and the collection of the revenues is kept separate, other problems in Chinese federalism can be left for future settlement.

The financial problem may be settled in principle (*i.e.* on paper), but all plans fall sterile to the ground unless a large revenue is available for such purposes as (*a*) demobilisation, (*b*) normal expenditure, (*c*) *likin* compensation to the provinces, (*d*) debt services, both existing debt domestic and foreign, and new loans raised for general reconstruction. The revenue required can be met from existing *sources* provided the Chinese Government is free to use them as necessary; but on the existing *rates* the yield will not be adequate. An increase over present revenue, even on the

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existing rates, may be anticipated from the moment when civil war on a large scale ceases ; but more will be required. And at this point it must be remembered that, if the foreign Powers are in earnest in their desire to see *likin* abolished, they must help China to do so by giving her freedom to raise new revenue from other sources, of which the chief is the tariff. On all grounds therefore tariff reform is an urgent issue ; and no obstacle, neither the controversy on the unsecured loans, nor the special interests of any Power or Powers, should be allowed to stand in the way of early action. The Powers have different views on tariff autonomy, dictated by their different interests ; and some may insist on a conventional tariff rates agreement before assenting to a general increase in tariff rates ; but all the Powers have an interest in seeing the tariff used as an engine of reconstruction, and to its use for that purpose they should bend their energies cordially and without delay.

Closely bound up with tariff reform is the problem of the administration of Customs which is almost as controversial as tariff autonomy itself. The Nationalists have taken up a somewhat intransigent attitude towards their obligations under the treaties, and particularly on the question of the maintenance of the existing foreign personnel from the Inspector-General downwards. Up to the date of the capture of Peking, and indeed for some time afterwards, they seem to have been unable to make up their minds where their true interest lay ; and this uncertainty found expression in the ambiguous terms in which they chose to announce their intention not to disregard "any international responsibility in consequence of agreements and understandings properly and legally concluded and on a basis of equality." Politics and sentiment drive them towards action which looks like "repudiation" : economics and common sense hold them back ; and, in the struggle between these two forces, the diplomatic action of the Powers will be a very important factor. If the diplomatic body in Peking allows itself to be drawn into a quarrel over

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the administration of the Customs, the Salt Gabelle or the Post Office, before it has set in motion the machinery of a genuine change in tariff policy, there will be deadlock and conflict in which no progress towards true reform can be made. The only way in which the influence of the Treaty Powers can be used to assist China to do the right thing is, instead of impotently denouncing her for doing wrong, to show by definite action very soon that they are ready to give her the necessary and rightful freedom in tariff policy, and thus put themselves in a strong position to recommend, and if necessary to insist upon, the maintenance of certain standards and personnel in Customs administration. It is useless to fulminate against Nanking on the lesser question of method, as long as the Powers continue to hold an admittedly indefensible position on the greater question of policy. The Powers have acknowledged that the tariff provisions of existing treaties are out of date, and thereby have undermined their own moral position. It is high time to seek firmer ground.*

China, July 10, 1928.

* Since the article was written the United States has (July 25) signed a treaty with Nanking conceding China full tariff autonomy as from January 1 next, subject to national and most favoured nation treatment to Americans. This is considered tantamount to recognition. We ourselves have also at last got the Nanking episode settled (*The Times*, August 11) on the same basis as the American settlement, and our policy is now to proceed on the lines laid down in December 1926 and January 1927 (see Sir Austen Chamberlain in the House of Commons, Hansard, p. 1833).

AL SMITH AND MR. HOOVER

IN April of this year an anonymous writer mailed his article from the United States for the June number of *THE ROUND TABLE*. That anonymous fellow did very well. Two months before the Kansas City and Houston Conventions he had the rash courage to predict that Herbert Hoover would be nominated for the Presidency by the one, and Alfred E. Smith by the other. The outcome was by no means certain. Yet it came to pass as was spoken by the prophet. Here, in early August, some three months before election, his successor wonders whether he in turn is expected to pick the winner from these two contenders. If he were forced to it, the answer would have to be Hoover. But if Mr. L. J. Maxse is right, he will not be forced to it; for "it matters less than a brass farthing to Great Britain whether Republican or Democrat captures the American Presidency." Under cover of this timely excuse, we can discuss parties, platforms, personalities and prohibition, and leave the reader in a state of confusion. That will relieve the writer, mystify the reader, and annoy Mr. Maxse. Indeed it will be better all around, since nobody really knows how this election is coming out.

* * * *

Of the two parties (for they are the only ones that count), the Republican is the stronger. In the first place, being in power, it has momentum that will be hard to

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overcome. Then, too, "all things being equal," it usually emerges on top; in fact, just two Democrats, Grover Cleveland and Woodrow Wilson, have managed to occupy the White House during the past sixty-five years. The Republicans are also more powerful in the sense that they can provide—at least in fourteen out of the last seventeen Presidential campaigns they have succeeded in providing—more of the sinews of party warfare than their rivals. Money means organisation, advertising, education, transporting "the vote" to the polls—and it may mean other less legitimate election aids. Be that as it may, money seems to count, for in every Presidential contest but one since 1860 the party with the larger campaign fund has won. Again, the Republican press is reckoned to be 65 per cent. of the press of the country; and to this normal advantage must be added the support which the Hearst chain is giving Hoover (not that Hearst loves Rome more, but that he loves Cæsar less); and the powerful backing of the independent Scripps dailies, twenty-six in number, from New York to California.

Then, too, in this particular campaign the Republican party gives the appearance of cohesion, while the Democratic party shows signs of disintegration. Thus, immediately after his nomination Mr. Hoover received the blessing of President Coolidge, all set forth in so affectionate a message that people could hardly believe their eyes. The agricultural West was half expected to leave the Republican party in a mass, so great was their distrust of Hoover said to be; but in the end Senator Borah of Idaho dictated a good bit of the party platform, Senator Curtis of Kansas was nominated as Hoover's running mate, Senator Brookhart of Iowa accepted him, and Vice-President Dawes, who stands well with the prairie farmer, promised to take the stump for the party's candidate. Nor is it insignificant that the Republican managers have enlisted the active support of Charles E. Hughes, and have healed the breach between Hoover and his fellow-Californian,

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Hiram Johnson. If the rank and file of Republican politicians were not fully satisfied with the choice of the Kansas City Convention, they have succeeded in sinking their grievances pretty well, and to-day they present a remarkably solid front.

Things are not so harmonious in the other camp. Robert L. Owen, for eighteen years a Democratic Senator from Oklahoma, has announced that he will support Hoover, and F. M. Simmons of North Carolina, who has held a similar post since a time when the memory of man runneth not to the contrary, well, he has resigned as a member of the party's National Committee. These defections took place at an interesting moment—promptly after Smith's nomination, and following the statement of his private views on prohibition, but three weeks before he is scheduled to set forth his opinion on other national issues. Two stout Democrats, therefore, felt that Smith, as such, was not a fit candidate for the Presidency; but it would be hard to say what relative importance they attached to each of his three "disqualifications"—as a wet, as a Roman Catholic and as a protégé of Tammany Hall.

Now the Democratic party's cohesion, for some time past, has not been very marked. Ten Southern States, for reasons dating back to the Civil War, have invariably cast their vote in the Democratic column. The white man has cohered against the negro. Then, at long intervals, this nucleus of a party has managed to attach to itself enough other States to win an election. So when it is said that the Democrats are disintegrated by their own nomination, the saying means just this and no more, that no man in the United States could come so near to destroying the nucleus of the Solid South as this wet, this Roman Catholic, this son of the sidewalks of New York—not a Republican choice, nor the Devil's invention to confuse and confound the Democrats, but their very own selection! Yet he was selected for the paradoxical reason that he alone stood the ghost of a chance of winning

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the Presidency for them this year. If he does win, it will be because through his record, personality and political courage he has captured votes and States from the Republicans of the North and the West. And if he captures all these votes it will be because of a personality which the South does not admire, and because of qualifications which they mistrust and abhor. And thus, if he wins, it will be a different Democratic party under a different leadership—no longer dry; no longer fanatically Protestant as it was under Bryan; urban, not rural; favoring the protective tariff rather than opposing it; as much Northern as Southern; in fact, not Dr. Jekyll but Mr. Hyde. Or the other way round, if you will. Anyhow, the Houston Convention swallowed that strong potion which is Smith and the transmutation is on.

* * * *

So much for the position of the parties. As for the differences in their platforms, prepared with such a show of care at Kansas City and Houston, they can be disregarded. Both documents expressed concern over the condition of the farmer, but neither promised anything concrete by way of relief. They both showed interest in bettering the foreign relations of the United States; but not even the Democrats had a good word to say, this time, for the League of Nations or the World Court. In both platforms there is a strong pledge to enforce prohibition legislation; but eyewitnesses report that Canada supplied the Kansas City crowd with all it needed by way of drink, while Houston brought in its stock by airplane from Mexico. And the eyewitnesses aver that there was "plenty of it" in both places. As for the question of the protective tariff, there seems to be no longer the slightest difference between the views of Republicans and Democrats. Throwing off all pretence, the latter declared at Houston for a tariff such as would maintain "a high standard of wages for American labor"; and the man who was appointed by this conven-

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tion to notify Governor Smith of his candidacy, that man has been frank enough to state that "the theory of the low tariff has ceased to exist." If anything further were needed to prove the obliteration of distinctions in economic theory between the two parties, it could be found in Smith's appointment of his campaign manager, Mr. J. J. Raskob. It is Raskob, formerly a Republican in good standing, a member of the Union League Club of Philadelphia, financial director of General Motors Corporation, master salesman of Cadillac, Buick, and Chevrolet, millionaire beneficiary of a high protective tariff, who will be Smith's principal advisor. Mr. Lehman, of a New York banking and investment house, will direct the drive for campaign funds. Mr. Irenee du Pont, who makes explosives for profit in Wilmington, Delaware, will support the Governor; and Mr. W. H. Woodin, head of the American Locomotive Company and the American Car and Foundry Company, has "switched" from the Republican to the Democratic side. No longer is Big Business solidly Republican, and no longer does the Democratic party hesitate to welcome its representatives—and its cash contributions—with open arms.

One can hardly be surprised, then, that this election is causing an interest in politics such as the middle generation has never seen. Governor Smith's position on the prohibition issue is well known; Chairman Raskob states that modification of the Volstead Act is the paramount question before the country. So for better or for worse this particular piece of fat is in the fire. There is a tacit understanding that the religious issue will not be raised, and there will probably be little or no public notice of it; but every child knows that hundreds of thousands of voters, without waiting for the campaign, have irrevocably made up their minds for Smith or against him for no other reason than that he is a member in good standing of the Roman Catholic Church. Prohibition may prove to be the paramount issue, but Smith's Catholicism is the paramount

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fact. Over such disputes as these party lines have been broken before and will be broken in the United States this year. There will be a vast drift of voters from one side to the other. But because there is so much hypocrisy about prohibition, and so much widespread prejudice about religion, it is utterly impossible to predict whether the net change will benefit Smith or Hoover.

There are a few exceedingly able political writers in the United States who profess to see further than these issues of prohibition and religious toleration. "It is impossible any longer," says Mr. Walter Lippmann, "to ignore the signs of an impending fate." "It is true," writes "T. R. B." in the *New Republic*, "when you call the roll of the new Democratic management—Raskob, Proskauer, Lehman, Olvany, Moscovitz—it has a horrid rasping sound to Anglo-Saxon ears" quite different from "the Works, Moses, Allens, Goods, Browns and the rest of the Nordic managers of the Hoover machine." So Mr. Lippmann, of the *New York World*, and Mr. Owens, of the *Baltimore Sun*, the two leading Democratic papers in the country, see epic elements in this contest—the culmination of generations of guerilla warfare between the city and the country, a death struggle between the descendants of English stock and the immigrants of the past sixty years. Now there can be no doubt that Al Smith stands for the city of American cities, New York; and for all his years abroad and for all his misunderstandings with the grain and livestock West, there can be no doubt that Hoover has grown continuously out of the soil of the Iowa farm where he was born.

It is also a fact that the larger American cities, especially in the North and East, are made up in great part of immigrants since 1865 and their children. Because Smith too comes of foreign stock, because their religion in many cases is his religion, and because their traditions tend away, as his views do, from some of our more egregious manifestations of mass morality, they will be inclined to

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vote for him. A Democratic victory would place a Roman Catholic in the White House for the first time in history: that would be a big matter. It would mean as much of a national volte-face on prohibition as Harding's election in 1920 meant on the League of Nations: that would be another big matter. It might be accompanied by the disappearance of that anachronistic phenomenon called the Solid South, and that, so far as the structure of American politics is concerned, would be a major event. But it is hard to believe that "Al Smith and his crowd" are the protagonists in an epic contest to establish the supremacy of the city over the country, and the social position of those Americans who do not happen to be Anglo-Saxons. After all, our cities have been governed by such men, and so have our States: the nation is already urbanized in spirit as well as in percentages. Smith's election might serve to ratify and dignify these accomplished tendencies. Perhaps not. Who knows?

* * * *

Of recent years political writers have taken to saying that essential differences between the principles of the two major parties were few and unconvincing. That has been growingly true, but never so true as in 1928. They have said, quadrennially, that in the last analysis the citizen would be found voting without regard to party affiliations or platforms, for the personality of one of the two candidates, his record and his promise. That, too, has been true, but this year more than ever. Any citizen who does not vote wet or dry blindly, or Catholic—anti-Catholic blindly, will have plenty to ponder over when he comes to appraise the two candidates on their merits. For at last we have the best that the Republican party could offer and the best man among the Democrats, each of them nominated by a Convention that was dominated by a popular force stronger than the politicians, each of them

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with an interesting personality, and each with the record of distinguished government service.

Is America still the land of opportunity? Well, Hoover was born on a farm in Iowa, moved with his family as a boy to California, carried his share of the burden of manual labor while he was at school, paid his way through college by collecting laundry from other students, was a mining engineer of distinction in China, Siberia, and finally in London. And then, after three years of humanitarian work directed with genius and force, he returned to his own country as Food Director under Wilson, and as Secretary of Commerce under Harding and Coolidge. He is known abroad better perhaps than any other living American. During the past ten years he has become equally well known at home. So all that need be said in summary not only of his qualities, but of the gradual way he has grown upon the nation, can be told in the words of a Democratic paper, the *Register* of Mobile, Alabama. Praise out of this State for a Republican Presidential candidate is praise indeed. Of Hoover, then—

He is self-made and self-reliant; tireless in the public interest; efficient to a high degree; with a record of administrative efficiency in every enterprise he has undertaken or to which he has been assigned; not vain; never seeking to project his personality; always calm and self-contained; an administrator rather than a politician, understanding government as the problems of business are understood, and with equal concern for the best interests of the people in all sections of the country, whether in Maine or California, on the Gulf Coast or in the great West. Mr. Hoover is big enough and broad enough to see the whole nation.

Is America still the land of opportunity? Well, Al Smith was born on the lower East Side of New York City—New York's East End. And there wasn't a cent of money in the family, so Al sold fish. There wasn't time or thought for college in the scheme of life as he knew it, but he acquired an excellent education as a youngster in the school of Tammany Hall. He drove a truck; he

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collected several trucks; he made a truck company out of it. Meanwhile "the boys" were pushing him ahead in politics, first in the Ward, and then as Assemblyman at Albany. What came out of the fish and trucks? A good politician? Yes. A "good fellow" and a loyal friend? Yes. A photographic subject with a brown derby stuck on his head at an Irish angle and a cigar stuck into his mouth at a Yankee angle? Yes. A brilliant campaign speaker? Yes. A fair and forgiving fighter? Yes. But there also came out of the fish and trucks, the man whom in 1913 Elihu Root praised as the ablest and most intelligent member of the Convention to draft a new constitution for the State of New York; the man whose knowledge of the educational problems of the State colleges at Cornell University has baffled its President more than once. Nineteen times has he been a candidate for public office, and only once has he been defeated. Four times he has been Governor of New York State, elected as a Democrat in 1924, against a Republican tide that in the same State gave Coolidge more than a million plurality. And his administration has been honest, competent, progressive—perhaps the best that New York has ever known.

On the still more personal side, differences between the two men stand out sharply. Smith acts as if the small boy in him still had the upper hand; Hoover as if the small boy in him never had much of a chance. Smith is debonair, Hoover is gauche. Smith is at home in a public meeting, Hoover acts as if home were far, far away, and as if there were still a good deal of pain ahead before he could get there. On the other hand, it must be said that there are thousands of people all over the United States who have worked with Hoover and under him—in Belgium, in post-war relief work, in the Food Administration, in the Department of Commerce, in the Mississippi valley after the floods, on matters of emergency and of great difficulty, whose personal devotion to their taciturn, awkward "Chief" is nothing less than fanatical. It must further be said that

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he has shown great aptitude in learning the political game. Nothing could be more amateurish than the futile stab for the Republican nomination which he ingenuously allowed his inexperienced friends to make for him in 1920. While, by contrast, in 1928, his powerful well-regulated, smoothly-running machine swept every other candidate into oblivion in the primaries which preceded the Republican National Convention, and at the Convention itself brought about his nomination on the first ballot by an overwhelming majority.

* * * *

The betting today is said to be $3\frac{1}{2}$ to 1 on Hoover. Incidentally odds were given at 4 to 1 on Hughes in 1916, while the Californian vote which swung the election to Wilson was in the process of being counted. Today's odds represent today's alignment of forces. What they will be tomorrow and in November is beyond prediction. Will the South stand by the Democratic candidate? If one were to read the proceedings of the Methodist Episcopal Dry Conference recently held in North Carolina, and were to pay too much deference to the denunciations of their man Smith for his "political double dealing," his "faithless immoral leadership" and his connection with the "plunder and pillage" of Tammany Hall, one could easily believe that the Solid South is already broken. If one were to follow the accusations of William Allen White, a distinguished journalist from Kansas, a liberal, yet so mild mannered a fellow as to be a trustee of the Rockefeller Foundation, and if one were to think that the violent, overreaching charges he makes against Smith's political record are common belief in Mr. White's own West, then the lands beyond the Mississippi would be lost to Smith for ever. And if one thought that the industrial East in spite of its wetness, would never dare trust its prosperity to "Democratic incompetence," then Smith would emerge from the contest with nothing to show for it except a handful of votes.

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But there are those who feel that the Solid South will not break, in spite of the meddling Bishops of the Methodist Church. They feel that the West, unconvinced by Hoover, will follow the leadership of George Peek, Republican leader of their most influential agricultural organization, who has thrown his lot in with Smith. And they feel that in the East, wet as it is, Roman Catholic as its chief cities are, Smith will carry Massachusetts, New York and New Jersey. If all these predictions were to come true, Hoover's handful would be more meagre than Smith's could possibly be under the other view.

So we have, at last, two candidates worthy to run for a great office: we have the prohibition question out in the open, and a religious issue seething under cover. We are deluged with books on "The Republican Party," "The Democratic Party," "Herbert Hoover," "Alfred E. Smith," "Tammany Hall," "The Presidency and Hoover"—and, for a change, they are good books. The trains are full of political talk, the press is running over with it. Can Smith, the Happy Warrior, skilled in the special political tactics of his own State, project his amazing personality over the Nation? Can Hoover, by intelligence, force, organization and funds, withstand him successfully?

* * * *

If it be true that "it matters less than a brass farthing to Great Britain whether Republican or Democrat captures the American Presidency," we can at least offer a spectacle worth seeing, at an important moment in American politics and American democracy. And we offer it as such, well aware that it can "bake no bread," in return for the pleasurable and widespread interest which our own public prints for some curious reason have created for us in your Prayer Book controversy.

The United States of America,
August 3, 1928.

THE BIRTH-RATE AND THE BRITISH COMMONWEALTH

SOMEONE once called experience the lamp that slights the wake of the ship, a saying to which it is the statistician's object to give the lie. Some figures showing the ebb and flow of population, which have a bearing on the future composition of the peoples of the British Commonwealth, are discussed in the following pages. It is not our purpose to attempt to deal with that problem as a whole, but attention can perhaps usefully be called to a side of it which has hitherto received little notice: how long will this island continue to be able to supply the Dominions with immigrants? Such inferences as are made in the concluding section are based upon some calculations made by Professor A. L. Bowley, of the London School of Economics, and by the Colwyn Commission.*

I. THE RISE IN THE POPULATION OF GREAT BRITAIN

Great Britain and Northern Ireland now contain about 44 million inhabitants. The increase in the last hundred years has been extraordinary. The population of England and Wales was shown by the census of 1921 to be three times the size it was in 1821.† This was not due to people coming in from outside. Immigration has ceased to count since the time of the Saxons. The Norman invasion

* See *The Economic Journal*, June 1924, the *Manchester Guardian*, Nov. 9, 1925, and the Colwyn Commission's Report 1927, p. 680 and Appendix XXI.

† See *The Social Structure of England and Wales*, by Carr-Saunders and Caradog Jones, Chap. XX (Oxford University Press, 1927).

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brought in a handful of foreigners, and we have had a few more at odd times since—a sprinkling of Huguenots, for instance, after the revocation of the Edict of Nantes, and at the present time we get what would have seemed a formidable host in the eighteenth century when England had a smaller population than Canada has to-day, between 50,000 and 70,000 immigrants a year. Some particular district, such as Whitechapel with its Russian Jews, may feel the effects; but the newcomers nowadays make little difference. A large number of them, indeed, are not newcomers at all, but merely the backwash of the outward stream—returning emigrants; and in any case the arrivals are swallowed up in the emigration figure, which was almost five times as large in the year before the war, when nearly 400,000 people emigrated. There has been migration between our own islands. There is a big Irish population at Liverpool, and a deputation from the Scottish Protestant churches has just been petitioning the Government to apply the quota system to Scotland, the whole character of whose population, they say, is changing as a result of the Irish influx. There are complaints that Irish from the Free State get jobs which otherwise might absorb some of our own unemployed* but inter-insular migration need not detain us. The important thing to notice about our population is that its growth was no more due to a rise in the birth-rate than to immigration. On the contrary, the birth-rate, after remaining nearly steady till about 1876, then actually began to go down, and has continued to do so right up to date. The 1921 census showed a drop from 166 per 1,000 married women in the 'seventies to 100,† and the drop has continued. In 1920 it was 25·5 per 1,000 population. Last year it was only 16·7. No, the reason for the increase in our population was that, thanks to improved sanitation and hygiene, fewer people died. This fall in the death-rate only affected the old till

* See *Report of Industrial Transference Board*, 1928, p. 29.

† See *The Social Structure of England and Wales*, p. 222.

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the beginning of the century. Then the babies got the benefit.* In John Wesley's time, as Lord Astor has recently reminded us, less than 25 children out of every hundred lived to see their fifth birthday; to-day, of every hundred children born only five fail to live till five. The rate of deaths under the age of one has dropped from 148 per 1,000 births in 1896 to 69 in 1927. When, however, the birth-rate began to fall, the decline in the death-rate ceased to keep pace with it. The result is a drop in our rate of natural increase. But we must come back to this later. It is first necessary to examine the present position of the migration problem.

II. THE MIGRATION PROBLEM

THE position up to the close of the war has already been described in *THE ROUND TABLE*.† English people began to cross the ocean as soon as it was thrown open in Tudor times, when our explorers and colonisers followed hard upon the heels of the Portuguese and Spaniards. But the outgoing stream was for a long time a slender one, even in proportion to the population of England, which in the middle of the seventeenth century only numbered 5½ millions. Our horizon had, however, widened, and the loss of the American plantations itself failed to contract it. But the habit of looking beyond the seas was not peculiar to ourselves. The Dutch shared it as well as the Portuguese and Spaniards. In the century before the war, indeed, migration from Europe generally reached unprecedented proportions. In addition to ten millions who went to South America and our own possessions, no less than thirty millions crossed to the United States alone, and over 29 per cent. of them were from these islands. In the decade before the war 1,300,000 people went in a single

* *The Social Structure of England and Wales*, p. 223.

† *THE ROUND TABLE*, No. 42, March 1921, p. 241.

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year. In the last part of the nineteenth century, however, a change set in. The immigrants had in the past been mainly British, Irish, German and Scandinavian—we ourselves supplied 272,740 in the single year 1852—but after 1900 they were mostly from the Latin and Slav countries. As many as 6,300,000 of these races went to the States between 1900 and 1910, as against less than two millions from the north-west and west of Europe, and the change-over was still going on when war broke out. The new movement, moreover, was only a beginning. The enormous Russian reserves had hardly been touched. By the year 1919 there were, it is true, already $3\frac{1}{2}$ million Russian immigrants in the United States; the bulk of them were, however, not from Russia proper, but from the border countries which are now themselves independent States, and investigations on the spot by American experts made it clear that “unless artificially checked, the movement would eventually increase to enormous proportions.”

The movement was checked. The war, of course, put an end to it for the time being, but when it started again on the return of peace, the Americans became alarmed, and Congress put its foot down. American civilisation is Anglo-Saxon and democratic, but the “new immigrants,” as they were called, brought different traditions with them. Some of them had never known liberty, and there was little chance of their becoming Americanised, for, being wanted for work in mines and factories, they were settled in blocks where they kept on their old life and language—their religion was generally Orthodox or Roman Catholic. Few of them meant to leave their bones in the United States, and they sent home a large part of their earnings. Assimilation seemed hopeless, and a law was passed in 1921 allowing each white nationality outside the Americas 3 per cent. of the number of its people born in and residing in the United States when the 1910 census was taken. Even this was, however, considered too favourable to Slavs and Latins, and immigration was limited in 1924 to 2 per cent. of the

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number from each non-American white country that was in the United States in the year 1890. The Latin-Slav flood is now reduced to a trickle. The northern races came off better, though even the British and Northern Irish can only send 34,000 a year; but there is a proposal before Congress which has been shelved till July next year, which would raise our quota to nearly 66,000. The whole number admitted under the existing arrangement from all non-American countries only comes to a little over 164,000, though nearly as many Mexicans and Canadians were received over the land frontiers, to say nothing of the vast number who cross unrecorded.

But there are other countries besides the United States in need of people. The estimated population of Brazil last year was about 39 million, and the Argentine in 1926 had 10,300,000. The British Empire itself contains wide and sparsely peopled territories. There is so much uninhabitable land in the larger Dominions that the bald statement that Canada has only $2\frac{1}{2}$ people to the square mile and Australia nearly 2, as against England's 649, does not carry one much further. But even allowing for the arctic regions of Canada and the dry parts of Australia, their population is insignificant to-day compared with their great resources and their impressive size. At the time of the 1921 census Canada had $8\frac{1}{2}$ million inhabitants and Australia $5\frac{1}{2}$. To-day they probably have something over $9\frac{1}{2}$ and 6 million apiece. New Zealand has between $1\frac{1}{2}$ and $1\frac{3}{4}$ million, and South Africa between $1\frac{1}{2}$ and $1\frac{3}{4}$ million whites; there are, however, nearly six million blacks who do the unskilled work, which puts immigration on a large scale out of the question for South Africa. But the others all need it. It may be suggested that the action of the United States will make it easy for them to get it. Quality is, however, a different thing from quantity. Latin-America would, no doubt, be glad to get Italians, and possibly Slavs as well; but the Dominions, like the United States, have a different type of civilisation which

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they want to preserve. Australia and New Zealand are 97 per cent. British* and determined to remain so. There is alarm even at the settlement of a certain number of Italians in Queensland. Over half Canada's population, in spite of a substantial dose of the "new immigration" and a very large French-Canadian element, is still of British origin, and though many Canadians would take settlers from any healthy stock, there is an expressed wish to get as many British as possible. Nor could anything suit us better. Apart from the importance of maintaining the character of the whole British Commonwealth, we have a pressing practical difficulty. Our unemployed are still equal in number to the population of New Zealand. We hope that in time our own industries will be able to absorb them again; but the Industrial Transference Board has made it clear that any idea of a cyclical or transient depression in the worst of the depressed districts must now be abandoned. It must be remembered that we started in 1920 after the war with 1,300,000 more people between the ages of 20 and 60 than we had in 1911, so that, as Mr. Keynes has reminded us, it is more than a question of regaining our old trade. It would anyhow be unfair to keep men waiting in a state of demoralising idleness on the chance of better times. No one, of course, expects the Dominions to take our unemployables; they want our best. Nor is emigration a cure for unemployment. But it would go a long way towards relieving the present tension, and the welfare of the Dominions is, after all, closely bound up with that of the mother country. The number of people permanently out of their old employment is placed by the Industrial Transference Board at about 200,000 of all ages.† If the Dominions could take

* *i.e.*, over ninety-seven per cent. are from Australasia or the British Isles.

† See their conclusion (page 54). Earlier in the Report (page 8) the permanent unemployment for coal alone is given as 200,000, and the probable permanent unemployment in shipbuilding, iron and steel, and heavy engineering as 100,000, with some probable addition for permanent contraction of the personnel of the textile industry.

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200,000 of our best, a certain number of our people would, no doubt, throw up their jobs at home to go; but openings would then be left for others who have no chance of getting back to their old work and are too old to make a fresh start overseas themselves. This would more than make up for the dislocation. If only emigration had continued to the Dominions on the same scale as immediately before the war, our present load would be appreciably lighter. But Canada is to-day only receiving half as many British immigrants as she took between 1909 and 1913, Australia substantially fewer*, and both of them are taking a large number of foreigners. On an average 55,000 of the latter, exclusive of Americans, come into Canada every year; as against 70,000 before the war—in 1926 there were 66,000 and in 1927 82,000, as against 48,820 and 52,940 British. Australia takes fewer, but even she has received on an average 14,000 foreigners a year since 1923.

III. THE FUTURE

WE must now pass to the most important point of all, the one put in the opening lines of this article. Will the Dominions always be able to count on emigrants from this country? Hitherto the doubts have been only about quality, not quantity.

The first question is why are so few people going to them to-day? The dead years of the war are over, and one would have expected the leeway to have been made up for by a larger outflow than ever, especially as the Americans have limited their own supply of British immigrants. Plenty of people here want to go—the emigration agencies all agree on that, and times have been better beyond the seas than at home.† What then keeps British emigrants back?

* *The Industrial Transference Board's Report 1928*, p. 37, gives the annual average of new British settlers in Australia since 1922 as about 40,000, as opposed to about 55,000 before the war.

† *Ibid.*, p. 42.

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There are no doubt other factors, but two answers seem to stand out. One is the rise in the fares. The fare to Canada to-day costs £18 15s., or over three times, and the one to Australia £37, or more than twice, as much as it did before the war, and there are, of course, all sorts of other expenses as well. This effectively checks voluntary emigration. But there is another reason. The fares may be high for the man who has to pay his own way out, but, as against this, far more assistance is now given to emigration than was ever given before. An Act was passed in 1922, the Empire Settlement Act, under which the "assisted" emigrant only has to find £2 for his passage and his train fare and personal expenses if he is going to Canada, £16 10s. and expenses if he is bound for Australia, and £11 if he is going to New Zealand—there are modifications, but we need not go into them. This should make an enormous difference, and Great Britain finds half the assistance actually given. Then, there are various plans under the Act, the 3,000 families scheme, for instance, for the settlement of families on farms of their own in Canada, and the so-called £34,000,000 loan agreement under which Great Britain contributes £150,000 (non-recoverable) for every £750,000 of loan money raised by the Australian Government and advanced to the States for development, the understanding being that 450,000 immigrants should be settled in ten years. Why, then, with all this help have the results not been larger? The whole number assisted under the Act to go to the Dominions was 65,530 in 1926, 63,027 in 1927.

One of the chief reasons, in the view of the Oversea Settlement Committee,* is the restrictions due to the cautious policy of the Dominions. The say rightly rests with them as to who should receive assistance under the Act and they have limited it to the following cases:

(a) Settlers for whom the overseas Government are in a position to guarantee employment immediately upon arrival. These are

* *The Report of the Oversea Settlement Committee, 1927, pp. 9-10.*

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usually single men or families who are going to the land, or single women who are going into domestic service.

(b) Settlers going out under nomination.*

As regards (a) the Committee points out that, although experienced farm hands can usually obtain an assisted passage and readily find work, we hardly have enough of them nowadays to go round at home, and their numbers tend to diminish. In 1921 they amounted only to 2·5 per cent. of our population. Women servants are readily granted passages, but here again the demand in Great Britain itself is larger than the supply. Then as regards (b), in the case of Canada only people going to farms or domestic service can be nominated; the industrial worker is not eligible and, even if he goes out on his own account, he cannot nominate his wife and children for assistance. There are also, as the Industrial Transference Board points out, all sorts of forms and tests. Even the emigrant who is making the venture on his own has to pass four medical examinations, one by a Canadian Government doctor at a stated time and place, another by the shipping company's doctor, and another by the Board of Trade doctor at the port of embarkation, and finally an inspection by a Canadian Government doctor when he lands. A certain amount of this sort of thing is, of course, inevitable; but one knows the Englishman's dislike of red tape and how he shrinks from it getting about if he fails to pass a test. It all acts as a deterrent. In the case of Australia and New Zealand there are fewer formalities and would-be immigrants can be nominated for assistance even if they are going to industrial work. They can also be requisitioned by the State Governments, but in that case only for agricultural

* The nomination system was started in Australia and New Zealand. Any resident able to guarantee suitable accommodation and employment for a British citizen can apply for government assistance. The State Government sees that the guarantee of the nominee is carried out and that the local labour market is not adversely affected. It has now been adopted, though in a modified form, and only for agricultural work by Canada.

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work. The system in all the Dominions is specially designed to ensure immediate absorption and to avoid any risk of unemployment.

It may or may not, in the long run, be a good thing that immigration should be so restricted. The Oversea Settlement Committee thinks that it is not, and cites the history of the United States in support of its view. It is, at all events, easy to understand the Dominions' point of view, why they want agricultural immigrants and are averse to more people coming than they can comfortably absorb. The development of the soil is their primary need. Australians are naturally afraid of their already over-swollen cities getting still larger, and labour is everywhere fearful of competition. There is also some unemployment overseas.* Given time and a steady natural increase, the Dominions could, moreover, no doubt, get the population they want from their own stock, even if we did not send them another man. Australian statistics show a gain of over 3½ millions by natural increase between 1861 and 1921. This splendid increase is, however, due not to a high birth-rate but to a very low death-rate counteracting the effect of a comparatively low birth-rate. Suppose the birth-rate should follow our example! It is less likely, because there is plenty of elbow room; still there was a decline in the birth-rate from an average of 27·5 in 1910-12 to one of 23·3 for 1923-25, and though the death-rate also dropped, the fall was not sufficient to prevent the rate of natural increase going down from 16·7 to 13·8.† The crude birth-rate has been falling for many years. Once a country gets a continuously falling birth-rate like our own, given certain conditions, stability of population will sooner or later result, unless the death-rate keeps on improving sufficiently to make up for it, or recruits are obtained from outside. Canada has also a fine rate of natural increase; but it, too,

* See New Zealand article, p. 904.

† See *Estimates of Working Population in 1931 and 1941*, by Professor Bowley (League of Nations, 1926), p. 7.

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dropped between 1921 and 1924, though in 1924 it was higher than in 1923. The more remote Dominions, as they get older, have no doubt gradually been reaching a condition not unlike that of old established societies; but it would be interesting to study the age categories of the Dominions generally to see how far their low death-rate is due to a constant infusion of young blood from outside. We must remember too that a great many people leave them as well as enter them. On an average over 109,000 a year crossed from Canada into the United States between 1921 and 1924,* and perhaps half that number left Australia yearly from 1923 to 1926. Such a subject as this would, however, take an article by itself, and for the present we must leave it and the question—perhaps the most important of all—whether time could be counted upon for a “dead slow” policy. All that need here be said is that there are considerations which would certainly make it impossible to treat the present rate of natural increase in the Dominions as a permanency. But, though the number of British immigrants could never, under existing arrangements, be expected to attain the height reached by immigration into the United States in the 'fifties, it could, even as things are to-day, be increased. We have barely enough agricultural labourers to go round at home; but boys and girls can be trained in larger numbers, and townsmen often do well at farming in new countries. The British Government is setting up another training farm—at present there are only two—and the number trained is to be raised from 1,500 a year to 2,110. An effort is to be made, too, to get the cost of the passage to Canada reduced to £10, so as to stimulate voluntary emigration, and 10,000 of our unemployed are to be given temporary work on the Canadian harvest. Lord Lovat is going out specially to discuss the whole question of emigration with the Dominion authori-

* See *Report of Commissioner of Immigration, U.S.A., 1924*. The *Canadian Yearbook* reminds us of the Canadians who come back to Canada: 43,000 returned in the year April, 1924-April, 1925.

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ties, on the spot, and it is hoped to settle 21,000 miners on the land. For other suggested methods, we must refer the reader to the Oversea Settlement Committee's report for 1927.

But we must no longer dwell upon this side of the problem. It is no part of our design—we are not, indeed, competent—to criticise the policy of the Dominions, which is entirely a matter for themselves. Our object is to consider how long we shall have emigrants to send abroad. And it is obviously the most fundamental question of all, for if the British source were to give out, the only alternatives in the old world open to Dominions in need of immigrants would be the great Latin-Slav reservoir from which the Americans have cut themselves off, and which, as the figures show, in spite of—perhaps in consequence of—all the misery in Russia, is getting constantly fuller, and the surplus left over after the northern and north-western European countries have had their respective quotas admitted into the United States. It is, however, now necessary to pass from the present to the future, and for this we shall need the help of the statistician.

At first blush, vital statistics seem rather like the Delphic Oracle. We at once come up against more “ifs,” and nothing can, of course, altogether rob the future of the character of an uncharted sea. Deductions about it must always remain assumptions. But there are degrees in uncertainty, and it is perfectly possible to strike a balance in probabilities which will afford a good working guide.

The quality of the balance itself varies. You can obviously predict more certainly if you keep within certain limits. Thus one can tell pretty accurately how many recruits will become available for work fifteen or sixteen years ahead, because the children who will have come on by that time are already alive. The death-rate and the number of people who come to live here or leave the country for good will, of course, remain assumptions; but infantile mortality no longer affects the calculation, and

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not many people die between the ages of 15 and 45 compared to other times of life. Professor Bowley reminds us that in the ordinary way mortality in this category is never more than 15 per thousand for males and 11 for females. But we must carry our inferences further than 15 or 16 years if we want to find out when our population will reach stability or, in other words, stop growing any more. At this point, however, there is another “if,” the birth-rate. There is admittedly more guesswork about this; but nothing that could be called far fetched, for we can examine the tendencies of which the figures are themselves symptoms. Take, for instance, the diminishing birth-rate. The tendency towards small families has become steadily more marked with the growth of education and refinement. The higher the class the fewer the children; this has been so since Victorian times, and the rule goes right through our population. It is true that this tendency does not mean any loss of capacity for reproduction; the low birth-rate is, the experts agree, deliberate.* There is, therefore, no physical obstacle to prevent it rising again. Prosperity, for instance, might have such an effect, for it would make it easier to marry and find work for one's children. Whatever the actual reason, the population increased after the Industrial Revolution in a marvellous manner in Europe generally, and science may still have something up her sleeve to help us out of our present difficulties, as the steam engine did after Waterloo. But probability is another matter. A return to prosperity, instead of sending up the birth-rate, might even send it down, for if people now have small families, it is due more than anything else to the high standard of living which exists to-day, and prosperity would be more likely to raise the standard than to depress it. It is conceivable no doubt that the existing attitude towards birth control might change. Roman Catholics, as we know, have more children than non-Catholics. That is one of the things that

* See *The Social Structure of England and Wales*, pp. 222–223.

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alarmed the Scottish deputation. The local Irish have, they told the Home Secretary, increased 700 per cent. in the last 100 years, as against only 110 per cent. increase for the Protestant inhabitants of Scotland, and the decline of the birth-rate in Liverpool, which has a large Catholic quarter was, the statistics show, only 5 per cent. between 1881 and 1901, as against 17 per cent. in London. The province of Quebec has probably the highest birth-rate of any civilised country in the world. It accounts for one-third of the present natural increase of the whole of Canada. But it is unnecessary to labour this point, for no one supposes that either the English or Scottish peoples are in the least likely to change their religion. There is, however, another factor that must be reckoned with, and that is the shortage of houses since the war. It seems to be a recognised law that increased density of population is always accompanied by a decrease in fertility and fecundity, and the removal of the shortage is bound to encourage marriage and the procreation of children. But is it not equally certain that this result will be largely discounted by the habit of having small families which has already taken such a firm hold? Anyhow, all the houses which have been built within the last few years by Government and private persons, do not yet appear to have had any perceptible effect on the decline in the birth-rate. Here are the Registrar-General's figures for England and Wales.

<i>Birth-rates per 1,000 population.</i>				<i>Birth-rates per 1,000 population.</i>			
1920	..	..	25.5	1924	..	..	18.8
1921	..	..	22.4	1925	..	..	18.3
1922	..	..	20.4	1926	..	..	17.8
1923	..	..	19.7	1927	..	..	16.7

In any case, too, as Professor Bowley has pointed out, there are now every year fewer potential young mothers, in consequence of the diminishing number of births after 1903.

We now come to the tables in the Appendix. Both are

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by Professor Bowley. Table A contains an estimate made in the year 1924, based on the death-rate figures for 1910-1912 and the birth-rate figures for 1921-1923.* The following points at once strike the eye. First, the small number of old people at the present moment compared with future years. The reason is obvious. The decline in the rate of increase in the population to which reference has already been made began less than three decades ago. The change came, as has been explained, through the improvement in the death-rate no longer being sufficient to counter-balance the fall in the birth-rate. But though the birth-rate had already been falling since the 'seventies, the actual number of births increased right up to the opening years of the century. Consequently, the number of potential sexagenarians had been growing all the time. As one would expect under these conditions, we find the age category over 65 continuing to swell till about 1971, when the decline in the actual number of births, which began about 1902, begins to tell upon it. The number of old people then grows no more, but becomes stable. It is easy to imagine how many sexagenarians we should have had if the population had been as large when our old people were born as it is to-day. It was little more than half its present size 60-70 years ago. We have also to-day, for the same reason, a relatively large number of people between the ages of 15 and 65 and, thanks to war and emigration, the women outnumber the men. As time goes on this disparity in the sexes disappears from our table. Further, every year—and it has been the case for some time already—there are fewer infants and school children, until this category too ceases to go up or down any more. About the middle of the century the whole population, it will be noticed, reaches stability at a figure of between 48 and 49 million. For the purpose which we have in view, however, the date when the younger classes attain stability is even more important than the date of the

* See *The Economic Journal*, June 1924.

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stabilisation of the whole population. The category under 15, for instance, is the reservoir of youth from which the worker and emigrant class must every year be replenished and the vital thing to notice is that this particular category would, on the hypotheses on which Table A is based, reach stability in 1941 at 5,788,000, a considerably smaller figure than it stood at in 1921. The result is naturally later on reflected in the older categories. Between the years 1932 and 1938, in consequence of the small number of births during the war, there will, of course, be far fewer children coming on than in previous years. So much for Table A.

In November, 1925, however, Professor Bowley made a fresh calculation—it is set out in Table B in the Appendix. This new estimate, in view of the fact that the death-rate had dropped since 1910-12, was based on the death-rate of 1921-1923, and on the supposition that there will always be 840,000 births a year (the actual number in 1924). This estimate would give us about 400,000 more people in 1931 and rather over 800,000 more in 1941 than we would have under Table A; but the lesson remains the same. Stabilisation is approaching. A stationary population—Table B makes it not far off 50,000,000—will, on the assumptions made, be reached, even if it is a decade or so later. The class under five, indeed, stabilises in Table B as early as 1931 at 3,743,000.

It would be interesting to consider to what extent shades of difference in our assumptions would have the effect of putting off or anticipating the date of stabilisation. Thus the birth-rate has not remained at the figure assumed for the calculation. It has fallen from 19.18 per thousand (840,000 births) in 1924 to 17.01, or under 760,000 births (see quarterly returns) in 1927. The death-rate of 1921-23, on the other hand, has remained fairly constant in subsequent years. But it is right to remember that, although the death-rate may sink still lower, the point must come sooner or later when science cannot be expected to bring down the rate any further, and the improvement has now been going

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on for over forty-five years. The birth-rate, on the other hand, might go on dropping indefinitely. We must not, however, linger over such refinements. It is enough to note the broad point that, with a birth-rate and death-rate about the same as at present, stabilisation cannot be very long deferred, and every fall in the birth-rate will bring it nearer unless the death-rate also drops.

But emigration is itself a factor that directly affects the question how long we shall have a surplus population to send abroad, and no account has been taken of it in our calculations from the year 1921 onwards. We know that, after making allowance for the people who came in, our net annual loss from this cause between the years 1921 and 1925 was 93,000, which would roughly mean a withdrawal up to date of, say, half or three-quarters of a million potential parents, and consequently fewer children in our Tables.

There are other factors, too, which we must take into account. To estimate the number of future emigrants available for the Dominions we must, for instance, know how many are likely to go to foreign countries. The United States of America used to have great attractions for our people, and if Congress were to double our present quota of 34,000 next year, the number who go outside the Empire might be swelled. Between 1921 and 1925 it was as high on an average as 80,800.

But the most important consideration of all is, naturally, our own needs. When the 1921 census was taken there were 19,353,000 people recorded as engaged in definite occupations either as employers or employed. What is that number likely to be in future years? Allowing for emigration, and assuming the proportion to the total population to be the same as in 1921, the Colwyn Commission in 1927 estimated a yearly increase in the occupied population of 125,000 up to 1931, one of 46,000 up to 1936 and finally, between that year and 1941 one of only 20,000 a year. And these figures are themselves a conservative estimate. Our actual net loss by emigration for the period 1921 to

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1925, as already mentioned, averaged 93,000, and if that figure had been taken by the Commission these figures would be very much smaller. The 20,000, for instance, would be only 7,000, and the Commission itself thought that there was a fair chance of emigration in future years being at least as high as 93,000. We now know, indeed, that the figures for the years 1926 and 1927 have exceeded that figure. In 1926 the net loss by emigration was 115,538, and in 1927 it was 97,799; but the Commission wanted to be on the safe side for the purpose they had in view, and their calculations of the natural increase were not only based on a lower figure than 93,000; they took the death-rate in 1923, a year in which it was lower than it had ever been before—it has, indeed, only once been as low since. But if their path started from a different point, it led, as they themselves point out, to a not dissimilar result. There is a rapidly diminishing rate of increase.

And whether the occupied population increases by 20,000 or 7,000 in 1941 the margin left is, in either case, extremely small. The next stage would involve a bite into the surplus that is now available for emigration, and if the school age should be raised, just as at the other end of life the grant of old age pensions at 65 has already encroached upon our available man-power, by curtailing our working years, the margin will be even narrower. It may be, too, that special arrangements will have to be made between 1930 and 1938 to slow down the drain of boys and girls, as we may in those years find that we have too few for our own requirements as a result of the effect of the war on the birth-rate between 1914 and 1920.

The reader will draw his own inferences from our figures. One thing, however, seems clear. The return of a buoyant natural increase, though not beyond the bounds of possibility, is highly unlikely in Great Britain within any time that we need consider. The stability that has already reached France—and an examination of her vital statistics will show significant points of resemblance—is, according

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to our Tables, already within sight for us, too. This would not, however, mean a national decline. To the biologist, as we heard at the meeting of the British Medical Association the other day at Cardiff, there is nothing ominous in a falling birth-rate. It is only the sign of the approaching end, not of a people nor of a culture, but merely of a population growth cycle. Stability, when a country has already got enough people for its own requirements, has positive advantages and may bring domestic strength. For it makes it possible to know exactly where one stands and to take steps accordingly. Difficulties can be forestalled, and friction, a peculiarly fruitful source of weakness in industrial democracies, avoided. It is true that stability carries with it a larger number of old people than a rising rate of natural increase does; but the same hygienic reforms which have already reduced our death-rate from 20·7 in the thousand in the 'eighties to 12·3 in 1927, have also lengthened our working years. Old-age pensions fix the retiring age, it is true, at 65; but, given health, many people will, notwithstanding, prefer to keep on at their work, and in any case, the extension of the active period of life constitutes a reserve of power.

This, however, is only the "Little England" side. From the standpoint of the wider Commonwealth to which we all belong our calculations would disclose a more serious position. At the moment, we have plenty of people to send our kith and kin beyond the seas, and unless times improve, we are likely to have plenty for an appreciable number of years to come; but whether those years be few or many, they are, if our assumptions are valid, already numbered. For when the age categories from which emigrants for the Dominions and workers for our own purposes are both drawn attain stability—and on the above hypotheses it can only be a matter of a few decades—we shall no longer be able to send out people as in the past, and the day is approaching when this island, the mother of so many nations, will cease to count as a source upon which they can

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 still rely to replenish their stock without endangering those
 ideals which are our common birthright.

APPENDIX.

TABLE A.*

The Population of Great Britain

On the hypotheses that the annual number of births is the same as
 in 1921-23, that the death-rates are as in 1910-12 and that there
 is no migration.

Ages.	Thousands.							
	Males.							
	1921	1931	1941	1951	1971	1991	2011	
0-15 ..	6,011	5,666	5,788	5,788	5,788	5,788	5,788	
15-45 ..	9,358	10,241	10,690	10,726	10,564	10,564	10,564	
45-65 ..	3,949	4,463	4,538	4,954	5,381	5,389	5,389	
65- ..	1,103	1,386	1,737	1,862	2,110	2,191	2,223	
Total ..	20,421	21,756	22,753	23,330	23,843	23,932	23,964	
15-65 ..	13,307	14,704	15,228	15,680	15,945	15,953	15,953	
	Females.							
	1921	1931	1941	1951	1971	1991	2011	
0-15 ..	5,929	5,585	5,713	5,713	5,713	5,713	5,713	
15-45 ..	10,657	11,125	10,974	10,683	10,515	10,515	10,515	
45-65 ..	4,279	5,125	5,595	5,949	5,797	5,676	5,676	
65- ..	1,480	1,790	2,247	2,602	2,991	2,860	2,836	
Total ..	22,345	23,625	24,529	24,947	25,016	24,764	24,740	
15-65 ..	14,936	16,250	16,569	16,632	16,312	16,191	16,191	
20-45 ..	8,643	9,182	9,138	8,847	8,679	8,679	8,679	
Total M. & F.	42,766	45,381	47,282	48,277	48,859	48,696	48,704	

Percentages.

0-15 M. & F. ..	28	25	24½	24	23½	23½	23½
15-65 M. ..	31	32	32	32½	32½	32½	32½
15-65 F. ..	35	36	35	34½	33½	33½	33½
65- M. & F. ..	6	7	8½	9	10½	10½	10½

* "Births and Population in Great Britain," *The Economic Journal*
 June 1924.

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TABLE B.*

The Population of Great Britain

On the hypotheses that the annual number of births is constant
 at 840,000 a year (the 1924 figure), that the death-rate is as it was
 in 1921-23, and that there is no migration.

Thousands.						
Ages	1921	1931	1941			
Under 5	3,794	3,743	3,743			
5-15	8,146	7,279	7,320			
15-20	3,981	3,921	3,739			
Males						
20-65	11,340	12,932	13,695			
65- over	1,103	1,526	2,031			
Females						
20-45	8,043	9,216	9,234			
45-65	4,279	5,255	5,807			
65- over	1,480	1,933	2,522			
Total	42,766	45,799	48,091			
Annual increase		303,000	229,000			

* *The Manchester Guardian*, November 9, 1925.

GREAT BRITAIN: POLITICS AND TRADE

I. POLITICAL.

IN political affairs, the unexpected seems to-day to be the rule. During the quarter under review this has certainly been the case. The important plan for the reform of the rating system and the reorganisation of local government, to which the present Administration is definitely committed by Mr. Churchill's fourth budget and upon the success of which it has resolved to stake its fortunes, has indeed proceeded with despatch. Nor has any serious weakness been revealed as criticism has developed. The budget has passed through the House of Commons without difficulty. The preliminary Bill dealing with the assessment of hereditaments which is to prepare the way for the total de-rating of agricultural land together with the partial de-rating of productive industrial property, has also passed through all its Parliamentary stages. The details of this measure which was entrusted to the expert charge of Mr. Neville Chamberlain, were not easy for the layman to understand or appreciate. The Liberal party, under Mr. Lloyd George's leadership, concentrated their heavy guns upon them both inside and outside Parliament. Moderate opinion in the country, however, shows few signs of being much impressed. Too much has been made by critics of the minor anomalies which are unavoidable in almost any system of taxation or remission of taxation.

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Even the prospect of brewers and distillers sharing in the general relief afforded to all productive industry has not been taken as a damning objection to the scheme, and although those who are not immediate and direct beneficiaries, *e.g.*, the distributive trades and the general mass of householders, may have a sense of grievance which is capable of being stimulated into indignation, yet neither of the Opposition parties appear as yet to have been very successful in their efforts in that direction.

A more serious line of criticism has been directed against the local government side of the plan, and the application of the "block grant" principle in lieu of the existing percentage system. Many people have felt that the effects of this change might prove reactionary and unduly discouraging to the more enlightened and progressive local authorities. But the publication of a white paper by the Ministry of Health setting out the principles on which grants would in future be made from the Exchequer in aid of local resources has done something to allay their fears. The Government have also tried to meet the needs of the so-called "necessitous areas." In doing so, however, they have had to throw another £6 millions or so into the scheme. The principle of fixing grants in aid not in accordance with local wealth but with local needs is a sound one which has met with general support; but the political necessity of making sure that under the new scheme all areas should be better off as regards grants in aid and none prejudiced, has meant the expenditure of a much larger sum of money than was originally contemplated. Indeed, the estimate of £3 millions which would be required in addition to the £26 millions to be provided by the Treasury to make up for de-rated property, has now risen to something between £8 and £9 millions. These minor changes and expansions have not, however, excited much opposition. It is not improbable that the Government, in pursuing their general plan, may find considerable difficulties ahead. The reform of local government is bound to offend many

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strong local vested interests and will not be popular ; the measure to be introduced in the autumn is sure, moreover, to be complicated in character and full of political pitfalls—coming so near to a general election, indeed, it may prove dangerous to the Government—but so far as can be seen at the moment the reform scheme has proceeded steadily and without any serious set-back. An impartial observer would certainly give the first round to the Government.

The opinion of the public, so far as one can judge from the results of recent bye-elections, confirms this view. As has been the case with other bye-elections during recent years, there is no sign at present of a great turn-over of opinion. At Halifax, the late Speaker's seat, Labour won a substantial victory, heading the poll by nearly 5,000 votes ; the Liberal candidate was second, and the Conservative poll only reached just over 10,000 out of some 40,000 votes cast. But the seat was a traditionally Liberal one, which the Conservatives could not have expected to win, while the Liberals were at a disadvantage owing to the collapse of the local machine during Mr. Whitley's tenure of the speakership and the consequent series of unopposed elections. Epsom, Holborn and the Hallam division of Sheffield, all traditionally Conservative seats, were held by the Government candidate without difficulty, although with reduced majorities. Carmarthen was held by the Liberals by a majority of 47 over Labour ; but in this case the position was complicated by the fact that the seat had been won by Sir Alfred Mond standing as a Liberal. Sir Alfred joined the Conservative party during the present Parliament, but without vacating his seat, and the bye-election resulted from his promotion to the peerage. While, however, the result was somewhat disappointing to the Liberals, it must be ascribed partly to the effect of local disagreements and partly to the fact that the Labour candidate was a representative of the extreme right wing of his party, and doubtless attracted a great deal of moderate support. The Conservative poll of over 8,000 was, more-

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over, higher than had been expected and probably helped to reduce the majority by which the Liberals retained the seat.

Broadly speaking, therefore, the political balance has remained stable. No violent waves of feeling have swept across the country. The quarter has been tranquil, sometimes even flat.

Into this halcyon weather a storm long brewing in obscurity has burst with remarkable and even alarming suddenness. While the Government has been proceeding with energy along the path marked out for it by the budget, the rank and file of the party have been meditating other plans which were brought to light only a few days before the end of the session. For some hours, indeed, there was a serious crisis, which might easily have resulted in the embarrassment, perhaps even in the disintegration of the Government. The immediate occasion was the presentation of a memorial, signed by over 200 members of the Conservative party, to the Prime Minister demanding a measure of "safeguarding" for the iron and steel trade to be applied forthwith. This step was preceded by a short but intensive agitation in the lobbies, committee rooms, libraries, and smoking rooms of the House of Commons. Old hands began to recognise all the well-known symptoms of a political crisis and the Opposition parties could scarcely conceal their excitement and elation. The stage seemed set for one of those political dramas which are so perfectly acted and so much appreciated in Great Britain.

The cause of this agitation was economic rather than strictly political. There is no question but that the basic iron and steel industry is undergoing a period of severe and prolonged depression. The rising tide of unemployment has deeply alarmed many even of those who have up to now taken an optimistic view. The prospect of a bad winter adds to the concern which many representative members feel and, under such circumstances, it was not easy for the back-bencher in a party which is still protectionist

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at heart to restrain his ardour. Assuming that a tariff is the real cure, which is only waiting for someone with the courage to apply it, how could zealous and anxious spirits be restrained by official caution from demanding the application of the remedy?

The Government's position is, of course, less simple. While the safeguarding procedure is certainly covered by the pledges given at the election of 1924, Mr. Baldwin has definitely stated his opinion that to apply it to so important a trade as iron and steel, with all the manifold and important repercussions that would be entailed, might reasonably be regarded as constituting a breach of the pledge which he gave not to introduce a general tariff. It was therefore clear that the request of the memorialists must be refused. And it is understood that, with one or two exceptions, Ministers as a whole supported him in this view. But the pressure which is sure to be brought upon him to fight this next election with a less confined programme will be more difficult to resist. Yet it may be equally dangerous to the Conservative party.

Some members of that party believe that a formula can be devised which would cover "safeguarding" and yet bar the way to "protection," a plan which, being by way of compromise, seems not unlikely to be followed. But if the interval between now and the general election is to be taken up with a discussion of all the old protection-free trade issues, it will be difficult to produce a satisfactory formula which will survive the inevitable stress and turmoil. There is every likelihood that a large section of the Conservative party will continue to agitate throughout the winter for the extension of safeguarding to iron and steel, and neither of the Opposition parties are likely to let the subject drop. They will certainly do their best to ensure that "protection" ousts rating reform and local government reorganisation from their pride of place. If Conservatives themselves help them in this by neglecting their new reform scheme in favour of protection, it is

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easy to foresee the inevitable pressure towards an election at which the future of the fiscal system will be the main issue.

Most observers would agree that such an issue would probably be fatal to the present Government. Experience has shown that the electors are not prepared to change their long-established views on the broad question of principle which is involved. While it is true that there are fewer doctrinaire devotees of either dogma in its extreme form, the massed force of conservatism—using the term in a wide sense—would almost certainly be fatal to any party which attempted a frontal attack on the general free trade system, and it is believed that the increase in the number of women voters will strengthen this attitude. If protection, moreover, is going to be pressed upon the party, the result is sure to be internal disorganisation. Mr. Churchill could scarcely stay, and many Unionist free traders would join him when he went. Had the Prime Minister indeed acceded to the request which was made to him by more than half the Conservative party, there must have been a general break-up of that party and a regrouping of political forces in the country.

All these possibilities made the situation deeply interesting to the instructed looker-on. It must be admitted that Mr. Baldwin, in his handling of it, showed both serenity and adroitness. Probably, however, the Home Secretary's intervention made his task easier. Sir William Joynson-Hicks has a gift for turning tragedy into farce, and on this occasion by his capacity in that direction he did yeoman service to his party. A mild indiscretion from Mr. Amery was alarming—a blazing indiscretion from Sir William—*solvuntur tabulae risu*. At all events, the Prime Minister has succeeded in turning down his supporters without encouraging his opponents. With wit and good-temper, and that mischievous and rather pawky humour which is characteristic of him at his best, he overcame the immediate difficulty, and brought the session to an end with

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a definite personal triumph. He subsequently addressed a letter to the Chief Whip, which was published in the newspapers, further defining his position—if this expression is applicable. It is at any rate evident from it that he has not abandoned the attempt to bring about a permanent reconciliation of Mr. Churchill and Mr. Amery. He reaffirms the anti-protectionist pledges which he gave in 1924; but he also says that safeguarding, the policy adopted at the last election, will be continued and he speaks of simplifying the procedure, adding “that no manufacturing industry will be barred from presenting its case before the appointed tribunal.” Under this somewhat cryptic formula he still hopes to rally the party and the country. But whether he will be able to surmount the difficulties which are inseparable from such a course yet remains to be seen.

II. THE PRAYER BOOK

THE deposited book in its revised form, after passing through the Church Assembly, came before the House of Commons on June 14, and after a debate which lasted for over two days it was rejected by a somewhat larger majority than before, the actual figures being 266 against and 220 for, as compared with 240 and 207 in December.

The debate again reached a high level, although feeling was much more restrained than on the first occasion and the atmosphere less tense. Lord Hugh Cecil retrieved his failure in December by making incomparably the best speech in favour of the measure. Sir Boyd Merriman, who moved its acceptance, also acquitted himself with credit; but Sir Thomas Inskip, the Attorney-General, was far more effective in his opposition than the Solicitor-General was in his support. Sir Robert Horne and the Duchess of Atholl also made a strong appeal for the

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support of Scottish members, and although the Prime Minister made less impression than he did in the previous debate, Mr. Churchill brought forward a most powerful argument from a somewhat original angle in support of the measure. Certainly the supporters of the book had this time no reason to complain of their advocates. The case was argued with learning, brilliance and zeal. Notwithstanding this, however, at no time during the debate, as far as one could judge from appearances, was the result in doubt. The hostile forces were clearly superior in numbers and in intensity of feeling.

An analysis of the voting figures shows that, whereas in December 65 of the 155 Labour members abstained from voting, there were only 45 abstentions this time, and the hostile Labour votes rose from 54 to 75; Labour support, on the other hand, dropped from 35 to 28 votes. Among the Conservatives, 167 voted for the new book in December and 191 in June; the opposition in their ranks also rising, though only by two votes, from 160 to 162. Once more a majority of English members voted “Aye”; once again a considerable majority of the members who are reputed to belong to the Church of England were in favour of the measure commended to them by the authorities and the Assembly of their Church.

Immediately after the second rejection the Archbishops of Canterbury and York issued a joint appeal calling for an attitude of “quietness and patience,” and on July 20, at the opening of the summer session of the Assembly, the Archbishop of Canterbury presented his view on the situation in a lengthy and statesmanlike address. He announced that it was not to be expected that the Assembly should present a further Prayer-book measure to Parliament at the present time—the Home Secretary had, it may be remembered, with characteristic enterprise taken upon himself, in addition to his already diverse duties, the task of submitting to Parliament a revision of the Liturgy of the Church of England in a form that it could accept. The

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Archbishop reaffirmed the "fundamental principle that the Church—that is the bishops together with the clergy and the laity—must in the last resort, when its mind has been fully ascertained, retain its inalienable right, in loyalty to our Lord and Saviour Jesus Christ to formulate its faith in Him and to arrange the expression of that holy faith in its form of worship," but at the same time he did not commit the Church to any rash or unconsidered step, and he deprecated taking the decision of the House of Commons as a challenge or raising "quite needlessly" a constitutional issue. The following paragraph is of special interest in connection with that issue.

I venture (he said), while carefully regarding the matter with all the gravity that it demands, to express my own judgment that no such far-reaching challenge was intended. If the House of Commons by its vote on June 14—a vote which I deplore—is supposed to have flouted or violated the well-proven working arrangement of Church and State, the House did it, as I think, with no intent of a constitutional kind. Many of those who rejected the resolution believed, however mistakenly, that they were voicing the real underlying wish of a majority of Church folk in England. That is my own view of the vote given, but it is only my personal view, and I have no right to take for granted the agreement of any group, large or small, in this Assembly. I have spoken for myself alone. But I pray you realise that while I am trying to speak quite honestly about the vote, I consider it to have been a gravely mistaken vote. At first sight one might deem it a disastrous one, deplorable both in its incidence and in its possible consequences. It was perfectly legal. Those who voted on either side were exercising a right conferred on them by the Enabling Act, an Act passed by Parliament at the request of the Church which had framed that Act. But the House of Commons in thus exercising its unquestionably legal power departed, lamentably as it seems to me, from the reasonable spirit in which alone the balanced relationship of Church and State in England can be satisfactorily and harmoniously carried on. While claiming to appraise what can be called Church opinion, it deliberately traversed the declared desire of the Church's official and representative bodies—Bishops, clergy, and laity. It declined to respect the wishes of the solid central body of Church opinion duly expressed and recorded both centrally and locally throughout the land, and it allowed itself, on the contrary,

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to be influenced by the representations of the strange combination of vehemently opposite groups or factions of Churchmen united only in their resolve to get the Measure and the Book defeated.

The widespread interest which the debate brought out was welcomed by the Archbishop.

Would you have thought it better (he asked the Assembly), that the measure should have passed casually into law in a half-empty or listless House than that it should even have been defeated under the conditions of interest which actually prevailed in the House and in the country? Such interest means, and ought to mean, a great deal for us all.

The Bishops will hold another meeting in September to consider the whole position, and the Archbishop expressed the hope that in the meantime a strong committee of statesmen and ecclesiastics would be formed to study the situation and suggest any modifications that may be necessary in the relations between Church and State.

The Archbishop's speech contrasts favourably with the line taken by disputants of a more acrimonious and partisan kind. Extremists on both sides would make capital out of the embarrassment of authority, and they have not made things easier for those on whom the responsibility will rest next September of choosing the course which the Church is to follow. The Bishops have to steer an even course amid conflict, and no one can yet say what will result from the crisis. But the traditional capacity of English statesmanship to find a way out of even the most complex of situations will encourage moderate Churchmen to hope that a solution will ultimately be found equally satisfactory to both Church and State.

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III. THE INDUSTRIAL PROBLEM

WHILE politicians of all parties have been considering the present position of the iron and steel industry from the point of view of the tariff question, acute observers have been engaged in a far more fundamental enquiry. It is becoming more and more recognised by all those who know the conditions which surround our basic industries, that a complete reorganisation will be necessary if they are once more to become an effective force in international competition. Under existing conditions Great Britain is labouring under serious difficulties both technical and financial. The present production of our steel works is not more than about $7\frac{1}{2}$ million tons a year. The capacity of the plant is something like 12 millions, and though it may be conceded that a considerable proportion of the plant is out of date and needs renewal, yet there is no doubt that a more rational system under which production and distribution could be controlled would sensibly diminish the operating costs. Grouping the various undertakings would make it possible to concentrate on production. Obsolete and obsolescent plants would be closed down, and new plant developed. A uniform control of production and sales would enable great strides to be taken in technical equipment. Instead of the existing arrangements under which scarcely any plant is being worked to its full capacity it would be possible to operate the most modern plants at their highest power, and to arrange for the different concerns to specialise on the branches of the industry for which they are best adapted. In short, rationalisation and reorganisation are felt to be essential if the industry is to revive and flourish.

But although these or ideas of a similar kind are current in circles which are best informed on industrial and economic questions, it is generally recognised that there are immense

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obstacles to be overcome before any such policy could hope to succeed. In the first place, a large proportion of the existing undertakings are seriously embarrassed from the financial point of view, and although the banks are heavily involved, they have never considered it their duty to advise their clients on commercial policy. They would indeed be reluctant to depart from this well established principle of English banking. Secondly, a great deal of opposition to rationalisation would be met with among the higher personnel of the industry. Internal jealousies join with self-interest and conservatism in barring the road to progress. Thirdly, it is difficult to attract fresh capital into the industry under present conditions, and fresh capital is urgently required.

More and more emphasis is nevertheless likely to be laid on this aspect of the problem as the months go by. Some people believe that it is the duty of the Government to give the necessary impetus, and to support the movement in the direction of reorganisation by putting pressure on the banks, or even by offering the assistance of the national credit, and it may be that such a course will appeal to the present Administration, either because they feel it to be a sound economic solution of the difficulty or because it seems the easiest means of escape from what may prove a serious political difficulty. It is certainly true that until actual figures based upon expert knowledge are available to show what could be saved by putting the management and organisation of the iron and steel industry on the most efficient possible basis, no intelligent judgment can be passed on the question as to whether or not assistance by means of a tariff would be either necessary or justified, quite apart from the larger question of principle that is involved.

The cotton position is much the same. The state of the textile industries generally accounts for a large proportion of the unemployment and under-employment in the country to-day. Some of the difficulties which the

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cotton trade has had to face are clearly not of its own making, but there is no doubt that we are still paying for the riot of speculation and inflation which accompanied the boom period immediately after the war. Fortunately, in spite of inflammatory causes and one or two avoidable disputes over comparatively trifling issues, the relations between capital and labour have been marked by good sense and moderation in this as well as in other industries, and some awkward crises referred to in recent issues* have been surmounted. The latest dispute was at the Ramsey mill at Oldham, where the operatives struck work late in July because of the refusal of a spinner to join the Union, but it too has now been settled, and a threatened lock-out of 240,000 workers in the spinning section of the Lancashire cotton industry, in which the employers were determined to stand by the Ramsey mill owners has been averted. Broadly speaking, there may be said to be a general recognition to-day among all sections of the cotton trade and the textile industries generally, that a statesmanlike solution by common agreement is necessary. But here again, whatever the other contributory causes, financial reconstruction and general reorganisation are the essential conditions of future prosperity. During the last three months there has been no definite improvement in the demand for cotton yarn and cloth. The Manchester correspondent of *The Economist*† considers the financial position to be worse than at any time since the depression began in 1920. "There is still," he writes, "an absence of bulk trade in standard goods, and although spinners of fine yarns and makers of fine cloths continue to hold their own fairly well there has not been the slightest indication of a more favourable situation for firms engaged on coarse and medium cloths. Competition in the outlets of the world is very severe, and Lancashire producers are un-

* THE ROUND TABLE, No. 70, March 1928, pp. 362-364; No. 71, June 1928, p. 588.

† *The Economist*, August 4, 1928.

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doubtedly seriously handicapped by high overhead charges." A good deal of spade work has, however, been done and the Lancashire Textile Corporation, Limited, the largest mill amalgamation that has taken place for years, is shortly to be registered. At least fifty mills, controlling five million spindles, are expected to join it, and the organisation will, it is said, buy cotton, purchase consumable stores, spin, and also set up a sales department both for the home and overseas trade, as well as deal with the financial side of the corporation. The banking problem in this case is very like the one to which reference has already been made in connection with the iron and steel industry.

As far as the railways are concerned, progress has been made during the period under review. The Government have announced their decision to ante-date the special relief promised under the budget to railway freights. This part of the scheme is to come into effect on December 1, 1928, instead of on October 1, 1929. The main object of this concession is to give timely assistance to the export coal trade and to the heavy industries generally. But the railways may expect to gain, if a larger amount of traffic results from these cheaper rates. Moreover, in the course of the present session, after a most interesting second reading debate in the House of Commons and after careful and exhaustive enquiry before a joint select committee of both Houses, the Bills promoted by the railway companies with the object of obtaining powers to run road services have been passed by Parliament. It is confidently expected that the companies will reap substantial advantages from these increased powers, and be able to use the road to attract traffic to the railways, while at the same time retaining their freedom to compete with other road transport undertakings.

Another important concession, in respect of wages, has also been obtained by the railway companies by negotiation with the trade unions concerned. After a short parley between the two sides, agreement was reached,

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the general basis of the settlement being that a reduction of $2\frac{1}{2}$ per cent. in wages should be made in the case of all classes of railway employees, including directors. This small but significant gesture by the management has undoubtedly been of service in obtaining an agreement, and on the side of the unions, credit is due to Mr. J. H. Thomas and to Mr. Bromley for the good sense which they showed during the negotiations, and for the courage with which they have recommended their members to accept the agreed reduction. Although the necessity for bringing down wages is an unpleasant one and equally unwelcome to all parties, yet the need was recognised as pressing by all sensible and impartial critics, and as it is, the reduction, which will take £3,000,000 off the wage bill for the railways generally, has only reduced the leeway which will have to be made up in the present year by the companies by about a third. The episode is at all events an encouraging one for those who look forward to the gradual establishment of reasonable relations between capital and labour, and is an object lesson to other industries with disputes to settle. It is to be hoped that the railway companies will be no less ready to propose an increase of wages and an improvement of conditions if and when the economic circumstances of the undertakings justify such a course.

Meanwhile the position of the coal trade has been mainly one of gloom. The report for 1927 just issued by the Secretary for Mines shows a year of extreme depression. Though the output was greater by 8 million tons than the output for 1925, a decline soon followed the improvement after the collapse of the 1926 strike. Unemployment is still increasing—for industry generally, indeed, it is again well over a million and a quarter—and in certain areas, particularly in South Wales, and in the two north-eastern counties of Durham and Northumberland great distress exists among the mining population. Special attention is drawn to the plight of the necessitous districts

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by the Industrial Transference Board, presided over by Sir Warren Fisher, which has just presented a report which, if it is of a rather negative character, offers some useful criticism of existing conditions. A good deal is said in it about the slow progress of overseas settlement, and attention is drawn to the comparatively meagre results attained under the Empire Settlement Act of 1922. The question of emigration is however dealt with in another article.* The proposals put forward have mainly to do with the details of the arrangements for the absorption of labour within Great Britain, but if that problem is in no way solved by the report it is at all events presented in a form that will arrest attention.

To return, however, to the coal industry, in spite of its special difficulties there have been hopeful developments in its conduct. Amalgamation is going on between the smaller concerns and even between groups of large undertakings. The formation of selling agencies continues, and the five counties scheme, as it is called, is establishing itself. The uneconomic pits are going out of production and effort is being concentrated on the more productive enterprises. As far as foreign competition is concerned costs have been reduced to near the American level, and, except for wages, below the German. We see in the newspapers that it is estimated that perhaps three million tons of coal are to be exported in the next twelve months from Hull and other ports; one million of them, as it is believed, for Germany, and there are accounts from Newcastle of good orders for Denmark and Bordeaux. The industry is nearer bed-rock for the purpose of a fresh start. But much remains to be done and, in the opinion of qualified judges, a far more radical reorganisation will be necessary along more comprehensive lines if the industry is to make a rapid or lasting recovery from the depression of the last few years. Here, as in other industries, rationalisation is the slogan by which these tendencies are properly described. In this connec-

* See p. 777.

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tion a private meeting of representatives of the three district marketing systems and of owners generally was held in London at the end of July to go into the question of the national organisation of the coal fields as regards reorganisation for working purposes. Rationalisation, however, demands more than verbal repetition to become effective. The coal trade, like other basic industries, is looking, not without hope, for the bold and imaginative leadership of individuals to guide it towards better and more stable conditions.

The peace in industry movement has continued. On July 4 the Mond Conference recommended a national industrial council on which the trade unions would be represented by the General Council and the employers by the National Confederation of Employers' Organisations and the Federation of British Industries. There would also be machinery to prevent disputes under a joint standing committee. These recommendations have still to be adopted by the two employers' organisations, and also by the Trades Union Congress, but the General Council has approved of them, and on June 27 it rejected a proposal by Mr. Hicks and Mr. Cook to bring the Mond Conference to an end. A similar motion by Mr. Cook was rejected by the miners the week before. A crusade was also launched by Mr. Cook and Mr. Maxton against the peace in industry idea. They complained, too, that the class character of the Labour party was not being sufficiently emphasised on the political side. No doubt their words did not always fall on deaf ears, and Mr. Cook was again elected to represent the miners on the Trades Union Council, receiving nearly twice as many votes as his colleague ; but Labour is clearly determined to give the peace movement a fair trial. They know what the other thing means.

IRELAND : EVENTS IN THE FREE STATE

I. POLITICAL

THE revision of the Constitution has once again become the dominating political issue in the Free State. Originally drafted hastily in the throes of civil war by a scratch committee, presided over by the late Darrell Figgis, who searched the constitutions of the world for every peculiar democratic device and embodied them in their draft without proper consideration of their suitability, it bears the marks of its origin. Several of its provisions have no relation to the realities of Irish political life. As it can only be amended by ordinary legislation during the first eight years after it comes into operation the Government appointed a Cabinet Committee in 1926 to consider what amendments were necessary. The report of this Committee has never been published although last year certain minor amendments suggested by it were passed into law.*

But far more serious and urgent constitutional questions arose last May when Mr. de Valera presented to the Dail the long-threatened petition† organised by the Fianna Fail party calling upon the Oireachtas (Parliament) to make provision for the initiative. This petition was presented under Article 48 of the Constitution, which provides that

* See THE ROUND TABLE, No. 66, March 1927, p. 344.

† See THE ROUND TABLE, No. 68, September 1927, p. 790, and No. 70, March 1928, p. 368.

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the Oireachtas may make provision to enable the people to exercise the initiative, and that if it fails to do so of its own volition it must do so on the receipt of a petition signed by not less than 75,000 voters. If the Oireachtas rejects any provision duly initiated it must be submitted to a referendum. No provision for the use of the initiative has yet been made, so that the Fianna Fail petition should only have asked that this be done. But as a bait for Republican voters, who know little and care less about the initiative, the petition also contained a statement that the petitioners desired to use the initiative for the purpose of deleting the oath of allegiance from the Constitution. The petition thus placed the Government in a serious dilemma. If they refused to accept the petition they could be definitely accused of not carrying out the provisions of the Constitution, of which they had peculiarly constituted themselves the champions, whilst if they accepted it they were opening a road to the abolition of the oath of allegiance which would be repugnant to the Treaty of 1921 and therefore illegal under the second clause of the Constitution Act itself. The Speaker declined to rule that the petition did not come under Article 48 and the Government, who were apparently both surprised and nonplussed, did not seem to have any tactical scheme for dealing with the situation. Mr. Cosgrave asked the Dail to reject the petition outright on the grounds that it should be delivered to the Oireachtas (*i.e.*, the King and the two Houses of Parliament) and not to the Dail alone, and that two general elections in one year had decided against the Fianna Fail proposals, but he could not escape from the fact, which was clearly pointed out by Mr. O'Connell of the Labour party, that he was asking the Dail to disregard the Constitution. The situation was, however, saved by Professor Thrift, one of the Independent members for Trinity College, who proposed as an amendment that the consideration of the petition should be postponed until the Oireachtas had prescribed the procedure to be adopted for the presentation

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of petitions under Article 48. This ingenious method of sending the fool farther was welcomed with great relief by the Farmers, the Independents, and the rank and file of the Government party and accepted by the Government after they had made it clear that they meant to introduce legislation for the complete abolition of the initiative. A Bill for this purpose had been already introduced in the short session after the murder of Kevin O'Higgins, but was abandoned.* In moving his amendment, which was carried by a majority of 12 votes, Professor Thrift made an eloquent appeal for a cessation of this sterile controversy concerning the Treaty, pointing out that there were hundreds of serious problems such as unemployment, housing and the like to be solved, and that they could only be tackled by intelligent co-operation and a united purpose to serve the common good of the country.

At the same time as the Dail was discussing the initiative petition the Joint Committee of the Dail and Senate appointed to consider the changes necessary in the constitution of the Senate, its powers and the method of electing its members presented its report.† Its principal recommendations were, as regards the constitution of the Senate, that the number should be sixty as at present, that the minimum age for eligibility for election be thirty instead of thirty-five, and that the term of office of its members be nine instead of twelve years; as regards the method of election, that election by direct vote of the people is undesirable and that election in future should be by the Dail and Senate voting together on principles of proportional representation from a panel of candidates formed by a nominating college representing agriculture, labour, education, commerce and national development, but they were not able to agree as to a satisfactory method of constituting such a college; as regards the powers of the Senate, that

* See THE ROUND TABLE, No. 68, September 1927, p. 790.

† See THE ROUND TABLE, No. 70, March 1928, p. 369, and No. 71, June 1928, p. 596.

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its power of demanding a referendum be removed save in the case of a Bill to amend the Constitution, and that its power of enforcing the suspension of a Bill with which it disagrees be increased from nine to eighteen months, and that the disqualification of members of the Senate, for membership of the Executive Council be removed. Mr. de Valera and his lieutenant, Mr. Rutledge, were members of the Joint Committee but dissented from many of these decisions. Armed with this report, the recommendations of which were approved and anticipated by informed opinion, and the decision of the Dail concerning the Fianna Fail petition, the Government early in June introduced a series of Bills to implement the Joint Committee's report and to repeal Articles 47 and 48 of the Constitution which provides for the use of the initiative and referendum. Mr. de Valera thereupon committed the hopeless blunder of announcing that his party would obstruct all government business and so justified the Government in applying a drastic closure resolution. Had he embarked on a campaign of obstruction without announcing it he could have plausibly claimed that the Government was suppressing free discussion, but after his declaration his protests were merely ridiculous. His party have not been really effective in their new rôle, and although various disorderly scenes have occurred and members have been suspended, the tact and firmness of the Speaker, in spite of serious provocation, have enabled the Dail to weather the storm. It even had its first all-night sitting without any explosions—indeed the early morning air seems to have soothed the deputies' tongues and tempers.

The Government maintain that both the initiative and referendum are unnecessary and dangerous to the stability of the State, and it is perfectly obvious that their dislike of both these ultra democratic methods of exciting the electorate is inspired more by their present application than their future use. There can be little doubt, however, that they are not suited to a country such as ours where

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the majority of the people are fonder of destructive than constructive criticism and where political manœuvring has been reduced to a fine art. The use of the referendum has only been seriously threatened on two occasions since the Free State was established, once to upset the boundary settlement and afterwards against the stringent Public Safety Act passed after the murder of Kevin O'Higgins. On both occasions its use would have been fraught with serious consequences to the public peace, and for that reason the Government were able to prevent its application. The Government are really to be censured not for seeking to revise the Constitution, but for not doing so long ago. This work should have been delegated to a committee representative of all parties in the Dail as was suggested by Captain Redmond a year ago. It is only in this way that the serious and difficult questions involved can receive the consideration they deserve. The piecemeal handling of such problems is both unsatisfactory and undesirable. The Government Bills for the reform of the Senate have been much less open to criticism because they are based on the report of such a committee. It is obvious that some such revision must be carried out before the Constitution becomes rigid in 1930, after which date a majority of voters on the register is necessary to secure the passage of constitutional amendments. Indeed, the Government have indicated during the recent debates that they have been considering whether they should extend the period during which the Constitution remains flexible and can be altered by legislation in the ordinary way, or substitute for the referendum on constitutional amendments that afterwards comes into operation a provision by which such amendments would become operative if passed as an Act of the Oireachtas in two successive Parliaments. Mr. de Valera declined to commit himself off-hand to either of these solutions, but obviously welcomed any device which would enable him if he were in power to amend the Constitution without having recourse to a referendum, an attitude not very

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consistent with his present ardent desire to retain that instrument for the purpose of harassing the Government. The truth is that the opposition to the present suggested amendments of the Constitution would largely disappear if Fianna Fail felt that it could afterwards repeal them again without serious difficulty if it so desired. Our politicians are not unlike Chinese generals in that they do not mind how much noise they make so long as no one is really hurt. Nothing could be really more humorous than to find Mr. de Valera posing as the defender of the strict letter of the Constitution and Mr. Cosgrave engaged in the candid criticism of its defects and the alteration of some of its principal articles. The Fianna Fail party allege that the alterations in the constitution of the Senate are the result of a secret bargain between the Government and the ex-Unionist element in that assembly, because the latter could not hope for re-election next December under present conditions involving election by the people direct ; but the Government reply that there is no such bargain, that they are acting on the report of the Joint Committee, and that in any event to exclude such men from the political life of the nation is not only bad for the country but contrary to the fundamental principles of Irish nationalism.

Under the new proposals the Senate vacancies will be filled by the Dail and Senate voting together from a panel nominated by the Dail and Senate in equal parts. It is to be feared that this method will turn the Senate into a home for our decayed politicians. The Labour party has, without much enthusiasm and apparently for purely academic reasons, supported Fianna Fail in its demand for the retention of the initiative and referendum, and the Farmers and Independents have practically all voted with the Government. Fianna Fail could have forced the Government to submit their proposals to a referendum had not Mr. Cosgrave persuaded the Dail and Senate to declare by resolution that the Bill for the abolition of the initiative and referendum was necessary for the immediate

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preservation of public safety. Although it is true that Mr. de Valera made vague suggestions of possible violence should the Government persist in their projects, it is impossible to believe that the facts are as stated in this resolution which is inspired by motives of political expediency rather than fear of public explosion. In fact, it may be doubted whether half the electorate could be persuaded to vote on the issue involved and it will certainly not resent the Government's action in depriving it of the opportunity. The small number of votes cast in the recent local government elections indicates that the average voter is not excited about public affairs and discounts much of the histrionic clap-trap about the voice of the people which has been heard in the Dail. Professional politicians in Ireland, as elsewhere, are always apt to take an exaggerated view of their own importance and one may safely say that the general public is more bored than excited by all these constitutional alarms and excursions which have resulted in a postponement of the discussion on most of the estimates until the autumn. At the same time it might be well for us to remember the severe verdict of Thucydides in a similar case that "a man who takes no interest in public affairs is not a harmless but a useless character."

Mr. de Valera's only constructive contribution to recent legislation has been the introduction of a Bill to alter the present system of appointing local government officials. Under the Act of 1926* all the important appointments are now made by the Local Appointments' Commission whose recommendations must be accepted by the local councils. This is one of the best Acts passed by the present Government. It has stopped the canvassing and corruption which formerly existed, and will in time establish a completely competent local government civil service. In the past, character and qualifications were of no avail

* See THE ROUND TABLE, No. 64, September 1926, p. 820, and No. 69, December 1927, p. 152.

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against the local "pull," now they are all that count. Mr. de Valera's Bill seeks to whittle down the powers of the Local Appointments' Commission and to compel them to send down three names to the local authority for selection, thus opening the door once more to the intrigues which the Act of 1926 abolished. Dr. Hennessy, the Secretary of the Irish Medical Association, who is a member of the Dail and naturally well acquainted with the working of the past and the existing methods of appointment made it clear during the debates that not only had the new system increased the number of candidates for vacancies in the public service, but had raised the general standard, for the highly qualified men were no longer afraid of being defeated by inferior "favourite sons" of the local council. Moreover, he pointed out that no medical applicant had complained to any professional association that he had been unfairly treated by the appointments' Commission. Mr. de Valera's Bill was rejected by the Dail on second reading.

The decision of the Judicial Committee of the Privy Council in the Wigg-Cochrane case* concerning the question of compensation to civil servants has been the subject of further discussions between the British and Free State Governments with the result that it is now admitted that the original decision of the Judicial Committee proceeded on incorrect assumptions of fact. The British Government have asked that the matter be referred again to the Judicial Committee by a special reference under the Judicial Committee Act 1833 and the Free State Government have agreed to this course. One might perhaps put the matter more clearly by stating that the Judicial Committee having made a mistake is to be given an opportunity of changing its mind. It is understood that Messrs. Wigg and Cochrane are not to be damned by the new decision, and so by a little legal ingenuity everyone's face will be saved. In a wider sphere the Free State has taken

* See THE ROUND TABLE, No. 71, June 1928, p. 594, *et seq.*

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its first big step in international affairs by accepting unreservedly the first invitation of the United States Government to join in the proposed treaty to outlaw war. Mr. de Valera was naturally filled with deep suspicion as to the attitude of the Executive Council to the British reservations and raised the matter in the Dail, stating that his party wanted to be dissociated from any form of reply which would imply that the Free State recognised Great Britain's right either to hold this country or any other country or to say that there are any particular areas in which she had any right to use war as an instrument of aggression. Mr. McGilligan, the Minister for External Affairs, pointed out in reply that the Free State Government spoke for themselves, that no one else could speak for them, and that they had no more right or reason to discuss the reservations contained in the British note than those in the French reply. It is rather typical of Fianna Fail mentality that the larger aspects of this momentous American proposal were not even mentioned during the debate. The invitation to participate proves clearly, if proof were needed, the absolute international freedom of the Free State. Mr. de Valera's peculiar glasses enable him to see a sinister English plot concealed in every diplomatic document, but his education is advancing and we may hope that he will some day realise that his anti-English complex is only a relic of the slave mentality which has not sufficient courage to treat England as an equal and a friend. The Free State will certainly give its wholehearted and active support to the proposed Kellogg pact, for it has no reservations in its desire for peace.

At present the position of the Government seems to be fairly secure, and with reasonable luck they may last out their full term, for the Fianna Fail party has not gained ground either in the Dail or the country. Several important and difficult questions must, however, come up for discussion in the near future. Among these will be the legislation arising out of the report of the Town Tenants'

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Commission* which contains far-reaching recommendations of a highly technical nature. The Commission recommends that, with certain qualifications, fair rent, fixity of tenure, and free sale—the historic “three F’s” of the Irish farmer—should be conceded to the town tenants. The decisions of the courts did much to nullify the benefits which the ‘Town Tenants’ Act of 1906 was intended to confer on town tenants, and it remains to be seen whether simple and effective machinery can now be devised to strike a fair balance between town landlords and tenants. It is suggested that the Circuit Court, assisted by the Valuation Office, should act as the rent-fixing tribunal. The proposals are much more favourable to the tenants than the recent English legislation, which is largely modelled on our Act of 1906. Whatever action the Government may decide to take, much controversy will result, and the town tenants will certainly not admit they are satisfied. The liquor trade is also girding its loins for a fresh fight over the drink duties, but they can have little hope of success, because Mr. de Valera has had the courage to state that his party will stand up against its influence and assist anybody to prevent interests of the kind from having the power to make and unmake the country. If poor Kevin O’Higgins could have counted on such a backing when he was dealing with this question two years ago, he would not have had to compromise as he was forced to do, but his party cannot afford to lag behind Fianna Fail, and his work is secure. It is now exactly a year since he was murdered, and it is clear that in his death as in his life he served his country. The events flowing from that terrible crime led directly to Mr. de Valera’s party, Fianna Fail, entering the Dail, and must lead to their ultimate absorption into the normal political life of the country; in other words, to the definite stabilisation of the Free State. It was a terrible price to pay, even for such a

* See THE ROUND TABLE, No. 66, March 1927, p. 347.

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result, but one cannot doubt that the obscure scoundrels who killed him must stand aghast at the result of their handiwork and that his death has not been in vain.

II. ECONOMIC AND GENERAL

THE returns of imports and exports issued by the Department of Industry and Commerce continue to show a definite improvement in our economic position, and to justify Mr. Hogan’s agricultural policy. The entire trade for the twelve months ended May 31 last amounted to £102,777,000, or £1,122,000 more than for the twelve months ended May 31, 1927. But the most satisfactory feature is that the expansion is chiefly due to the increased export of our native products. There has also been a substantial reduction of imports, and the adverse trade balance is down by over four millions. Taking the first five months of the present year, we find that imports have decreased by £746,000 to £23,741,317, while exports increased by £1,417,000, so that in this short period last year’s adverse trade balance has been reduced by over two millions. A satisfactory feature of the returns is that imports from Great Britain have increased by £261,000, whilst exports to the same country have risen by £545,000. The imports from “other countries” show a reduction of nearly one million sterling. This is as it should be, for we should buy goods as far as possible from our own best customer. Our exports to “other countries” for five months amounted to the insignificant total of £579,931, or less than an eighth of what we bought from them. Food-stuffs like wheat and maize we must, of course, buy from the United States, the Argentine and Canada, as we cannot get them elsewhere, but what do we get from Holland or Belgium that we could not buy from Great Britain or produce ourselves? Our exports to Germany are a tenth of our imports, but this is due to the machinery and equip-

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ment imported by the German contractors for the Shannon scheme. Cattle show an increased export of one million sterling for the first five months of the year ; but there is a decrease in the value, though not in the number of pigs exported. Egg production has also increased considerably. In spite of the protective duties the imports of boots and clothing show an increase, and our female population would seem to have succumbed badly to the world-wide fashion of displaying their legs in silk, or imitation silk, stockings, because our imports of hosiery are now £100,000 a month. The moral of all these figures would seem to be that the quickest and best way of increasing our national wealth is by the efficient production and sale of our agricultural produce, and that the steps which have been taken to achieve this end are bearing fruit. The recent Holyhead conference between the representatives of the Free State export trade, the leading English importers, and the directors of the London Midland and Scottish Railway shows that sensible people on both sides of the Irish Sea are beginning to realise that our economic interests are identical. Mr. Cosgrave, who was present, announced that owing to the improvement in the quality of our butter the national mark on it would be brought into use this year. During the last year there has been a complete reorganisation of the creamery industry due to the purchase and elimination of the proprietary creameries, a development of creameries in new areas, and a combination of 80 per cent. of the co-operative creameries for the purpose of selling their products in the best market and at the best price.

At the recent annual meeting of the Irish Agricultural Organisation Society Sir Horace Plunkett rightly claimed that Irish farming had been saved by a handful of dreamers and idealists, who made the Irish farmer realise the necessity for new and scientific methods if he was to hold his position in the world markets. The programme of voluntary organisation on the business side, and State assistance

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on the productive side which Sir Horace originally laid down nearly forty years ago, has now come to fruition, and nothing can hinder its full development save a policy of senseless protection for either agricultural or industrial goods. Every demand for industrial protection must therefore be rigorously examined. The report of the Tariff Commission rejecting the application of the Flour Millers' Association for a tariff of three shillings on every 280 lb. sack of flour imported into the Free State indicates that such an examination is essential. The arguments for the tariff were that it would increase wages by about £100,000, give employment to about 153 new workers and full-time employment to the present employees ; the arguments against, that it would lead to an increase of one farthing in the cost of every 2 lb. loaf and cause Messrs. Jacob to remove their biscuit factory outside the Free State—a step which would lead to the disemployment of 2,000 people. It was obviously impossible to increase the cost of the staple food of three million people in order to give employment to less than two hundred. There is no doubt that there is at present considerable dumping of English flour in the Free State, but it may be doubted if the tariff asked for would stop this happening, and, if it did, whether the English millers might not establish mills in the Free State and extinguish the Irish mills as the English tobacco combine has already done in the tobacco trade. The Irish milling industry needs to be thoroughly reorganised and concentrated in up-to-date port mills, and perhaps the decision of the Tariff Commission will lead to this desirable result. One of the Commissioners suggested that a bounty might be given on wheat milled into flour in excess of the average for the past few years, and that a further bounty might be extended to home-grown wheat. Fianna Fail have strongly supported the millers' demand. Mr. de Valera expressed alarm as to our food supplies in time of war, if we did not become a self-sustaining nation, quite forgetting that man does not live

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by bread alone and that, even if Ireland were completely blockaded, we have an ample supply of other foodstuffs which we could not then export. It certainly seems as if we may count on every possible and impossible protective tariff being applied if and when Fianna Fail gets into power.

Another economic problem which the Government is about to deal with is afforestation. Ireland possesses the smallest proportion of timbered area of any country in Europe. Only 1.4 per cent. of the total area of Ireland is under wood, compared with 5.1 per cent. for England and Wales and 6.1 per cent. for Scotland. Denmark ranks next in sparsity of timber, having 8.2 per cent. of its area under wood. Belgium, France, Norway, Portugal, Germany, Russia and Sweden follow in that order, the forest area of the last mentioned being 55 per cent. of the total area. The Irish Free State has only about 240,000 acres of woodland, and this represents 1.2 per cent. of the total area. The policy of the forestry branch of the Department of Lands and Agriculture is to increase the woodland area to at least 5 per cent. of the total area. This will entail the planting of 600,000 acres, in addition to conserving the 240,000 acres already in existence. The department has acquired for afforestation purposes 39,753 acres situated in twelve counties, mainly Wicklow, Tipperary, Leix, Galway and Waterford. In the last four seasons 9,348 acres were planted, with an average of 2,250 trees to the acre. A Bill has now been introduced for the protection of woods and forests and, as it has the support of all parties, is likely soon to become law. It is proposed to prohibit the felling or uprooting of trees except under certain specific circumstances or under a licence from the Minister of Agriculture. Such a licence may contain a condition requiring the planting of a new tree or trees to replace the ones cut down. Provision is also made for financing the new schemes of afforestation. In a country where for half a century forestry operations have been

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limited to cutting instead of planting there is much to be done.

Progress on the Shannon hydro-electric scheme is now becoming very marked. The excavation at the power station at Ardnacrusha is practically complete, the power house and turbines are in course of erection, and the excavation of the canal or head race is well advanced. Only three turbines are to be installed at present, but openings in the dam provide for the installation of three more when the final development of the scheme takes place. All through the country the transmission lines are being erected to carry the current, and this portion of the scheme is also nearing completion. Four big transformer stations will be erected at Dublin, Maryborough, Cork and Waterford. Dr. MacLaughlin, the distinguished young Irish electrical engineer who is the technical member of the Electricity Supply Board, stated recently at the Technical Industrial Congress in Limerick that one of the fundamental ideas underlying the charges must, and would most definitely be, that no consumer must be asked to buy electricity for the love of Ireland, for the love of the Shannon, or for any other idea than the love of his own pocket. Electricity must be sold for lighting at a lower rate when people could get equivalent lighting from gas or oil, and electricity for domestic purposes must be sold on a like basis. Moreover, he stated that Shannon electricity would be as cheap as electricity in Denmark or Sweden. This definite declaration of policy ought to convince the doubters that the Shannon scheme will be run as a business proposition.

Electricity of another kind has been generated by the publication of the correspondence between the directors of the Abbey Theatre and Mr. Sean O'Casey concerning the production of his new play *The Silver Tassie*. The play deals with soldiers broken in the war. In the first act, a typical Casey scene in the Dublin slums, the hero is seen returning triumphant from a football match and then

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leaving for the front ; the second act is a fantastic pantomime of the front in which only one of the original characters appears and in which a staff officer acts as a kind of harlequin ; in the last two acts we see the hero home from the war, crippled, in hospital, and at a dance where his sweetheart has deserted him for his pal who has escaped unscathed. The ostensible grounds on which it was rejected by the Abbey management were on account of its inequality and unreality ; but one has a shrewd suspicion that there may have been other reasons not unconnected with certain passages in the play that are both coarse and objectionable. It remains to be seen, if it is produced elsewhere, whether Mr. O'Casey, who is essentially the dramatist of the Dublin slums with their mingled tragedy and humour, has lost his grip. Certainly the letters, in which he chastises Mr. Yeats and others of our literary lights, would have lost nothing by being less vulgar and impertinent. The whole affair has not been inaptly described as "a storm in a silver tassie."

It remains to be seen whether the long-promised Bill to deal with evil literature will also make provision for dealing with the drama. It is obvious that the Government have not found it easy to frame proposals for what might be turned into a tyrannical censorship of thought. One need not be a reader of immoral literature to envisage a situation where such a censorship could and would be used to influence public opinion and to interfere with the reading of educated people. The State cannot effectually make people good, but it can and should preserve public order and decency. As far as evil literature is concerned it has already ample power for that purpose. To go further as is now proposed and to establish a censorship of literature is in effect to take from the individual the right to choose between good and evil and to seek to make universal particular standards of taste and criticism which cannot have a general application and which may be both ignorant and offensive. Such attempts have always failed in the past and will fail in the

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future. It is notorious that the worst pornographic literature is to be found in the countries where the strictest censorship exists. Evil things flourish in the dark, and curiosity nourishes what is forbidden.

The Irish Free State.

August 1928.

CANADA : THE DEEPENING OF THE ST. LAWRENCE

I. FORMER SCHEMES AND THE NEW PROJECT

THE deepening of the St. Lawrence is by no means a new project. The possibility of improving the river so that it might become the greatest commercial highway to the interior of North America began to agitate the minds of Canadians over a century ago, and the subject has been one of importance ever since. There have been several periods of very active interest, such as the one through which the question is at present passing, and in every case may be found many of the same arguments now so vigorously discussed by advocates and opponents of the scheme.

What might be termed the first St. Lawrence deepening scheme was finished in 1848, when there was opened a set of canals providing navigation around the rapids between Montreal and Kingston. With the first Welland canal, completed through the Niagara peninsula in 1829, a continuous channel at least nine feet in depth was provided from the ocean to the upper lakes. This project was a purely Canadian enterprise. It was carried through after over twenty years of discussion and investigation, and at great cost in relation to the financial resources of the two provinces which were the Canada of that day. There was considerable opposition to the scheme. Montreal and Lower Canada, like the Quebec of to-day, were against the project ; while Upper Canada, the west of that period, was in favour of it. The newspapers conducted long dis-

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cussions on such questions as the danger of navigation in the river and gulf, the reason for high freight rates from Montreal, the cost of insurance, or the short season of navigation ; and many of these have, indeed, so familiar a ring that they could be transferred with little change to the newspapers of the last ten years.

Expectations about the success of the waterway were high. The Erie canal, connecting Lake Erie at Buffalo with the Hudson River at Albany, had been opened in 1825, and its success went far beyond even the prophecies of its advocates. This was, in fact, one of the reasons for the improvement of the St. Lawrence, since the unimproved waterway faced the keen competition of rival routes to New York and New Orleans. The new waterway with its nine-foot channel seemed, however, to offer every prospect of outstripping the Erie canal. Steamships, which had been in use on the lakes since the early 'twenties, could be accommodated in the new canals ; and American lake ports shared the glowing anticipations of a direct trade between Europe and the upper lakes. The waterway had the additional advantage of a British preference on colonial imports into the United Kingdom. Since the loss of the thirteen colonies, British shipping interests had aimed at making the St. Lawrence a stronghold of monopoly and a source of profit. British West Indian ports had been closed to the United States for long periods, and the St. Lawrence was expected to supply products needed by the West Indies, and also to provide a kind of back door entrance for British goods into the western States of the Union. British legislation had provided that American grain and lumber exported through the St. Lawrence should enter British ports as if they were of Canadian origin, and should enjoy the tariff preference. The St. Lawrence had thus been tied to the old colonial system, and the Navigation Acts, while they perhaps discouraged commercial enterprise, were regarded as essential to Canadian prosperity.

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Advocates of the deepening scheme were doomed to disappointment even before the canals opened in 1848. With the collapse of the Corn Laws a blow was struck at colonial preference which brought the whole system tumbling down within a few years; and the products from the St. Lawrence lost their advantage in British markets. The repeal of the Navigation Laws in 1849, opening the river to foreign shipping, provided only a partial compensation. Canada in the 'forties was also turning away from the enthusiasm for canals, and was entering on a period of railroad building. Nevertheless, in spite of the disappointment of the high hopes of the early 'forties, the waterway, later deepened to fourteen feet, has played an important part in Canadian development, and few would now contend that the decision to build it was unwise.

It was during this same period that the United States obtained the freedom to use the river which it has enjoyed ever since. For a number of years before 1848 American vessels had been descending to Montreal, although this practice, strictly speaking, was perhaps contrary to the Navigation Laws. In 1849 American, with other foreign vessels, were permitted to sail up the river to Montreal. A continuous voyage for an American vessel from the lakes to the ocean was, however, not yet permissible. With the new canals completed, it was necessary that American shipping should be induced to use them in order to increase the revenue from tolls; and feeling in Canada, which had earlier been opposed to this privilege, now demanded that the canals should be opened to American vessels. In the western States there was a similar desire, and in the Reciprocity Treaty of 1854 the right of navigation through the canals was granted to American vessels. It is an amusing fact that Canada which favoured this concession was able to represent it as an inducement in obtaining the reciprocity agreement.

From this brief summary it is apparent that the opening of the St. Lawrence to continuous navigation from the

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sea to the upper lakes, and the participation of the United States in the use of the river, which are such important elements in the discussion of the present scheme, may be traced far back into the nineteenth century. The twentieth century has enlarged the arguments of the nineteenth, and has added some new ones. The great network of railroads throughout the continent is a factor whose importance was only foreshadowed in 1850; to the nineteenth century rivalry of the Mississippi, St. Lawrence, and Erie Canal, for the trade of the middle west, the opening of the Panama canal has added the competition of ports on the Pacific; while the Hudson Bay railroad, now nearing completion, will once more make that route an active competitor for the commerce of the central plain. Finally, hydro-electric power has entered on the scene and become perhaps the most important of all considerations.

The waterway throughout its entire length from the Gulf of St. Lawrence to Lake Superior is, for commercial purposes, very different from what it was in 1848. Almost continuous improvements have gone on, for the most part quietly. Below Montreal, with some sixty-five miles requiring to be dredged, there is now a depth of thirty feet, while 60 per cent. of the work has been done on a channel of thirty-five feet; the St. Lawrence canals have been deepened to fourteen feet; and the new Welland canal will be completed in 1930 to a depth of twenty-five feet, with permanent works permitting thirty feet eventually. Equally important have been the deepening of harbours, the dredging of channels in Lake St. Clair and other shallow stretches, millions of dollars having been devoted to these purposes by federal and municipal governments in both countries. The usual minimum depth in the upper lakes is about twenty-one feet, although it has fallen as low as eighteen. The present deepening scheme, which has reference particularly to the river between Kingston and Montreal, is thus only the culmination of a long development, but on no previous occasion has discussion been so

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energetic and thorough. The agitation arose towards the end of the war, when transportation facilities, particularly in the United States, seemed to be inadequate. The question has now been before the public in both countries for almost ten years, and the amount spent on investigation and propaganda undoubtedly runs into millions. The magnitude of the proposal is, however, a complete justification for this interest. As an engineering project it is one of the greatest ever undertaken. From the commercial point of view, it would open up an improved channel for two thousand miles into the interior of the continent, and would eventually provide some five million horse-power of electricity. From the legal point of view, it offers many difficulties, involving as it does the rights of at least five Federal, provincial, or state Governments, and the interests of many municipalities and private corporations. The layman, in considering the problem, finds himself confounded by conflicting opinions of experts and pseudo-experts, and entangled in a maze of discussion by interested groups, whose arguments run the whole gamut from sound reasoning and moderate statement to deliberate misrepresentation or the mere manipulation of statistics.

One small but solid foothold in this quicksand of argument is the fact that, from the engineering point of view, a channel of twenty-seven or even thirty feet between Kingston and Montreal is now conceded as practicable. The investigation has been as thorough as could reasonably be expected. Engineers appointed by the Governments of the United States and Canada reported favourably on June 24, 1921, and an enlarged board provided much more detailed estimates on November 26, 1926. Of the 183 miles between Kingston and Montreal, 68 lie wholly within Canadian territory, most of them in Quebec, while 115 miles are traversed by the international boundary. The general plan of the engineers provides for flooding out the rapids by dams at various points, where locks

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would be built for navigation and power generated. The river would thus eventually become a series of steps of quiet water. The elimination of rapid flow also provides a solution of the ice problem, as the large pools would freeze over quickly, and thus prevent the formation of "frazil" ice, *i.e.*, ice in small particles which forms in running water and floats down to become jammed under the first continuous ice sheet. The magnitude of this problem is illustrated by the Soulanges rapids, which are open all winter, and where the total ice formation is estimated at as much as two hundred and forty million cubic yards. Canadian and American engineers have differed considerably with regard to the best plans for the dams on the international section; but no doubt an agreement will be possible when all the other points at issue have been decided.

Much discussion has centred around the probable cost, and in view of common experience with great works of this kind, the engineers' figures have been under suspicion. The 1921 report estimated the cost of a twenty-five foot channel, with the development of 1,000,464 horse-power, at \$252,728,200. These figures came immediately under fire. The 1926 report provided very different estimates, although not necessarily contradictory, since in many respects they were on a different basis. This report estimated the total cost of a twenty-five foot channel between Lake Ontario and Montreal, with the eventual production of five million horse-power, at from \$620,000,000 to \$650,000,000. These figures do not include improvements in the upper lakes, but they do include the whole power development, which it is only proposed to complete gradually as the demand for power increases. The cost of a twenty-seven foot channel from Montreal through to the head of Lake Superior, with the incidental production of 948,000 horse-power, is estimated at some \$560,000,000. None of these figures provide for the deepening of harbours, alterations in wharves etc., or interest on the money during the period of construction. There is thus ample room

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for juggling with figures. One American authority even estimates that if the cost were retired over a period of fifty years, the share of the United States might run to \$1,750,000,000. It is easy to understand, therefore, that for the common reader the issue has been considerably befogged by conflicting arguments with regard to cost. Whatever the final total, it would undoubtedly be sufficient to give pause in the consideration of the project.

II. THE ARGUMENTS FOR AND AGAINST THE NEW PROJECT

IF the commercial benefits would warrant the investment, there would be no question of the expenditure of even such large sums. But it is at this point that one enters the real maze of conflicting argument. The general contentions of advocates of the scheme are somewhat as follows: that a saving of millions of dollars would be realised on the export of grain and that this would go directly into the pockets of the farmers of the middle west, whose troubles have been, especially in the United States, a major economic and political problem for years; that cities on the lakes would be able to export large quantities of their commodities, and to bring their imports directly from the sources of production; that a general rise in the prosperity of the west would benefit other parts of both countries; that the industrial east would have direct access to the markets of the middle west, and that, from the Pacific coast, lumber and fruit could come through the Panama canal to the lake ports by water.

Opponents of the project argue that the present canals are not used to their full capacity, and that enlarged canals would attract little more traffic; that ocean vessels would not navigate the canals, and that many of them could not; that lake vessels could not navigate the ocean, and that large lake vessels would not even proceed through the canals to Montreal; that the present system of trans-

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shipping cargoes at Buffalo and other points to the railroad, or to smaller lake vessels would continue; that saving in freight by the new canals has been greatly over-estimated; and that a slight advantage would divert little traffic from present channels, where marketing facilities and financial relations have been established over a long period of years; that the waterway would be used chiefly for grain, and that grain exports from the United States are drying up, while in the future much Canadian grain will be marketed in the United States rather than exported overseas; that in any case the Panama canal provides relief for many of the western exporters. Such arguments have been bandied back and forth in ceaseless repetition for almost ten years and, although many of them are worthy of serious consideration, the vast mass of conflicting data makes definite conclusions difficult.

Regarding the navigation of the projected waterway there have been many conflicting opinions. Exaggerated arguments to the effect that fog and icebergs infest the lower St. Lawrence, and that the entire waterway above Montreal would have a restricted channel, have been used with the intention of deliberately misleading. There is general agreement that the freighters which do the bulk of the carrying trade on the upper lakes would not proceed to the ocean. The upper lake traffic is very great, especially in ore and grain, and for it a special type of vessel has been developed. These vessels draw not more than twenty feet are very long in comparison with their width, provide greater proportionate cargo space than do ocean freighters, and are adapted to loading and unloading facilities specially designed for them at lake ports. Their construction makes deep sea navigation quite impossible. It is even contended that these vessels could not go down to Montreal, since hazards and delays in navigating locks and narrow channels would make the cost prohibitive. Expert opinions vary as to the probable cost of insurance, but certainly the difficulty of salvaging wrecked vessels in some parts of the

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St. Lawrence, and the danger from side winds to unloaded vessels floating high above the water are important considerations. A channel should probably be provided at least as wide as the length of the vessels which would use it, but with this and other precautions it is difficult to believe that the enlarged canals would not attract lake freighters drawing water up to the full capacity of the channel, and seeking to deliver their cargoes at the head of ocean navigation without breaking bulk. Undoubtedly some cargoes would reach Montreal after trans-shipment, and many lake vessels would have no need to descend below Buffalo. This argument is not, however, an adequate indictment of the entire scheme.

For passenger vessels and many freighters, Montreal would unquestionably remain the head of ocean navigation. The prospect of Montreal's decline resulting from the rise of lake cities to the position of ocean ports is an illusion which advocates of the waterway would do well to dissipate. Quebec's superiority as an ocean port passed to Montreal in the nineteenth century, but Montreal is in no danger of suffering a like fate at the hands of any other city on the waterway. Opinion on this point seems to have changed somewhat in Montreal, and the support given to the project by Senator McDougald, the chairman of the Montreal Harbour Commission, has had considerable weight. The real difference of opinion with regard to navigation centres around the question as to whether tramp freighters in large numbers would come up to lake ports from the ocean. Ever since 1848 occasional vessels have used the waterway throughout its entire length. Thousands of tons of Welsh coal, for example, are now carried without trans-shipment to such ports as Toronto. According to a report on the economic aspects of the waterway issued by the United States Department of Commerce in 1927, a twenty-seven foot channel suitable for vessels drawing twenty-five feet would accommodate 54 per cent. of American cargo vessels, reckoned on the basis of dead-

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weight tonnage, and 88 per cent. of all vessels engaged in foreign commerce entering American ports. After an analysis of vessels entering and clearing from American ports, A. H. Ritter concludes*

The deep draught ship is a very small factor in carrying the commodities which may be expected to move on the St. Lawrence, including miscellaneous general cargo carried in freight liners. The figures indicate, however, that many vessels drawing between twenty-five and thirty feet would use the waterway, if the dimensions be made sufficient to accommodate them. The evidence shows that a channel of greater depth than thirty feet is unworthy of consideration.

With respect to curves, dimensions of canals and restricted channels, it is contended that the St. Lawrence compares most favourably with inland waterways, such as the Amazon, the Yangtse, the Mississippi as far as New Orleans, and the Manchester ship canal, which have been commonly navigated by ocean-going vessels, in some cases for hundreds of miles. There is thus good ground for believing that difficulties of navigation will not prove a serious handicap to freighters drawing up to twenty-five feet, if traffic conditions warrant their entrance into lake ports.

On the latter point there is room for great difference of opinion, although advocates of the scheme have built up an impressive argument. Undoubtedly the St. Lawrence would effect a saving in the transport of many articles, although estimates vary greatly. The United States Department of Commerce estimate is that grain might be moved from upper lake ports to Liverpool at a saving of from 6.4 to 9.6 cents per bushel as compared with present routes. Cost of transportation, however, does not wholly govern the flow of trade. Long use establishes traffic channels, marketing facilities, and financial arrangements, which resist extreme changes, though these might come

* See *Transportation Economics of the Great Lakes—St. Lawrence Ship channel.*

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from the pressure of a new route which had decided advantages. Canada, for example, imports a great deal from Central and South America through New York. Successful competition against New York by the St. Lawrence would probably involve a setting up of purchasing agencies, brokerage houses, steamship lines, and the whole machinery of credit and personal relationships essential to modern business. If this were done, Montreal would be the logical centre of much of this business, even if cargoes passed Montreal without trans-shipment—a fact too little considered by opponents of the scheme in that city. New York has for many years, too, had a great advantage in the supply of shipping. Tramp ships, knowing that cargoes are usually available, resort to New York in large numbers; and the fact that this tonnage is available is often an important consideration for the exporter. Cargo space for wheat, for instance, must frequently be arranged before the European purchase is actually completed, since transportation costs affect the price. It is impossible that New York should hold central Canada and the mid-west States permanently in economic vassalage for essential imports, if these can be obtained more cheaply by other routes; but the displacing of New York's services might be a very slow process. It is doubtful, too, whether New York would be a positive loser, since the total traffic of the continent will certainly continue to increase.

The United States Department of Commerce made no attempt to estimate the amount of tonnage which would use the waterway; but it did estimate that from nineteen to twenty-four million tons would be available, including some seven million tons of domestic inter-coastal and coastwise traffic. Another estimate, based on extensive analysis of exports and imports in the region affected, placed the total available traffic at thirty million tons. Among the principal commodities mentioned are:—Imports—food stuffs, including bananas and other fruits, coffee, cocoa, tea, sugar, and spices; raw products such as

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vegetable oils and oil seeds, wood pulp, glue, manganese, tin and other metals. Exports—in addition to ten million tons of grain—flour, meal, starch, glucose, meats, animal oils, iron, steel and copper, automobiles and their parts; domestic—automobiles, flour, lumber, sulphur, and iron ore. The disproportion between export and import tonnage would, therefore, be no more than in American ocean ports, most of which face the same difficulty. Opponents, of course, ridicule any conclusion based on estimates of available tonnage, only a small part of which, they claim, would actually use the waterway. A conclusion on this point would no doubt have to await the verdict of actual experience. In general, however, one may hazard the opinion that the growth of commerce on the continent will in the long run demand every available means of transport. With no prospect of a slackening in mass production, the twentieth century is unlikely to repeat the experience of the nineteenth, with a fight to the death between roads, canals and railroads. Rather it is probable that there will be the necessity for a vast network of transportation facilities of every kind by water, land, and air, each supplementing the others. Such an argument will satisfy neither the expert advocate nor the opponent of the waterway, but great enterprises have usually, in the final analysis, been in some measure acts of faith, and those who favour the St. Lawrence scheme, like others before them, will find that statistics alone will not save them.

On turning to the electric power side of the question, one finds contentions and arguments no less conflicting than those touching commerce and navigation. It is the power question, indeed, which makes discussion infinitely more complicated than it ever was in the nineteenth century. The only two points on which there is any general agreement are that some 4,900,000 horse-power may eventually be produced in the section of the river lying between Cornwall and Montreal, and that, at some time in the future, there will be a demand for the whole of this

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production. The increase in the use of electric power has been phenomenal in recent years. Within three hundred miles of the cities of Quebec, Montreal, and Toronto, the installed turbine capacity has increased from 115,000 horse-power in 1900 to 1,801,740 horse-power in 1920, and to 3,326,391 horse-power in 1926. The curve of increase as yet shows no decline, although it cannot continue to rise indefinitely. Some two million horse-power may be produced in the international section of the river, while the remaining three millions will be produced in Quebec. Since it will be many years before the demand reaches these figures, the engineers have proposed a partial development, making provision for additional installation as it is required. It is important that power should not be developed more rapidly than it can be absorbed. Opinion in Canada against the exportation of power to the United States has stiffened noticeably in recent months, since it is realised that it would be almost impossible to cut off the supply after it had been sent to the United States for a number of years. Premier Taschereau of Quebec was one of the first public men in Canada to express unqualified opposition to the export of power, and the right of Canada to make its own decisions on this point was recognised in the letters exchanged between Ottawa and Washington on January 31 and March 12 last. Whatever may be the value of the deepening scheme from the commercial point of view, the power resources are undoubtedly one of the greatest prizes still available for exploitation on the continent. Revenue from power would eventually complete the whole scheme, navigation included, and leave a handsome profit; and evidence is not lacking that there are capitalists who would be more than willing to undertake such an agreement.

The engineering and economic sides of the power question are scarcely more complicated than the legal and political aspects. The rights of five governments are involved: those of Canada, the United States, the provinces of Ontario and Quebec, and the State of New York.

The International Question

In both countries control of navigation is vested in the Federal Government, while the control of water power belongs to province or State. This general division leaves most important legal questions unsettled. In the United States certain opponents of the St. Lawrence scheme express great fear of the encroachment of the Federal Government on State rights, although particular interests rather than the defence of constitutional principle probably lie behind this argument. A process of insidious encroachment has, it is claimed, been going on for a number of years, and might be brought to a culmination by the concentration of enormous water power resources under Federal control. In New York, too, there has been a contest between the principles of private and public ownership, with a probability of victory for the latter. In Canada the question of Dominion and provincial rights was submitted by mutual consent to the Supreme Court on April 14 last. When a definite answer is available some months hence, the contest of various groups for power rights can be resumed and fought to a finish. Ontario is, of course, committed to the principle of public ownership and distribution of power; while Quebec is devoted to the principle of private ownership. The Quebec legislature has indeed already given to the Beauharnois Light Heat and Power Company extensive rights, the company promising to provide a channel for navigation free of cost. The scheme has yet to be ratified by the Dominion Government.

III. THE INTERNATIONAL QUESTION

DIFFICULT points remain to be settled with respect to a division of the costs and the relative rights of the parties involved. Regarding costs, a variety of proposals have been made. Power development should provide for itself, but whether it should contribute to the expense of a new channel for navigation is another question. The other

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side of the problem is the division of costs between the United States and Canada. The report of 1921 of the International Joint Commission proposed that the cost should be divided on the basis of benefits received and the cost of the Welland canal included in Canada's share. To estimate benefits received might be difficult, though a basis could no doubt be reached by joint agreement. This proposal appeared to have much in its favour, especially as the United States had already spent large sums on Lake St. Clair and other sections, in improving the channel, parts of which lie wholly in Canadian territory. The United States has even maintained government lighthouses on Canadian territory. In principle, however, the division of the costs on the basis of benefits received is very different in the case of the lower St. Lawrence, for it involves not merely the dredging of the channel in boundary waters, but also the construction of canals and dams lying wholly within Canadian territory, and the possibility of future difficulties regarding tolls and other regulations. Mature reflection has, therefore, practically led to the abandonment of this basis of settlement. Canadian sentiment and interest are both against any agreement which would have the slightest suspicion of creating a Polish corridor or a Panama canal zone in Canadian territory. Following a report of the Canadian advisory committee, the Government in its letter of January 31 to the United States proposed a basis of division by which Canada would be entirely responsible for expenditure within her own borders, while the United States would undertake the work in the international section and in the upper lakes.

In the international section of the river, engineers proposed that the boundary line should be disregarded in plotting the channel, for reasons both of navigation and of cost. This is contrary to the resolution adopted by the Conservative party in its convention of last October, and in various quarters it is urged that the waterway should be all-Canadian. In one sense the waterway cannot but be an

The International Question

international one, since throughout its entire length the channel crosses and re-crosses the boundary line many times, and the principle of joint improvement of this channel has long been fully accepted. The engineers' proposals, however, introduce a new principle, in that the locks suggested in the international section would be on the American side, and hitherto Canada has had a complete set of locks leading to the upper lakes, although the one in St. Mary's river has been inadequate for some years, and is used by few Canadian boats. These locks could be amicably controlled by a joint commission, and from the military point of view they cannot be defended. The only chance of difference is that in case of war with a third Power, permission might be refused Canada to transport supplies through them, if the United States were neutral; and there might, too, be the possibility of discriminating regulations against Canadian shipping. There have been cases of such difficulty in the past. Canals in the international section could be built on the Canadian side at considerably more expense, and this might satisfy the advocates of an all-Canadian waterway, but whether the United States would agree to a radical change in the engineering proposals remains to be seen.

The question of American rights in the St. Lawrence, a complete history of which stretches back at least to the treaty of 1783, is not indeed without its difficulties. The mutual right of navigating boundary waters, settled with regard to certain sections in the Webster-Ashburton treaty of 1842, has long been accepted. The treaty of 1854 opened the river throughout its entire length to American ships, and granted to them the use of Canadian canals. This treaty lapsed in 1865, but the treaty of 1871 provided that the St. Lawrence as far as the sea should "forever remain free and open for purposes of commerce to the citizens of the United States, subject to any laws and regulations of Great Britain or of the Dominion of Canada, not inconsistent with such privilege of free navigation." It

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is a question never discussed between the two countries as to whether this clause includes the use of Canadian canals ; and the point is a debatable one, since the next clause provides that "the Government of Her Britannic Majesty engages to urge upon the Government of the Dominion of Canada to secure to the citizens of the United States the use of the Welland, St. Lawrence, and other canals in the Dominion, on terms of equality with the inhabitants of the Dominion." The American Government in turn undertook to try to obtain for Canada the privilege of using certain State canals. Canada has always refused to recognise any natural right of the United States to use the river through Canadian territory, and she insists at present that each point must be settled by treaty agreement. It is quite apparent that an insufferable condition, bringing nothing but injury on both sides, would result from beginning any process of offence and retaliation. On the other hand, it is of the utmost importance that the letter of the law should be determined. Such a step is essential in all agreements even between friends, and when this is settled there will be room for generous treatment on both sides.

In connection with the question of international rights, the diversion of water from Lake Michigan at Chicago still remains one of the most difficult of the unsettled problems. The engineers' report of 1926 estimated that this diversion was responsible for reducing the level of the lower lakes by about six inches, which was less than had commonly been supposed. Even this, however, is serious enough from the point of view of navigation. Chicago has expressed her willingness to build regulating works which would raise the level, but it is doubtful whether this would satisfy the complainants, and certainly it would be no compensation for the loss of power from this water at Niagara and in the St. Lawrence. This loss, by a diversion of 10,000 cubic feet per second at Chicago, would be in round numbers 500,000 horse-power. Chicago's ostensible arguments have been the necessity of taking water for sanitary purposes and the

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value of the proposed nine-foot waterway from Lake Michigan to the Gulf of Mexico. Her legal right rests on a temporary permit from the War Department at Washington. In her fight for the diversion she has shown herself persistent, unscrupulous, and defiant of authority. She has disseminated propaganda to the effect that cutting off the water would menace the whole city with plague, and she has refused to install a metering service as ordered by the Federal Government. So far, Canada has left the active campaign against Chicago to the cities bordering on the lakes, who have carried the question to the Supreme Court of the United States. But the Canadian Government has repeatedly made plain its view that the diversion of water from the St. Lawrence into the Mississippi without Canadian consent is a violation of Canadian rights. The admission of one such diversion would open the way to alarming possibilities ; and in its recent correspondence with the United States, the Canadian Government insisted that the question of the Chicago diversion should be included in any agreement covering the St. Lawrence.

IV. INTERESTED OPINION

THE present position of the St. Lawrence project as a public question can, however, by no means be understood by merely considering the arguments suggested above, with respect to navigation, power, and engineering costs. It is equally necessary to discover what groups are using the arguments, and what purposes they have in view. Here one comes upon a confusion of economic and political motives which it is impossible entirely to disentangle. There are people in both countries who express their real opinions, openly advocating or opposing the scheme on its merits. There are those who use the same arguments to further real interests which are carefully kept from view. Counter schemes have been advocated by some who really

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believe in them, and with equal vehemence by others who joyfully appropriate the most useful and attractive red herring. Propaganda on both sides has been extensive, clever, costly and most persistent. The number of groups vitally interested in the discussion is surprising. Foremost in advocating it have been the Canadian Deep Waterways and Power Association, and the Great Lakes-St. Lawrence Tidewater Association, which has been supported by nineteen States of the Union, and has for a number of years maintained an office in Washington from which has emerged a constant stream of books, pamphlets, and information for newspaper editors and the general public. The New York Waterways Association, the Atlantic Deeper Waterways Association, and the Mississippi Valley Association have opposed the project, as have, too, the Shipping Federation of Canada, and the Lake Carriers' Association. Railroad companies, chambers of commerce, boards of trade, and agricultural societies have added their quota of opinions; while much has been said and done by power companies, prospective companies, and combines, some of which prefer that their attitudes and aims should not be made public at the present time.

In the United States the principal agitation on economic grounds has come from, or on behalf of, the farmer of the mid-west, who hopes, as he has often been told, that every cent taken off the transport of wheat to European markets will automatically be placed in his own pocket; and that, as Liverpool determines the price for the whole crop, this saving would be realised on the wheat marketed in the United States. Advocates claim that 42 per cent. of the entire population of the Union would be directly benefited; and no doubt there has been a great deal of genuine enthusiasm for the project, especially in the middle west. The Panama canal has brought little benefit to the American western farmer. Some American wheat from the far north-west finds its way through the Pacific ports, but the profitable farm lands of the United States do not, for the

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most part, extend as far towards the mountains as is the case in Canada; and it is claimed that the Panama canal is even having an adverse effect in the middle west, since the farmer has faced raised railroad rates, while the cost of transportation by water between the two coasts has been lowered. Increased prosperity in the middle west would undoubtedly benefit the country as a whole; while the region immediately round the lakes and the lake cities anticipate positive advantages. It is true also that opinion in New England has changed somewhat within the last two or three years. A committee representing New England business interests has reported very favourably on the scheme, arguing that the waterway would lessen the cost of transportation for New England industries. The continued opposition of New York has perhaps been partially responsible for this change of opinion. There is, too, some support from the Pacific coast, where it is thought that products might find their way entirely by water into the region about the lakes. Favourable opinion has also been expressed by that part of New York State lying along the river. There are, therefore, several widely diverse groups which anticipate economic benefits. Not all, however, who argue the cause of the western farmer with great feeling, are sincere. The western farmer has been in a bad way at frequently recurring intervals for decades. Insurgent movements under one name or another have sprung up periodically, and politicians intent on keeping disgruntled groups within the ranks of the regular parties have always busied themselves in constructing straws at which the despairing westerners may grasp. The whole agitation for the deepening of the St. Lawrence cannot by any means be reduced to this level, but in some quarters there has been an element of party expediency in it. The Republican administration since 1921 has been favourable to the project. Presidents Harding and Coolidge both advocated it, probably with sincerity, and Mr. Hoover has been genuinely interested.

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There are people who oppose the project as dangerous to themselves. Chief among these have been business interests in New York and some of the other Atlantic ports. The important counter-projects advocated by opponents have been the New York Barge Canal, which provides a twelve-foot channel between Lake Erie and the Hudson river, and the proposed ship canal between Lake Ontario and the Hudson. The latter, with an American canal at Niagara Falls, would provide an all-American route, which has been strongly advocated in New York on economic and patriotic grounds, but which received an adverse report both from the army engineers appointed by Congress, and from the Department of Commerce at Washington. The attitude of Chicago has been divided. While it might benefit from the St. Lawrence scheme, commercial motives and its interest in the diversion of water have led it to support the proposal for a nine-foot channel from Lake Michigan to the mouth of the Mississippi. Shipping interests on the Great Lakes have opposed the deepening on the grounds of expense and the restricted channels; but possibly the cost of adapting themselves to changes in traffic and the prospect of competition from European boats in the lakes are in reality more powerful motives.

Interest in power development cuts to some extent across these alignments. Power may well have been the chief cause for the change of opinion in New England. New York capitalists, too, are vitally interested in electricity, and if they cannot get power without the deepening scheme, it is quite possible that they may effect a change in the attitude of the State. An amusing feature of the entire discussion has been the vehement declaration made at times by opponents in both countries, to the effect that the project really originates in a gigantic power scheme on the other side of the international boundary, and that the navigation arguments are merely a cloak to hide a deep-laid plot against which patriotism must defend itself.

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Attempts have even been made in Canada to resurrect the old bogey of American annexation. The St. Lawrence might be a point of difference in the forthcoming Presidential election in the United States, were it not that the contest is much more likely to be determined by partially submerged issues, such as prohibition. While Mr. Hoover has been a consistent supporter of the scheme, and Mr. Smith a no less outspoken opponent, it is impossible to predict what attitude might be forced on either of them by party necessity after the election.

Division of interests is equally as marked and complicated in Canada as in the United States. Economically speaking, there are at least four Canadas, the maritime provinces, Ontario and Quebec, the prairie provinces, and British Columbia, and the necessity of harmonising them is a constant factor in Canadian politics. There is a genuine fear of great expenditure, and a large increase in the national debt, on the part of many who are not opposed to the deepening scheme, but who are not convinced of its immediate benefits. British Columbia and the maritime provinces are rather apathetic, though they might reap certain benefits if lumber and fruit from British Columbia and coal from Nova Scotia could be brought to the lake ports. It is frequently claimed that the prairie provinces favour the project, but opinion is in fact much divided. The opening of the Panama canal has been of great advantage to Alberta, while the west has been definitely committed for many years to the Hudson Bay route. To some extent, the Hudson Bay railroad was a concession to western discontent. It was undertaken before it was definitely proven to be practicable or advisable; and opposition to it has usually in the west been taken as merely another proof of the determination of the capitalistic east to keep the west in leading strings. It is now nearing completion, and great enthusiasm for the St. Lawrence cannot be roused until the Hudson Bay route is tested. Most of the wheat from Alberta and perhaps from part of western Saskatchewan will in

Canada: The Deepening of the St. Lawrence future go through the Panama canal. The rise of Vancouver in recent years as a wheat-exporting centre has been phenomenal. If the Hudson Bay route is a success, wheat from northern Manitoba and northern Saskatchewan will probably go that way. This leaves a restricted, though still great, area in the west which will find the St. Lawrence its best outlet, and it is by no means sure that this improved waterway would not have a beneficial effect on the whole of the west. Undoubtedly westerners have shown some genuine interest in the project, but they are not prepared to battle for it, and most of the western members in Parliament have plainly shown doubt as to whether the benefits would immediately justify the expenditure. They are opposed to increased taxation, and are much more intent on other measures such as tariff reduction and the building of branch railroads. Another factor, the results of which are most difficult to estimate, is the change in western agriculture. The tendency to substitute mixed farming for grain production has gone on very rapidly in recent years; and as Manitoba especially has rich mineral resources and large quantities of potential electric power, this process may in future be encouraged by the development of western industries, which would provide a home market for agricultural products.

In central Canada interest has been more intense, although very much divided, and there has been no determined drive for action. Quebec, led by Premier Taschereau, has been opposed. The commercial interests in Montreal have had a genuine fear of the completion of the waterway; and although the statement of Senator McDougald mentioned above has had considerable effect, the fear is by no means dissipated. There seems little doubt, however, that the demand by Quebec capitalists and manufacturers for electricity will be the controlling factor in the final decision. Very powerful interests are contending for charter rights, and the navigation issue may easily be used as a pawn in the game for the high stakes

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of power concessions. With the production of power will probably come the promise of a scheme for navigation. The support given the Beauharnois charter by the Quebec legislature shows that an arrangement acceptable to Quebec is quite possible; but the completion of the navigation project, even though promised, might have to await the development of the full quantity of available power. Stipulations placed in charters granted to private companies have a habit in Canada, as elsewhere, of being indefinitely postponed. The proposal by the Dominion Government to the United States that development in the international section should follow that in the Quebec section appears to fall in very well with the aims of those in Quebec who wish to see power developed, and the deepening scheme postponed. Such postponement might, indeed, be equivalent to a complete defeat of the deepening scheme in the present generation, as the United States Government might in the meantime lose interest in the project. Opponents in Quebec will thus find that an indirect policy is much more effective than one of open opposition; while supporters of the scheme may be forced to bargain with those interested in power in order to avoid entire disappointment. Whatever happens, it is hardly likely that negotiations will be carried on in the full light of public discussion. Ontario shows perhaps more decided support of the project than any other part of Canada, but even here opinion is divided, and the agitation is rather apathetic. The lake cities look forward to increased traffic, and Toronto has expended a very large sum on harbour improvements. The hydro-electric system, and certain Toronto financial interests are, however, much more interested in power than in navigation. It seems certain that Quebec power interests are willing to work in co-operation with them, which may to some extent undermine effective agitation for the completion of the canals.

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V. WHY DELAY WAS PRUDENT

FROM this brief analysis it is easy to understand why there has been such indecision and delay in crystallising Canadian opinion, and also why the political aspects of the question are even more important than the economic. Mr. King and his Government, dependent on votes from western Canada, and, what is more, from Quebec, could not take a determined stand. The Laurier Government committed suicide by grappling with the reciprocity issue in 1911, and the St. Lawrence question is even more replete with tragic possibilities. The policy of delay and investigation is therefore one of political necessity; and a survey of the policy of the Liberal Government leads one to the conclusion that it has played its game with considerable skill. On the other hand, it may well be argued that the delay and investigation have been entirely wise from a national point of view. Essential information has been obtained in the last eight years, and advocates of the scheme may yet admit the wisdom of refusing to take the headlong action which they urged. It is impossible to predict how soon a final decision will be made, although one cannot but feel that ultimately the project must be completed. It is inconceivable that the rapidly expanding industrial and commercial needs of the St. Lawrence basin will permit five million horse-power of electrical energy, and the full potentialities of one of the world's greatest inland waterways to remain permanently undeveloped.

Finally, it may be remarked that the belief of those who see in the growing intimacy between Canada and the United States a proof of Canada's eventual absorption finds little support in the St. Lawrence discussion. Economic intimacy between the two countries is no new phenomenon, and, while the adoption of the joint scheme might be a further step in this direction, not the least outstanding

Why Delay was Prudent

feature of the entire negotiation has been Canada's lively consciousness of her own national interests and her determination to work out the problem in conformity with them.

Canada, July 1928.

AUSTRALIA

I. THE NORTHERN TERRITORY

FOR centuries, it may be, before the discovery of tropical Australia by the Dutch early in the seventeenth century, the northern coast had been exploited by the fishermen of the Indian Archipelago for trepang, tortoise-shell and pearl. The visits of the Malays have ceased, but pearl shelling still constitutes a profitable industry in north Australian waters.

A cursory examination of the coast was sufficient to convince the Dutch of its worthlessness at a time when commerce and not colonisation was the main incentive to adventure. The profitable exploitation of the spice islands of the archipelago led eventually to a demand by British merchants for a base on the north coast of Australia, which was given effect to by the establishment of a settlement on Melville Island. The settlers, however, suffered so many privations from lack of food, disease and native hostility that the settlement was, after four years, removed to Raffles Bay in the Coburg Peninsula, only, however, to be abandoned a couple of years later in favour of the Swan River, when the northern coast was again left untenanted. Seven years later, however, interest in northern Australia revived, and Port Essington on the Coburg Peninsula was chosen as the site for a new settlement. But this venture also proved disappointing from a commercial point of view,

The Northern Territory

and it was given up in 1849 after having been in existence for only eleven years.

The next step in colonisation was not the result of maritime energy, but of exploration in the interior which revealed large tracts of pastoral land and led to the apportionment of northern Australia between the States of Western Australia, Queensland and South Australia, the last mentioned annexing the area which became known as "The Northern Territory." The South Australian Government began the development of its new territory by offering for sale a large number of town lots in a township which was to be established on the northern coast, each allotment carrying with it the privilege of selecting an area of agricultural land. All the lots not purchased by the general public were taken up by companies in England and the Colonies, and an expedition was despatched by sea to start the township. Its history, however, was one continuous tale of disease and revolt until the site was abandoned shortly after its foundation, and the present site of Darwin chosen in its place.

The survey of the town lots and agricultural lands was proceeded with, but when they were thrown open for selection the land boom had subsided and demands were made for the return of the purchase money on the plea of delay in carrying out the survey. The cases eventually came before the Privy Council, and the State was compelled to refund the money with interest and also to bear the cost of the proceedings amounting in all to £73,000. This tropical El Dorado, the development of which had been commenced with such public enthusiasm, now appeared a doubtful enterprise, and thus ended an early chapter in the chequered history of the colonisation of the North Australian coast.

Undaunted, however, by this experience, South Australia accepted with alacrity a contract to build and maintain a telegraph line across the continent from Darwin to Adelaide in order to ensure that the oversea cable should be placed

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at Darwin; and when one takes into consideration the short time allowed for its completion through an unknown, and what proved to be a waterless, territory, it can, in the light of latter-day standards, be pronounced a rash and hazardous venture; 36,000 telegraph poles totalling a weight of 5,000 tons were transported over that vast interior. The carriage of wooden poles (where procurable) averaged a distance of eight to ten miles with a maximum distance of 350 miles, and iron poles, of which far more were used, were transported an average distance of 400 miles. Underground water had to be discovered and supplies maintained in a country destitute of any natural food. It took one year and eleven months to complete these two thousand miles of line and to connect the southern coast of Australia with the world. This telegraph line is in operation to this day, a monument of enterprise, courage, perseverance and resource.

It is stated that the sinking of a hole for one of these telegraph poles resulted in the finding of gold in the hinterland behind Darwin, and a year later there were between fifty and sixty companies in the southern States holding gold claims in the Darwin area. A wild rush set in, and labourers and plant were hurried to the scene. Within two years of the discovery, however, the boom subsided, many men left the field, and the residents petitioned for cheap imported Asiatic labour to enable the industry to be carried on. But although the mining industry was set up by an influx of Chinese, the development of the Northern Territory did not progress at a satisfactory rate, and the agricultural exploitation schemes carried on with cheap labour failed. This lack of progress was, it was thought, due to isolation, and South Australia embarked upon another ambitious and courageous enterprise. She decided to connect Darwin with Adelaide by railway. In 1886 this colossal undertaking was commenced both in the north and in the south. The northern end was completed from Darwin as far as the main mining centre, Pine Creek,

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a distance of 147 miles, and in the south to Oodnadatta, a distance of 700 miles. Operations were then suspended in consequence of the drain on the public exchequer, leaving a gap of 1,100 miles uncompleted. An offer to finish the railway under a land grant system was defeated by the strength of public feeling, for the land was believed to be far more valuable than it actually proved to be. A large area of it still remains untenanted. The building of the railway to Pine Creek assisted the mining industry, but it brought no further extension of agricultural settlement in the tropics. Cattle, however, commenced to move across the borders of the adjoining States, and large tracts of pastoral land were acquired on long leasehold at very cheap rentals. This pastoral settlement was in many respects kept separate from the Darwin area and its administration, each newly formed pastoral concern retaining its connection with its own parent State, relations which are maintained in various parts of the interior to this day.

The Darwin goldfields attracted the attention of the company promoter, and in 1896 the most profitable of the mines were purchased and an extensive scheme of development heavily capitalised by English investors. Large sums were spent on the surface, on buildings and treatment plant which in many cases proved useless for its purpose, and also on deep water pumping machinery which was never installed. The mines were never tested below the shallow water levels, and all this expenditure had no appreciable result except that a death-blow was dealt to an industry which had previously been carried on on a fairly satisfactory basis. Travelling to-day through the abandoned fields, among the toppling poppet heads, the remains of buildings consumed by white ants, and machinery at rest, overgrown pits and trenches besetting every roadway, one can only conjecture what prizes may still remain concealed beneath the rooted surface. One hears extraordinary tales of fabulous returns from numerous and scattered areas. Yet we read in the official report of 1909 that "nearly all the

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deposits which paid in the past have been worked out to a shallow depth and then abandoned." Did the reefs cut out or did they become too poor to work? Or did engineering difficulties prevent the Chinese coolies from following the gold? In a great many instances these questions must remain unanswered, and in all probability, as time goes on, a legend will be woven into the gaps of history, and the fields will be reopened with new-born faith in their hidden wealth. In spite, however, of the low ebb at which mining in the Northern Territory stands, there is a tin field in operation which supports a ten stamp government mill, and twenty head of stamps are being erected by a private company. Capital is, however, difficult to procure for mining investments in north Australia, or for that matter for any other kind of industry there.

On January 1, 1911, the Northern Territory of South Australia was taken over by the Commonwealth Government and a new policy of administration inaugurated by the appointment of an Administrator and several highly paid officials. The expenditure of public money commenced on a more lavish scale than had ever been seen before in the tropical north. An agricultural settlement was started on the Daly River, and a splendidly equipped experimental farm nearer Darwin. Domestic stock were imported in large numbers, and a sheep station formed in the thirty-six inch rainfall belt of the hinterland. The costly settlement on the Daly River proved a failure, most of the farms being inundated with seasonal floods; the experimental farm succeeded in proving that it could produce nothing on a commercial basis, and the country chosen for sheep proved unsuitable, the sheep being decimated by worms, penetrating grass seeds and wild dogs. Many of the lambs died through lack of nourishment in the dry grasses. Vestey Brothers then purchased a number of cattle holdings and erected meat works and buildings in Darwin at a cost of nearly a million pounds. The meat works operated for three fitful seasons and then

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closed on account of industrial troubles. In 1918 turbulent scenes occurred in Darwin, and the Administrator departed, two of the officials being deported by the mob. Thus came to an inglorious end the first attempt of the Commonwealth Government to develop the coastal area of its new possession.

During all these vicissitudes on the coast, pastoral settlement pursued the even tenor of its way in the interior, somewhat contemptuous of the fanfares which were earning notoriety for the distant centre of administration. Some money had been spent on the industry. Two main stock routes with bores and wells, which greatly facilitated the removal of stock to market, were made, but otherwise no great attention had been paid by the administration to pastoral pursuits. The pastoralists, for their part, were content in the main to be left to their own devices, beyond the reach of adjoining governments on the look out for chances of forcing settlements of a closer kind inside the boundaries of their respective States.

The increasing efficiency, however, of the motor car, which enabled the Northern Territory to be easily and expeditiously visited, revived the Australian public's interest in its development, and as the Queensland Government had pushed closer settlement in one part as far as the Territory's border, a new land ordinance was made in 1924 to enable the resumption of part of the large holdings which had been so carelessly leased in past years without making any provision for the extension of settlement. The ordinance provided for an exchange system under which new leases could be obtained for an extended period in substitution for the old ones, subject to part of the land becoming available for settlement ten and twenty years after the date of the exchange. In most instances the deal was very satisfactory to the pastoralists, and the exchanges were effected with small delay, as many of the leases would be approaching the date of their expiry by the time that compulsory resumption would take effect under the ordinance.

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The Land Board appointed to administer this ordinance was superseded in 1926 by the North Australia Commission, a body of three to which the development of the Northern Territory was entrusted. The Commission has placed a number of recommendations before the Minister for Home and Territories which in the main endorse schemes frequently urged in the past. The most important of them is for a railway service to connect the rich prairie belt known as the Barkly tableland with the Queensland railway system, and ultimately with New South Wales. This route would also serve the far western stock areas of Queensland, and give breeders in that State a means of communication with the southern markets and of saving their stock in times of drought, which they have long wanted. There were other recommendations for the watering of pastoral lands, and the construction of main roads and telegraphs and of a port north of the Barkly tableland.

The foregoing pages briefly summarise the history of the Northern Territory up to date. The repeated failure of settlement in the coast lands has aroused some alarm, for the frequent reports in the press of the fertility of its soil invite the reflection that there are possible dangers in leaving so much wealth undeveloped.

The main requisite for agricultural development is water, either a regular rainfall or a permanent supply sufficient for irrigation on an extensive scale. North Australia has neither of these advantages, nor is the soil of its coast lands rich for agricultural purposes. The rainfall is excessive, amounting to 65 inches, during the wet season—*i.e.*, between December and May—and there is practically no rain for the rest of the year. The country is sandstone, with a low-lying mangrove girt seaboard, which seldom reaches an altitude of 100 feet. Torrential rains swell the short watercourses, which start in the sandstone ranges, and keep sweeping a light drift of sand over the banks of the watercourses and other depressions, while on the lower reaches, where richer soils have been deposited,

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the country is invariably inundated during the wet season. There is no jungle except in small patches along the banks or on islands in the watercourses where the roots of the trees and shrubs easily tap fresh water. The intervening country is often of a poor ironstone formation which does not lend itself to cultivation during the rainy season. Agricultural pursuits are therefore confined to the sandy drifts which are capable of draining off the excessive rains. With a rainfall of this kind only such crops can be grown as thrive in the rainy season, which is also excessively hot, and all the experiments hitherto conducted prove conclusively that the standard of life required by the British race cannot be maintained by cultivators under such conditions. The absence of any extensive areas of good soil in the neighbourhood of water puts dry-weather farming on a large scale out of the question. There are hardly six farmers left to-day in north Australia, and they are mainly engaged in growing peanuts, which are protected by an import tariff of 100 per cent. Coconuts thrive in many places on the coast fringe, but there is not enough labour available to make it worth while growing them. The failure to pursue agriculture on a commercial basis is common to all the tropical parts of Australia in which these same seasonal conditions prevail, and the science of applied geography which, thanks to Dr. Griffith Taylor of Sydney University, is now at the Australian public's service, the futility of many agricultural undertakings, which we had been previously unwilling to admit were bound to end in failure, is now realised. There is plenty of evidence to warrant the opinion that north Australia cannot be populated by agriculturists of the British race, and it is doubtful whether its soil would support a large population of any other.

The coast rainfall amounts to 65 inches, but it diminishes in proportion as one leaves the seaboard, registering about 40 at the southern boundary of the Northern Territory about 500 miles south of Darwin. As the rainfall

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gets less the natural grasses improve, and cattle and horses thrive in proportion. In regions with a twenty-inch rainfall or under, well-drained country free from the grass seeds which are so detrimental to wool is suitable for merino sheep. But in spite of all the drawbacks of the districts with a heavy rainfall Europeans can do well at cattle-raising if they have a market. It must, however, be remembered that cattle reared in such a country are inoculated from birth with tick fever, which lowers their resisting powers against the strenuous conditions which prevail in the dry season. During the fattening period, moreover, when the grass is green, they are the prey of numerous biting insects, the latest addition to which is the buffalo fly which swarms upon the cattle, eating the hide raw in places which the beasts cannot protect. Under such conditions there is a heavy mortality every year, which leaves at best only a small margin for natural increase. After travelling many hundreds of miles across the continent to the markets, moreover, such cattle have difficulty in competing with the more robust animals of the steppes.

The Northern Territory contains a large area of useful cattle land, which is only partially exploited and sufficiently far away from the coastline to enable stock raising to be profitably carried on. There is also a large amount of steppe land of rich quality capable of satisfactorily maintaining both cattle and sheep. Nearly all of it is poorly watered, but good water can be found in large quantities at moderately shallow depths. Most of the land is already alienated under pastoral leaseholds and, although the map makes a brave show of settlement, there are large areas of leasehold country which contain nothing but small and scattered herds.

Two cattle areas are especially renowned—one in the west in the Victoria river basin and the other in the east adjoining Queensland, which covers the Barkly tableland. One cattle station alone in the former region comprises

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13,000 square miles and is reputed to be carrying some 100,000 cattle; on the Barkly tableland the herds vary from twelve to fifty thousand head, and there is one station where there are 40,000 cattle on 10,000 square miles of land. These figures are not representative of the carrying capacity of this country, but they illustrate the drawbacks of a system which has permitted large areas of useful land to be acquired at very cheap rentals and used in such a way as to bring small advantage to the State.

North Australia, which has an area of 287,056 square miles, and feeds approximately 600,000 cattle, is probably capable of supporting four times the number. We cannot, however, see much chance of getting rich by increasing the production of beef unless some unforeseen circumstance should enable Australia to compete in the world's markets against South America with more prospect of success than she has at present. Australia produces about 20 per cent. more cattle than her own population can consume, and the surplus is placed on the world's markets with varying results. Outlets have been sought in the east but the Oriental earns too little to enable him to relieve Australia of her surplus production. Theoretical computations have been based on an increase in the Australian population; but in all probability the food supply will overtake the demand as the market improves. Nevertheless, improved freezing methods may put the export trade on a firmer footing, and a great deal of attention is being paid to this subject at present.

The development of the low rainfall areas of northern and central Australia depends entirely upon the prospects of wool-growing. Gold and mineral fields will come into, and go out of, working; but the basis of Australia's commerce is fine wool. The industry has withstood the fluctuations of markets and has again and again risen superior to the ravages of drought. The Barkly tableland alone, though it does not at present carry a sheep, should support at least three million, and there is another large

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area on the western side of the State which could also produce fine wool. But wool-growing to be profitable must have reasonable means of communication, and a distance of 200 miles from the railhead, when the Queensland sheepmen have driven their flocks to the border of the Territory, is getting near the economic limit, although wool is being successfully grown in central Australia under different conditions 400 miles from the railway.

A railway is being talked about, and a survey has been made with the object of connecting the Darwin railway through the Barkly tableland with the Queensland system. This railway will throw the tableland open to the wool growers of Queensland. That will be its real value, not, as many people seem inclined to believe, because it will lead to the development of the coast lands.

But how the areas of north Australia which have a heavy rainfall are going to be made capable of supporting a white population, or indeed any large population, the writer fails to see. The mineral wealth may be great, because the mineral areas are extensive and only partially prospected. But undeveloped mineral wealth may constitute a national danger. Mines are only transitory things, and without agriculture it is difficult to maintain a permanent population of any size. The Northern Territory will not do it; but it is capable of producing much wealth, primarily in the shape of merino wool, and to that end all our energies in the way of development should be directed.

II. THE FEDERAL CHRONICLE

AT the end of March, Mr. Charlton, who has been leader of the Labour Opposition in the Federal Parliament since 1922, announced his resignation from that position on the ground of failing health. Mr. Charlton has never been a brilliant leader, and he has sometimes been out of step with his party, but he has always conscientiously

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performed the duties of his position and has fully appreciated its responsibilities. Genuine regret was expressed at his retirement, not only by members of his own party but by his political opponents, who have always had a high regard for his fairness, moderation and patent sincerity. It was generally expected that his successor would be Mr. Scullin, deputy-leader of the Opposition, whose longer experience in Federal politics entitled him to consideration before Mr. Theodore, who might be content, temporarily, with the position of deputy-leader, and at the end of April Mr. Scullin was unanimously elected, but a surprise was sprung by the election to the deputy-leadership of Mr. Blakeley, who obtained a narrow majority over Mr. Theodore. Attempts have been made to read into this defeat a triumph over the "reds," towards whom Mr. Theodore is at present accused of leaning, but more probably it was due to a feeling that the path to prominence in Federal politics, in which he is comparatively inexperienced, has already been made a little too easy for Mr. Theodore.

In the early part of March, when the *Ulimaroa*, of the Huddart Parker Company, was about to sail for New Zealand the Marine Cooks' Union refused to replace one of their number who had left the ship, unless the company agreed to place an additional man in the galley. This request was refused, the cooks declined to sail, and the vessel was laid up. From this small beginning has come a dispute which has gradually spread and disorganised local shipping. At first the dispute was confined to vessels belonging to this shipping company, and one by one they were laid up by similar tactics until the whole of the company's fleet was idle. Later, however, the dispute extended to vessels of other companies. The Commonwealth Steamship Owners' Association applied to the Commonwealth Arbitration Court for a suspension of the award governing the conditions of employment of marine cooks. The Court first gave a week's warning to the men and then cancelled the

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award, because the union had resorted to direct action instead of bringing their grievance before the Court. This left the shipowners free to employ cooks in inter-state trade on any terms which could be arranged. The owners then announced that, unless the men returned to work on all the ships under the conditions of the suspended award, they would employ voluntary labour and, in any case, they would insist on free selection and the abandonment of the roster system whereby the union chose the men for the jobs. This system, whilst not embodied in the award, is not inconsistent with it, and has been practised by the union for years. The Australasian Council of Trade Unions (A.C.T.U.), which was established by the All-Australian Trade Union Congress of 1927 to deal with industrial matters affecting the whole of Australia, intervened in the hope of bringing about a settlement, and called various conferences, but it met with an unexpected rebuff because the Marine Cooks' Union refused to recognise its authority. Most of the unions on the water-front received the strike unfavourably, and the employers had hardly begun to man the ships with voluntary labour when the cooks agreed to return to work on the owners' terms, which included award conditions and abolition of the roster system.

The new Arbitration Bill which has just passed both Houses was introduced into the Federal Parliament in December last year, so as to allow ample opportunity for discussion, and the debate, which was postponed in the hope that certain vexed questions would be settled at the proposed industrial conference, was not resumed till May. The Bill contains important amendments to the existing Act, designed to repair defects in the Federal arbitration system to which attention has often been called. Several of these amendments are non-contentious, such as the provision for a greater measure of voluntary arbitration, and for the establishment of conciliation committees which may operate to prevent as well as to settle industrial disputes. Others, again, are rather more contentious, such as

a series of provisions designed to prevent the overlapping which exists in the case of State and Federal tribunals, and a clause which provides that the Court before making any award or certifying any agreement shall take into consideration their probable economic effects. The former of these will enable the Federal Court to remit to the State Courts certain disputes which, though possibly within the Federal jurisdiction, may more conveniently be heard before a local tribunal, and will thus remove a fruitful subject of litigation. The latter has been opposed as an indirect attack upon the principle of the living wage, for it bears upon certain decisions in which the judges have said that an industry which cannot pay the wage thought proper should pass out of existence; but in fact it only makes mandatory what was always permissible and much more often practised than might be realised from a superficial examination of wage declarations.

The most contentious parts of the Bill are those intended to promote the better observance of awards and to "give members of organisations control over their officers and the affairs of the organisations." In the Act, the word "organisation" applies to registered organisations of employers or of employees, but these provisions refer to trade unions rather than to employers' associations. It is generally accepted that the penalties for strikes, which were provided in the original Act of 1904, have been ineffective, either because it has been impossible to produce legal evidence which would lead to a conviction, or because the penalty has been out of proportion to the offence. Most of the old penalties are retained and some new ones added, but in the case of individuals other than employers they have been reduced from £1,000 to £50 while, if the organisation expels the officers or members whose acts have exposed it to the penalty it is reduced from £1,000 to £100. In order to prevent sectional strikes either party to an award is to be allowed to ask the Court for an order declaring that a strike or lock-out exists, and if the order is made a lock-out or

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strike is subject to no penalty. This has been criticised as a proposal "to fan a small fire into a great one in order that we may extinguish the small one." Again, the Court is given power to disallow any rule of an organisation which is tyrannical or oppressive or which imposes unreasonable conditions of membership. This has been objected to as leaving the internal self-government of a trade union at the mercy of a Court from which there is no appeal. Another section gives power to the Court, where an organisation has committed a breach of an award, to cancel or suspend the award in whole or in part, either generally or in the case of particular persons, groups, or localities. During such a suspension or cancellation no member of the organisation is entitled to the benefit of any other award. This is, in effect, industrial outlawry of offending members of an organisation. Finally, in order that unions may not be dominated by a few officials it is provided that any ten members may, when a vote is to be taken on any resolution, demand a secret ballot. If this is not held, the Court may direct it to be taken under the control of an officer of the Court. Again, any ten members may apply to the Court for a secret ballot on questions affecting their organisation, and the judge, if satisfied that it is a *bona fide* application relating to a matter of substantial importance, may order the ballot to be taken under the control of an officer of the Court. The general attitude of the Labour party is that this is an unwarrantable interference with trade union organisation and throws into the hands of a few disgruntled members the power to wreck the organisation. The object of ensuring that such an extreme measure as a strike is not undertaken against the wishes of a majority of the members of the union concerned seems wholly admissible, but it is doubtful whether the method proposed is adequate for the purpose.

The debate on the Bill was conducted, in the main, on party lines, though there was some criticism from the Ministerial side. The Labour Opposition attacked the

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Bill on the ground that it aimed at the destruction of trade unionism and was, in effect, a declaration of war against the organised workers. Ministerialists maintained that some of the new provisions would prove unworkable. The Government itself circulated a number of amendments both before the second reading debate was resumed and in committee, but none of them was of any great importance except a provision that the section which compels the Court to take into consideration economic effects is not to affect the practice of the Court in fixing the basic wage. The debates were strenuous and prolonged, but the Bill passed both Houses without having suffered any serious inroad on its principles.

III. THE SALE OF THE COMMONWEALTH LINE

THE Federal Government has retired, more or less gracefully, and rather gratefully, from the shipping business. The war-time success and later financial difficulties of the Commonwealth Line have been reviewed in previous numbers of THE ROUND TABLE.* The establishment of the line by Mr. W. M. Hughes in war-time has been characterised by the present Prime Minister as a "statesmanlike act," but in doleful company with other national shipping enterprises, the line has felt very severely the effects of the general depression in the shipping industry. The Government has accepted the £1,900,000 offered by the White Star Line, and has thereby emerged from the venture with a total loss, it is said, of nearly £8,000,000. There is no doubt that the dominant factor in securing the decision to sell the line has been its financial losses which, apart from depreciation, have exceeded half a million for each of the last two years. The Joint Committee of Public Accounts issued an interim report to reassure those shippers who, expecting the sale of the

* THE ROUND TABLE, No. 49, December, 1922, p. 185; No. 60, September, 1925, p. 799; No. 70, March, 1928, p. 406-7.

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line, were doing business elsewhere, and recommended that the line should be retained and reorganised. The final report, however, shows that only a minority of the Committee still holds this view. The majority, probably influenced more by the final balance sheet than by the evidence of the single additional witness examined, advocated the immediate disposal of the line, preferably to a specially formed company which, in return for preferential treatment, would eschew agreements with the combine. This proposal evoked vociferous protests from the Labour Opposition, while an appreciable section of the press chorused its disapproval. These protests were inspired partly by what the Prime Minister referred to as "Mr. Charlton's fetish for State enterprise," but largely by the belief that the Commonwealth Line stood as Australia's one line of defence against exploitation by the shipping combine.

It is difficult to determine what success the line has had in keeping down freights. While Mr. Bruce asserted that it carried 2·7 per cent. of homeward bound cargo, Mr. Scullin (deputy leader of the Opposition) claimed to be in possession of figures showing that the line bore 18 per cent. of Australia's oversea trade. The best objective measure of changes in freights is the *Economist* index number. This shows that freights to Australia are now as low as in 1913, but that the reduction from the excessive war-time freights has been, in general, slower for Australia than for other parts of the world. This, however, may be not so much an effect of the impotence of the Commonwealth Line in reducing freights as a tribute to the "ever mounting handling costs" in Australia. The Country party, which might be expected to articulate the misgivings of the freight-burdened exporters of primary products, whole-heartedly supported the proposal to sell the line. Little protest was audible from the importers, perhaps through scepticism regarding the power of the line to keep down freights in their interests.

Even the supporters of the Government regretted the

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passing of Australia's mercantile marine. National defence problems and sentiment have fostered the ideal of a merchant marine, owned by Australia and manned by Australian seamen, bred and trained to the sea. The Government was reminded that the "Bay" liners had been specially strengthened to carry armaments. The Prime Minister thought it unwise to acquaint the House with the armament capacity of the ships, but Mr. Scullin obligingly vouchsafed the information that each could mount eight heavy guns as well as anti-aircraft and other light pieces. One newspaper published a detailed survey of the capacity of the ships, any one of which, the public was informed, could be turned into an auxiliary cruiser at short notice. But ships and guns are only half a mercantile marine, and the report of the Public Accounts Committee gave little encouragement to the belief that Australia is breeding a race of seamen. Less than half the personnel of the line was domiciled in Australia. This consideration tempered the regret of those who mourned the loss of the mercantile marine, but still more consolation was to be found in the Prime Minister's assurance that "if it is to continue, this Parliament will have to vote it a considerable sum of working capital."

Accordingly, tenders were called for under conditions which, it was hoped, would safeguard the exporters and importers and yet be less discouraging to buyers than the unsuccessful offer of the line in 1925, when it comprised 27 vessels. On that occasion it was prescribed that the buyer should conduct certain specified services with those vessels for a period of seven years, and that freights or passenger fares were not to be raised without the approval of a committee to be appointed. This time an equivalent service for passengers and refrigerated and other cargo for ten years was demanded and preference was promised to offers "containing proposals for safeguarding the interests of Australian exporters and importers in regard to freight rates."

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Only three tenders were received, of which two were unflattering. The shipping world did not regard the occasion as a bargain sale. The seven vessels were sold to the highest bidder, which incidentally was prepared to pay the largest cash deposit, and it was hardly accurate to state that the line was sold for an old song. As Lord Kylsant has a large interest in the White Star Line, it is generally thought that the line has passed into the hands of the conference lines. The buyers have agreed to maintain a fortnightly service via Suez, if trade justifies it, supplementing the fleet where necessary with additional vessels. This will be an improvement on the present service. Freight rates are not to be increased without reference to a committee to be appointed, representative of shippers and owners. An equivalent passenger service involves carrying over 20 per cent. of the passenger traffic between Australia and the United Kingdom since the Commonwealth Line had become popular to this extent with travellers. Equivalence of service will not be maintained in respect of inter-state traffic. As the ships are to be placed upon the British register, the Navigation Act will normally prevent their participation in inter-state trade. This local problem will have to be solved by other methods than an Australian marine.

The change of register means a lowering of living conditions for the personnel of the ships, but many have been doubtful whether it was possible to retain both an Australian mercantile marine and Australian sea-faring conditions. This aspect has provoked the disapproval of the seamen, and the White Star Line has been promised a difficult time by trade union leaders. Thus the mercantile marine has been relinquished to the accompaniment of uproar from the radicals, mild regret from many patriots, and threats of boycott from the militant maritime unions.

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I. THE SESSION OF PARLIAMENT

THE session of Parliament which ended on June 1 last was of unusual length and importance. In the ordinary course Parliament is summoned to meet towards the end of January, and sits till the middle or end of June. But the session of 1927 had come to an end with three Government measures of first-rate importance either rejected by the Senate or passed by the Senate with amendments which were unacceptable to the majority of the lower House. These were the Flag Bill, the Bill for establishing a steel and iron industry, and the Bill for consolidating and amending the laws relating to precious stones. The Government therefore decided to summon the next session of Parliament for October last year, so that the joint sittings of both Houses which would be required to deal with these measures might be disposed of before the end of the year, and Parliament could then reassemble after Christmas to deal with ordinary current business.

The history of these three measures has been dealt with in previous articles,* and it is only proposed here to discuss the second part of the session. Compared with previous sessions it was uneventful. The settlement of the flag question had brought about a release of the emotions which had been worked up on both sides in anticipation of

*THE ROUND TABLE, Nos. 68, September 1927, p. 848; 70, March 1928, p. 442; 71, June 1928, p. 653.

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a vigorous campaign in the country, leading up to the referendum, by which, according to the Government measure, the question was eventually to be decided. In the last days of the session there was some recrudescence of the old feelings, owing to dissatisfaction in certain places with the Government arrangements for the flying of the two flags. It was inevitable that difficulties of this sort should arise, but by a little exercise of tact and consideration the more serious among them could have been avoided. These troubles, however, only arose in the closing days of the session. When Parliament reassembled in January it was in the expectation of dealing with a humdrum programme of domestic legislation.

This expectation was amply fulfilled as regards the greater part of the business which came forward. But there were two matters of more far-reaching interest, and involving more controversial issues, which it will be convenient to deal with at once. One was the procedure in connection with the Bills affecting natives which the Prime Minister had placed before Parliament during the preceding session. These Bills are four in number—one relating to the acquisition of land by and for natives; one providing for the establishment of native councils in reserves and town locations to deal with matters of local concern; one dealing with the extension of parliamentary representation to coloured persons (*i.e.*, persons who are neither Europeans nor natives); and one dealing with the parliamentary representation of natives. The Prime Minister in introducing these Bills had followed an unusual procedure. He brought them in, not with a view to their being dealt with by the ordinary parliamentary procedure, but in order that they should be referred before the second reading, *i.e.*, before any debate could take place on the principles involved, to a select committee of the House which was to hear evidence from natives and others and to try to arrive at a measure of agreement between the Government parties and the Opposition as to the principles

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on which legislation should proceed on these questions. There was a strong feeling on both sides, and throughout the country, that the native question should, if possible, receive the consideration of Parliament undistracted by the ordinary lines of division between the political parties. It is felt to be a matter which goes too much to the roots of our existence as a people to be at the mercy of the party majority of the day. People are sharply divided on the many different aspects of what is called the Native Question, but these divisions do not correspond with those which divide the existing political parties. The Prime Minister's own proposals, though they were introduced with the general approval of his party, would certainly not have received its undivided support on some of their most important details.

The Select Committee was duly appointed in the session of 1927, and took voluminous evidence, and it was again appointed at the beginning of last session to continue its enquiry. But, when it had concluded the hearing of evidence, the real difficulties of its task began to be apparent. Informal conversations took place between the Prime Minister and the Leader of the Opposition, with a view to arriving at some principles on which a policy could be based which would meet with general agreement. But the end of the session found the Select Committee still deliberating, and it could only report accordingly to the House and ask for power (which was granted) to continue its deliberations during the recess. The intention is that it should report the Bills with such a measure of agreement between the parties that they can be dealt with by Parliament during the next session. With a general election confronting us next year the problem of arriving at any agreement between parties, on a question so full of controversial issues, is more than ordinarily difficult. For the same reason it is more than ordinarily urgent. Nothing could be more disastrous than that these questions should, at this stage, be the battle-ground of contending parties

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at a general election. Public opinion in the northern provinces and in a great part of the Cape Province also is, in so far as it has departed from the old stereotyped policy of repression, in great measure fluid and unformed. Any party which to-day went to the polls on a platform of equal political rights for all civilised men irrespective of colour would meet with disaster, and the prospects of a policy being gradually evolved which would offer some measure of satisfaction to the aspirations of the civilised native and coloured man would be indefinitely postponed. There are two main points raised in the Bills which stand out as controversial issues. One is whether natives should be allowed to buy land outside the native reserves, and whether land suitable for European development should be added to the existing reserves. The other arises in connection with the parliamentary representation of the native population. The strictly segregationist policy would deny to the native any representation in Parliament, and would, as opportunity offered, deprive him of the right to vote which he now possesses under the franchise laws of the Cape Province. The other school of thought favours a gradual admission to the privilege of the franchise throughout the Union, either on the lines of the Cape franchise which makes no colour discrimination, or in a more restricted manner by some sort of communal voting for native electors. It will be clear, therefore, that the Select Committee has before it a task of no ordinary difficulty and danger.

The other matter which calls for special mention was a debate on the declaration of the Imperial Conference of 1926 on Dominion status. This debate, and the claim made by the Prime Minister that a Dominion was, in law, neutral in the case of another member of the Commonwealth being at war, was discussed in the South African article in the last number of *THE ROUND TABLE*.*

* *THE ROUND TABLE*, No. 71, June 1928, p. 647.

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Of the other business of the session not much need be said. A great part of the time was occupied with a measure for the consolidation of the liquor laws of the various provinces. It contained no revolutionary changes, but, as is usual with such measures, brought into action a host of conflicting views and interests. Only the exceptional patience and adroitness of the Minister of Justice enabled him to steer his Bill through all the obstacles which confronted it. The budget showed a surplus on the year of $1\frac{3}{4}$ millions, and gave the expectant taxpayer a reduction for the current year of 20 per cent. of the normal income tax. From that, and from his careful handling of the finances, the Minister of Finance undoubtedly added to his reputation, both in Parliament and in the country.

The domestic troubles of the Labour party had a paralysing effect on the activities of its members in Parliament. These have come to a head since Parliament rose, in a resolution by the National Council expelling from the party Colonel Creswell, the parliamentary leader, Mr. Boydell, the Minister of Labour, and a number of other members of Parliament and prominent party men. This is the culminating point in a trouble which has been brewing in the party since the early days of the pact, by which the Labour leaders agreed to share the responsibilities of office with the Nationalist party. There has been a growing feeling among a section of the party that for its leaders to act as members of a Government which they could not control, and to share responsibilities for policies which were not in accordance with the Labour programme, was fatal to their existence as a Labour party pledged to the active realisation of the Socialist ideal. This and other causes—personal and political—led to a growing breach between the National Council, which is the supreme governing body of the party elected at the annual congress by the rank and file throughout the country, and the parliamentary caucus. Early this year

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Colonel Creswell launched an attack on the National Council, alleging that a certain clique within the party had created a number of bogus branches throughout the country so as to procure delegates at the annual party congress who would vote for the election of a National Council favourable to their own designs. He denounced the Council accordingly as having been packed by the devices of this particular clique and disowned its authority. He called a conference of the party to meet at Bloemfontein last month, and a number of members were there elected to act as an emergency governing body of the party, to carry on the ordinary business of the National Council, and to clean up the abuses alleged by him to exist, pending the election of a new and properly constituted council. The existing National Council retaliated by a meeting at Durban at which they repudiated the extra-constitutional body called into existence at Bloemfontein, and formally expelled from the party Colonel Creswell and those associated with him in these proceedings. Among the expelled are nine of the eighteen Labour members of the House of Assembly, including two Ministers—Colonel Creswell and Mr. Boydell. The third Labour Minister, Mr. Madeley, stands by the National Council, and was present at the meeting which passed the decree of expulsion.

The expelled members, of course, refuse to acknowledge the decree of expulsion, but a situation has been created which is bound to have far-reaching effects on political relations present and future. That the two expelled Ministers and their colleague who took part in their expulsion should continue to sit together as members of the same Cabinet would be an achievement in political comedy surpassing all our existing records in that branch of art. On the other hand, it will be difficult for the Prime Minister to associate himself with the one section against the other without risking a dangerous political crisis which might even precipitate a general election. As far as can be gathered at present, neither of the two contending

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factions is averse to the continuance of the pact after the next election. Colonel Creswell has publicly stated that he will ask for no pledge from the Nationalist party as to continuing the pact, but that if, after the election, the Nationalist party can only continue in power with the assistance of Labour alliance he will advise his party to continue that alliance. The other section favour a continuance of the alliance only on terms—among them a definite pledge by the Nationalist party that certain planks of the Labour platform are to be put into effect. But if, as seems likely, the general election is not to be for another year, much may happen by that time which cannot now be foreseen, and the wisdom of the adage about postponing the sale of the bear's skin till he has been caught may again be illustrated by practical experience.

II. THE MOZAMBIQUE CONVENTION

THE situation of Portuguese territory which adjoins the Union presents two important problems which affect the economic relations of the two countries. They arise from the position of Delagoa Bay, which is the nearest port to the Witwatersrand and to the coal mines of the eastern Transvaal, and also from the existence of a large native population in southern Mozambique, whose labour is available for, and keenly desired by, the Transvaal mines.

In 1909 a convention was entered into between the Transvaal and Mozambique Governments effecting an adjustment of railway rates under which Delagoa Bay was to receive 50-55 per cent. of the import traffic destined for the Witwatersrand area and, in return, native labour could be recruited for the mines without restriction. It was found that the mortality from pneumonia was very heavy among natives who had been brought from the tropics to work in the mines; consequently the Union

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Government prohibited recruitment in areas north of the 22° south latitude. Later on again, in 1923, the Union Government restricted the recruitment of Mozambique natives to 75,000 a year in order to encourage the natives in the Union and adjacent British territories, who at that time were suffering from the effects of a bad harvest, to come to work in the Transvaal. This restriction has not been removed, but, owing to the fact that natives remain at work on an average for twenty-one months, there are now about 110,000 Mozambique natives working in the Transvaal on the gold and coal mines. The employers much prefer them to natives recruited from the Union, as they are willing to engage themselves for longer periods than the latter, and also show a greater readiness to re-engage themselves at the end of their contract term. The result of the longer period of service is, of course, greater efficiency and less expense in recruiting.

In 1909 the trade through Delagoa Bay was primarily an import trade, but since that time, especially during the war, a large export trade has been built up in coal. As, however, the port was not equipped for the handling of this trade, congestion and delay affecting both shipping and rolling stock followed. In 1924 the Mozambique Convention was denounced by the Union Government in order that a new treaty might be negotiated; but the negotiations broke down on the railway clauses as the Portuguese authorities were unwilling to allow the control of the port and the line to be in the hands of a board on which the Union Government could command a majority. Since 1924 the Portuguese authorities have installed an adequate coaling plant in Delagoa Bay. There has also been a development of sugar and cotton planting in Mozambique which has created a local demand for native labour which did not exist in 1909. In 1927 the Portuguese Government passed legislation entirely prohibiting the recruitment of native labour in Mozambique for employment outside the province. This enactment was justified on the ground

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that native labour was required for the internal development of the province, though the actual demands for labour there were trifling as compared with those of the Transvaal. This Act was designed to come into force in May 1928, but its operation was postponed owing to the negotiations then proceeding in Lisbon between the Union and Portuguese Governments, in which Mr. C. W. Malan, the Minister for Railways, represented the Union Government.

On May 16 the Prime Minister announced in Parliament the terms of the heads of agreement which had been arrived at. The details are still being discussed; but the main heads on which the new Convention is to be based are already settled. Delagoa Bay is to receive 50 to 55 per cent. of the import traffic for the "competitive area" of the Witwatersrand, and machinery is to be set up to meet the needs of the railways; native labour recruiting is to continue, but the number of natives actually employed is to be reduced within five years to 80,000, and the maximum period of service must not exceed eighteen months. Natives who have returned home may not be re-engaged for six months after their return, and half their pay while they are at work must be retained and paid to them on their return to Portuguese territory.

This agreement has had a very unfavourable reception in the Union. The Union ports would naturally prefer to get a higher proportion of the inland trade, though, except for a time after the war, they have never had substantially more of the Witwatersrand import trade than the treaty gives them. Commercial interests on the Rand have protested against the deferred pay provisions, as hitherto Mozambique natives have spent nearly all their wages on the Rand, instead of taking their money home as most Union natives do. Shop-keepers in this particular class of trade will, in consequence, lose a sum which is estimated at about £750,000 a year when the treaty comes into force. The chief criticism, however, comes from the gold mines,

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an industry which is still expanding and requires about 220,000 natives to enable its work to be conducted with a maximum of efficiency. Any reduction in the labour supply means less ore milled and consequently, as overhead charges are unaffected, an increase in the cost of milling each ton of ore. Many of the low-grade mines are mining ore with a margin of profit of only a few pence per ton; consequently, a slight increase in working costs means that they can no longer work at a profit, or alternatively, that their lives must be shortened by limiting extraction to the richer ore. In that event the country will lose the big turn-over in wages and other working costs, which these mines at present distribute. The richer propositions are, of course, unaffected by trifling changes in working costs. The mine owners on their side complain that the labour force which is the most efficient and the cheapest to obtain is being substantially reduced, and that they cannot get labour in its place from the Union and British territories south of 22° south latitude, because it is required by farmers and industrial employers in the towns. As, however, a system for preventive inoculation against pneumonia has now been perfected, it is possible that the restriction which forbids the recruitment of tropical natives may be relaxed.

In defending the new treaty, the Prime Minister could find no better justification for it than that it was better than no treaty at all, and that the Union must be satisfied with such concessions as can be got from the Portuguese Government. It will last for five years after ratification, after which either party may demand revision, and in default of an agreement it will lapse on six months' notice.

The first result of "sovereign independence" would thus seem to be a diplomatic victory for a foreign Government at the expense of several of the industries of the Union.

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I. THE INDUSTRIAL CONFERENCE

WHAT was picturesquely described by the Prime Minister as "an industrial peace conference" was held during the months of March, April and May. Convened by the Government in the hope that its deliberations might indicate the way to industrial peace, the Conference carried out a more or less satisfactory stocktaking, concentrating its attention on the existing industrial law of New Zealand and the possibility of improving it. In a country so largely dependent on the produce of the soil it was to be expected that special consideration would be paid to the agricultural and pastoral interests, and it was suggested in the order of reference that the Conference should study the possibility of excluding these interests from some of the admitted costs which are incidental to our system of wage-fixing. The bearing of immigration on the labour problem was also marked for special study.

As the Prime Minister stated at the opening of the Conference, there has for years past been a good deal of free criticism of the working of the Industrial Conciliation and Arbitration Act. That much-discussed law, passed in 1894 under the auspices of Mr. W. Pember Reeves, was for many years the cynosure, and to some extent the inspiration, of social reformers throughout the world. It was certainly an interesting model for others to experiment upon, and for the best part of a generation it was quoted as placing New Zealand in the forefront of social organisation. It

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has never been without its critics in New Zealand, but, up to the war period at any rate, the steady improvement in our material prosperity enabled it to function with apparent smoothness and satisfaction. The post-war contest of costs with prices has brought it more under the fire of adverse criticism, in which the representatives of the farming interests have shown themselves especially active and scathing. Labour itself has more than once uttered a tentative condemnation of the system of arbitration and even, through the mouths of accepted leaders, suggested that it should be repealed. During the last session of Parliament the Government took the critics at their word and Mr. G. J. Anderson, Minister of Labour, brought in a Bill proposing a number of amendments, the chief of which were the exemption of the farming industry from the operation of the Act and payment on a premium bonus system. The debate showed such a divergence of views that the Government was not able to persevere with the measure and was moved instead to convene a conference of the interests concerned, in the hope that they might be able to concert proposals that could be put into legislation.

The Conference opened at the end of March, and there were present twenty-five representatives each of the employers and the employees, seven members of the special Parliamentary Committee (representing all shades of opinion), the heads of several government departments, a professor of economics from each of the four university colleges of New Zealand, and the lecturer on agricultural economics from Massey Agricultural College.

Surely the occasion offers a unique opportunity (remarked the Prime Minister in his opening speech) of pointing the way to industrial peace and progress. The Government in calling this Conference has made an honest attempt to bring together what are apparently conflicting interests in the hope that by meeting face to face and thrashing out their difficulties they may succeed in bringing peace and goodwill to the industries of New Zealand. This Conference may be looked upon as a national stocktaking of our industrial relations, providing an opportunity for looking facts in the face and

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discussing them. This assembly may rightly be termed an industrial peace conference, which should aim at evolving the best methods of teamwork to increase the prosperity of all.*

In a well-considered introduction, Mr. Coates laid stress on the claims to consideration of the general public, the real shareholders in the industry of the country, as distinct from capital and labour. He asked also for special attention to be paid to the fact that the surplus production of our farms—our staple exports—has to be sold abroad subject to world competition which is in no way amenable to regulations and costs fixed in New Zealand.

While not for a moment losing sight of the standard of living of our people (he added) we must at all times have due regard to the fact that any fictitious position not justified by economic facts must ultimately prove to the disadvantage of all.

It must be admitted at the outset that there was some scepticism in the public mind as to the likelihood of anything tangible resulting from the Conference. Labour and capital, though not openly at war, have been at arm's length here as elsewhere for long enough, and the public have been accustomed to look in vain for anything in the nature of a solid rapprochement. In presenting the labour point of view at the opening meeting, Mr. T. Bloodworth said :

An adjustment calculated to give better results than are at present obtained can, in our opinion, only be brought about by a greater degree of co-operation between all the parties who contribute anything essential to the national well-being than has hitherto prevailed. The two sides rarely meet except to make demands of one another or to compromise conflicting claims, and negotiations are inevitably carried on as between two hostile bodies. In this way great powers of leadership and willing service are diverted from constructive work into the sterile fields of useless controversy. Throughout the whole of the civilised world the story is the same. The parallel rise of trade unions and employers' associations in mutual opposition has reached a point where it is generally recognised that the "normal condition of the world of industry is one of suppressed war."†

* *The Dominion*, March 28, 1928.

† *The Evening Post*, March 28, 1928.

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A feature of the Conference was the presence of the professors of economics, whose diverse opinions on certain factors in the problem ranged them on one side or the other at an early stage. Professor Murphy, of Victoria College, Wellington, opened with a vigorous attack on the arbitration system as being founded on unsound principles and against the public interest. It was possible under existing conditions, he said, for the parties to get together and make agreements satisfactory to themselves but not in the public interest, and it was not in the public interest that there should be a tribunal to ratify such agreements. As the result of long study he could not resist the conclusion that the Arbitration Court was mischievous and the system undesirable from the general point of view because—

1. It was legislative and hampering in detail;
2. It took responsibility from the shoulders of the leaders of both sides and placed it on the tribunal;
3. It was futile in that a wage rise was probably cancelled by a higher cost of living;
4. It prevented industrial experimentation in other lines and kept the parties bound down to contention.

Professor Belshaw of Auckland concentrated on the gradual reduction of tariff in order to enforce those economies in production which at present, he said, were largely lacking. "In suggesting this policy I am aware that the weaker firms would suffer and the stronger firms would gain by tariff reduction, but despite incidental injuries and disadvantages a progressive tariff reduction is to be commended on grounds of general welfare and productive efficiency."

Professor Tocker, of Canterbury College, discussing costs in the farming industry, ascribed the prevalence of unemployment chiefly to the decline of the purchasing power of the farmers.

The narrow or negative margin of profit in recent years has (he said) made farming unattractive, as is indicated by the failure of the area of

occupied land to expand, by the decline of 13,500, or nearly 10 per cent., in the numbers engaged on farms between the years 1923 and 1927, and by the scarcity of capital for farming purposes. The sheltered industries of the towns have been, since the war, much more attractive. Consequently, both labour and capital have been diverted to those industries. But their market is limited to the local demand, and, as the farmers' purchasing power has declined, the local market has been unable to absorb their full output at prevailing prices, production has been restricted, and they have been unable to absorb the labour supply available. The result is the unemployment of the last two years, which, despite the increased demand for labour created by heavy expenditure of borrowed money, has proved so intractable. To right the situation, labour costs must be reduced. Two ways are open: by reducing wages or by increasing production. The former method might involve a lowering of the standard of living for the workers, and hence is undesirable. The latter method would most certainly mean an improvement in the workers' standard of living. But increased production appears impracticable in sheltered industries under present regulated conditions. Much greater freedom and flexibility of organisation is required. It is difficult to see how the industrial conditions essential to increasing production, fuller employment and rising standards of living can be developed if the traditions built up under our arbitration system are maintained.

This very plain indictment of the arbitration system was flatly disputed by Dr. A. G. B. Fisher, of the Otago University College, Dunedin, who declared that:

The change in the price level is a direct consequence of currency inflation. It has changed in much the same way in other countries which have never heard of arbitration courts, and there is little doubt that our price level to-day would have been substantially the same if New Zealand, too, had no court. . . The difficulties of farmers are not to any important extent due to the actions of the arbitration court, and if the court were to be abolished or its constitution greatly altered, farmers would be greatly disappointed to find how little difference was made in their situation. Any suggestion to abolish the court or seriously diminish its authority would undoubtedly be interpreted as a preliminary to attempts to lower existing wage-rates. Statements that present wage-rates are too high seem to point definitely in this direction. It is possible that the attempt might succeed, but it could succeed only at the cost of a great deal of strife and loss and ill-feeling, which I should prefer not

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to risk and which would scarcely lead to helpful relations of co-operation in production. The arbitration court has a further potential value as a means of educating the public and of collecting and circulating accurate information of a type that is becoming more and more essential if business is to find a firm basis on which to make its forecasts of the future.

The Court was also defended by Professor Belshaw, who thought that alternative methods of collective bargaining should be provided where a majority of the workers and employers in any industry desired it.

Turning from the professors to the farmers, the Conference received interesting views from two distinct angles. The New Zealand Farmers' Union began by demanding tentatively the abolition of the Court. Its conferences have demanded that outright, but its representative put forward the suggestion in a modified and conditional form. The Farmers' Union is not only the most numerous organisation of the agricultural and pastoral industry, but is also that which most materially contributed towards the establishment of the present agrarian ascendancy in New Zealand, which dates back politically about sixteen years. Mr. W. J. Polson, the president, in stating the views of the Union to the Conference, said that

The Farmers' Union views the principle of the Act and its practical effects with considerable dissatisfaction, and is opposed to the compulsory clauses in it. *Should it prove impossible to secure its repeal at the present time, a number of amendments are asked for.**

After citing four proposed amendments he arrives at the fifth rather as a surgeon would decide to amputate the leg after applying four cures for a frost-bitten toe.

That farmers and those engaged in related occupations, *e.g.*, freezing companies, which are in the main subject to the prices that are realised in the world's markets, should receive exemption from arbitration court awards.

* *The Dominion*, March 30, 1928. The italics are ours.

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The farmers recognised, he continued, the desirability of maintaining a good standard of living, but contended that "the present practice of fixing wages in accordance with the cost of living is based on indefensible fallacy. There is never any guarantee that the industry will produce enough to maintain a given standard, and the standard of living cannot possibly exceed for long the standard of output."

The president of the New Zealand Sheep Owners' and Farmers' Federation, Mr. H. D. Acland, did not go the length of asking for the abolition of the Court, but contented himself with demanding voluntary instead of compulsory arbitration. To him also the main source of trouble seems to be the fixing of the costs of production within the Dominion without the means having been devised for meeting those costs on the markets available overseas.

We see (he said) no reason for the retention of the compulsory clauses in the Act, and are of opinion that all requirements in the interests of all parties can be met under a system of voluntary arbitration. Failing a decision acceptable to either party at the conciliation council, the dispute could be submitted either to the arbitration court by the consent of the parties or to the arbitrament of public opinion, which would by this time have been informed of the merits of the dispute. In our opinion no one is better able to handle questions affecting the interests of any particular trade or industry than those directly engaged in it, and the only persons competent to deal with wages and conditions in any individual business are the contracting parties themselves.

The Farmers' Union, already rejoiced at the suggestion that compulsion should be abolished, were further heartened by the contribution of Mr. H. H. Sterling representing the dairy farmers. Mr. Sterling, who was regarded as a "live wire" in the Railway Department, left the State employ a year or two ago to accept a high salary as general manager of the largest dairy company in New Zealand. His utterance at the moment of his services being regained for the railways, naturally carried some weight. He said:

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With the principle of conciliation the dairy farmers have no quarrel. Administered and worked with the idea of conciliation always kept uppermost, we feel that the present position would not have arisen. But what do we find? The conciliation aspect is so completely in the background as practically to have ceased to be an effective part of our industrial machinery. As our people see the problem, it is absolutely essential that whatever is done shall be in the direction of bringing into immediate and practical effect the original design of the framers of the Act.

A suggestion of the farmers that wages should be decided by piecework was supported by the manifesto of the Associated Chambers of Commerce. After tabulating the ill effects of compulsory arbitration and wage-fixing, the chambers admitted that they too favoured the continuance of the Court provided its functions and constitution were revised.

Payment should generally (they thought) be by results and should be based on the value and volume of output. Wages should not be based on such artificial conditions as the size of a man's family or the pre-war cost of living, but must be based on the economic condition of the Dominion as a whole, the state of the primary producers and the interests of the consumer.

They invited a free discussion by Labour of their objections to piecework.*

The employers' case was presented by Mr. T. O. Bishop in a very clear statement on behalf of the New Zealand Employers' Federation. This pointed out three potential weaknesses in the present system. They were as follows:

1. The judge of the Arbitration Court might possibly be a faddist or dishonest (though in fact, it is added, "the successive judges of the Court have been men of the very highest calibre").

2. Awards may be too restrictive and inflexible (for which the antidote suggested is "watchfulness and the exercise of common sense and reason").

3. Not sufficient regard may be paid to the effect of wages upon the general public.

* *The Dominion*, April 19, 1928.

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Mr. Bishop made a strong point of the conciliation aspect, and urged that it should be compulsory for the parties before striking to meet together for the purpose of conciliation. Speaking of the present system as a preventive of strikes he remarked:

During the first twelve years of the operation of the arbitration system in New Zealand there were no strikes: during the next period of eight years strikes commenced again; but there were only five in all which should be considered: and during the last two periods—1914-21 and 1921-28—there were practically no strikes during the war years and only four of importance since the war ended.

The Labour verdict on the existing system may be briefly summarised in the words of Mr. J. Roberts, secretary of the New Zealand Alliance of Labour, who said:

Although it may appear to some that we are in favour of the Industrial Conciliation and Arbitration Act in its present form, this is not the case. We recognise that some method of adjusting industrial disputes is necessary and in the absence of any other system we naturally adhere to the system which is at present in operation, but we are desirous of effecting some improvements—and indeed some drastic changes—in our present arbitration law.

Lest this should appear to be giving a testimonial to the Arbitration Court which might be misunderstood, Mr. Roberts added:

The Labour movement has no hallucinations whatever about the Court of Arbitration. They say unhesitatingly that they have not received justice from that institution for many years past. The workers are not satisfied with the basis the statistician has given for fixing wages.

Mr. Roberts's suggested reform was to grant to Labour a share in the control of industry, a measure of responsibility.

The Labour movement claims (he said) that the time has arrived when the workers should be allowed some voice in the control and

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management of industry. At present they are accused of being irresponsible, and this is no doubt partly correct. But what is the reason? Is it not the system itself? The worker performs a task for a certain wage. He has got no responsibility other than the performance of that particular task. The cure for irresponsibility is responsibility, and until you allow the workers a voice in the control and management of industry this irresponsibility will be with you.

In view of the criticisms which had been levelled at the system from all directions for years past, it was unique, certainly valuable, to find all these varying interests declaring so frankly that they would rather have it than nothing at all; that they would rather see it mended than ended. All except the Farmers' Union (whose attitude towards wage awards has always been somewhat intransigent) believed that while the arbitration system required to be amended it should on no account be repealed. And the Farmers' Union were so hopeless of achieving their old ambition of repeal that they came to the Conference prepared with a set of amendments which would make it less objectionable to them.

The Conference divided into committees for the intensive study of the various problems, and it is admitted that in the weeks that elapsed before it resumed there was a very tolerant, conciliatory and constructive discussion of the difficulties from all points of view. There was a genuine personal rapprochement which must have a continuing influence. Though in the long run the discussion failed to achieve its purpose, no interest has uttered any recriminations against another. When the Conference resumed on May 16, three reports were presented in which unanimous findings were recorded. They were:

1. *Workers' Compensation* :—On this the Government was recommended to study the Ontario system, which differs from most of the others in that it is not content to stop at the compensation of injured workers but aims at their rehabilitation.

2. *Unemployment* :—The Committee agreed unanimously that the unemployment now prevailing in New Zealand is acute, and considered that the Government should provide out of the consolidated fund the money necessary to meet the situation. It was suggested also that the statistician should be asked to report upon the causes and conditions of seasonal and periodic unemployment with a view to steps being taken to minimise its evil effects. A careful study was recommended of the best forms of productive work to be undertaken by way of unemployment relief. It was urged that every encouragement should be held out to boys to go into farming rather than the professional and commercial occupations in the towns, in which there are not now sufficient openings for the number of boys offering.

3. *Immigration* :—On the immigration question the Committee, while fully recognising the responsibility of New Zealand to assist in the redistribution of population within the Empire, recommended that the strictest possible supervision should be exercised over the nomination system for all classes of immigrants, both as regards their personal qualifications and character and as to the ability of their nominators to meet their obligations; that there should be effective inspection by New Zealand medical officers of all immigrants intending to come to the Dominion; and that the flow of immigration should be regulated in accordance with the state of the labour market here and its capacity to absorb newcomers.

All these reports were adopted by the full Conference without dissent. It was on the compulsory principle in the Industrial Conciliation and Arbitration Act that the opposing interests split, and the split was final. When the session of May 17 opened the failure of the special committee to reach a unanimous recommendation was announced. The employers held out for optional reference of disputes to the Arbitration Court; the workers for compulsory reference. In rejecting compulsory reference the employers

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made some reasonable suggestions for the protection of the weaker unions, which it was thought might suffer in the early stages of the proposed experiment. "We want to establish a sense of responsibility," they said, "in the minds of the leaders of industrial organisations on both sides, and we want them to do their own work and frame their own awards and agreements." In an eloquent appeal to the Conference, Mr. Bishop said :

My appeal is that delegates on both sides will think nationally on this question and will sink all desire to secure immediate benefit for their particular interests ; that they will take a plunge into the water, in spite of its looking cold, and earnestly co-operate with each other in making a new attempt to create the right atmosphere and the right machinery for the adjustment of differences in industry. If that is done this Conference will be an historic occasion. It will be a landmark in industrial progress, and every one of us will have occasion to look back on it with some pride and satisfaction in having played his part therein.

Mr. Bloodworth, acknowledging the sincerity of Mr. Bishop, said it was all very well for such an able swimmer as him to take the plunge, but many members of industry had not even learned to swim. Another Labour delegate felt that the proposal involved a plunge from a great height into the waters that were not too clear, and there might be rocks at the bottom.

The employees admitted that the best method of adjusting disputes was by the parties concerned, without reference to counsel or court ; but a survey of industrial history, they said, revealed the fact that the parties did not usually settle their disputes. They held, therefore, that in the interests of the nation as well as of the parties the industrial law ought to contain the necessary provision for finality in settlement of disputes.

Unless the legislation contains a provision of this kind there is always the possibility of a strike or lock-out involving the workers in a loss of wages and the industry in a loss of income. Worse still, there is a possibility of the most unimportant dispute involving

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industries which are essential to the every-day life of the people in a stoppage.*

A long, good-tempered debate showed that the split on this point was quite incurable, and that in effect the Conference was at an end. Some of the daily newspapers were frankly disappointed at this dénouement when the accord had gone so far as it had. The *Evening Post* (May 18) remarked :

There is substance in Mr. Bishop's statement that it has been found impossible to make arbitration compulsory. But does this fact warrant the change to a completely optional system ? Is there no means of providing a controlled and just operation ? We are not sure that the possibilities in this direction have been fully exhausted. It may yet be found that machinery can be devised to retain the arbitration principle so guarded as to prevent its abuse, whether that abuse takes the form of neglect of conciliation or a deliberate flouting of obligations. The industrial problem cannot rest where the separate reports have left it. With the parties at arm's length and fighting fiercely, Parliament may be inclined to cut a way through with more or less disastrous consequences for labour and for industry. With the parties in friendly contact the legislators would have a chance of negotiating an amicable settlement. It is certainly worth trying.

The Prime Minister, in thanking the delegates for their work, remarked that the main benefit of the Conference would be the better understanding that had been brought about between workers and employers.

It is a matter of distinct satisfaction that we in New Zealand have been able to get the various organisations representing the different interests together. I think it is an accomplishment, and I believe it augurs well for the future that the Dominion has been able to assemble such a wide representation of interests who have got their legs under the same table to discuss matters of interest. . . . If we can keep industrial peace in this country there is nothing to fear. It means everything to everybody to have a large section of our community satisfied that they are getting a fair hearing and a fair deal. If we can do that we are going to progress, because it means prosperity for every individual in our country.

* *The Dominion*, May 18, 1928.

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Some of the papers are inclined to belittle the results. But while there was a distinct tendency in the country to suggest that agreement was never possible, and even that the Government in calling the Conference was guilty of a political "gesture" or an attempt "to put itself onside" in view of the elections at the end of the year, it must be admitted that the result of the Conference does definitely enlighten the Government as to what it may not do in any fresh attempt to amend the law. It has at any rate been assured in the most authoritative manner that some of those on both sides, who during the last few years have raised loud cries for the repeal of the Industrial Conciliation and Arbitration Act are not prepared to be taken at their word. Their bluff has been called. The interested parties in New Zealand which happen to be organised and articulate have said that they want the Act to remain in some form. Whether the inarticulate third party—the shareholder, the consumer, the general public—wants it is another matter, and it is most unlikely that the question will become a party one at the general election so that the public could register its opinion.*

* The Arbitration Question was referred to in the New Zealand articles in June and September 1927 and March 1928.

II. SAMOA

THE Samoan trouble has somewhat faded in the public interest with the removal of practically all the chief actors from the scene. It is not quite clear whether the manner of drawing the curtain may not have done a certain amount of damage in the impression which it has left on the native mind in the territory. It is true that Messrs. Nelson and Gurr, the leaders of the Mau disaffection, have been deported, but they left with loud words of defiance and counsels of resistance upon their lips, and within a few weeks—before normal relations had been restored between the natives and the administration—General Sir George

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Richardson, the Administrator, left for good; the ministerial charge of the department was transferred from Mr. Nosworthy to the Prime Minister; and the Secretary of the department, Mr. J. D. Gray, who had reached the retiring age, elected to retire. It will be easy for the Samoans, who are accustomed to intrigue and have fed so recently upon the food of resistance, to see in this concatenation of events the triumph of their revolt, and to expect that like measures will in future produce like results. In point of fact, Sir George Richardson's term had expired. He left Samoa a few weeks earlier than would otherwise have been the case purely in order that he might reach Geneva in time to attend the sitting of the Mandates Commission at which Samoa was to be discussed. The fact that the Commission refused to hear Mr. Nelson, who also went to Geneva in the hope of getting the conduct of New Zealand condemned there, no doubt served to correct some of the false hopes of the natives, and the decision of the Commission condemning the activities of Mr. Nelson ought to remove the last of their illusions.

In announcing the appointment of Mr. Stephen Shepherd Allen to succeed General Richardson as Administrator, Mr. Coates declared the determination of the New Zealand Government not to allow the existing position in Samoa to continue.

It is (he said) our duty to govern Samoa. I feel sure that the people of New Zealand would not wish to risk precipitating a conflict with these innocent though misguided people unless such a course is unavoidable. The Government hope and believe that the position will right itself, but they wish to make it plain in New Zealand and in Samoa that if peaceable measures fail the Administrator will receive the fullest support from the Government of New Zealand in any measures that may be necessary to restore order and enforce law in the territory.

Mr. Allen is a graduate of Oxford who served with great distinction with the New Zealanders in the war, holding temporarily the rank of Brigadier-General and winning the

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C.M.G. and the D.S.O. He went to Samoa as a civilian, but supported by a small body of military police specially recruited and trained to take the place of the naval men who had been doing duty there in the last days of the late administration. His appointment has been generally approved, though one or two papers comment critically on his military rank.

On his return to New Zealand, Sir George Richardson, in a full and frank statement, declared once more, what practically everyone believes, that but for the committee of Europeans making use of the natives for their own ends there would have been no agitation or resistance to the Government. The Samoans have, indeed, never known a more sympathetic or benevolent government. The agitation would have died when the royal commission made its report in New Zealand but for the fact that the natives had been led to believe that they had a promising court of appeal at Geneva.

Statements had been made in New Zealand and in Samoa (continued General Richardson) and printed in the vernacular press encouraging the natives to carry on in order to have the matter taken to higher authorities. The Samoans who had paid their money to the agitators were encouraged to believe that they still had a chance of winning.

When the Department of External Affairs was created in 1920 and the portfolio entrusted to Sir James Allen, it was intended that it should embrace all the activities of the Government of New Zealand which were not purely domestic—that is to say, the administration of the island dependencies, Imperial affairs as now generally understood, and such matters as arise out of our membership of the League of Nations. In practice, the department has only controlled the Samoa mandate, for even the Cook islands dependency has been put under another Minister. Now an important change has been made. On May 1 the Prime Minister announced that Mr. C. A. Berendsen of his own depart-

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ment would assume, in addition to the duties of Imperial Affairs officer, the post of secretary to the Department of External Affairs, rendered vacant by the retirement of Mr. Gray. The administration of Samoa and of Imperial affairs is thus centred in one person under the direct control of the Prime Minister. The Cook islands remain under Sir Maui Pomare—a strange division of cognate functions. Discussing the new arrangement, the *Evening Post* says (May 5):

Personal supervision of New Zealand's external responsibilities by the Prime Minister would no doubt be highly desirable provided it was really personal. There is a distinct danger, however, that under pressure of other engagements, the Prime Ministerial control may become more nominal than real—that the actual shaping and execution of the Samoan policy may rest with the official head of the department and with the administrator.

III. UNEMPLOYMENT AND FINANCE

THE prevalence of unemployment has naturally brought immigration under severe criticism by Labour speakers. Many deputations have spoken warmly on the subject, and elicited from the Prime Minister a statement that the only immigrants now being brought to New Zealand are members of separated families.* The Governor-General, in a speech at Hamilton on April 30, put in a judicious word for the continuance of immigration. Every immigrant that comes to the country, if of the right stamp (he said), is a producer and is the greatest help the country can have. He is not the man who will take the bread out of another's mouth. He will become not only an employee but a purchaser of the country's goods. It is the only way that secondary industries can develop.†

Both workers and employers at the Industrial Conference expressed the opinion, however, that many of the immigrants who have come to New Zealand in recent years have not been of the right sort.

* *The Dominion*, May 14, 1928.

† *The Dominion*, May 1, 1928.

New Zealand

"The moment we speak against immigration," said Mr. J. Roberts, secretary of the New Zealand Alliance of Labour, on May 27, "the Government and its press immediately point out that the Labour party is opposed to immigration. We are nothing of the kind. Let them come by all means, but first of all let us absorb those already out of work." Labour has persistently accused the Government of attempting to lower wages by offering 9s. for single men and 12s. for married men employed on relief works.

The improvement in the financial condition of the Dominion comes too late in the year to have an appreciable effect on the unemployment problem during the present winter. During the last financial year the Government spent £472,671 on relief works, of which £75,106 was paid in subsidies to local bodies. The total number of men engaged on public works in New Zealand in May this year was 11,038, as compared with a weekly average of 10,000 last year and of 8,300 in the year before that. As to the degree of unemployment, though admittedly grave for such a country as New Zealand, it is apparently not so bad as elsewhere. Speaking at Morrinsville, the Prime Minister stated that the 1,100,000 unemployed workers in Great Britain represented one to every 12 workers. In New Zealand, even if they accepted the Labour figures (10,000) the proportion was only one in 43.5. On the Government's figures it was one in 87.

After so pronounced an experience of unemployment it is cheering at last to see better times dawning. The financial recovery is unmistakable. The first definite evidence of this, a favourable balance of trade, was shown by the customs figures on March 31. Whereas in the previous year there had been an adverse trade balance of £2,510,332 (due largely to the loss of purchasing power in Great Britain following upon the strike), in the financial year ended March 31 last there was a balance of exports over imports of the value of £10,542,674. That is to say,

Unemployment and Finance

there was a favourable swing during the year of more than £13,000,000. The bank returns, published a few days later, expressed the same happy fact in different terms. For each of the five quarters up to the end of December 1927 the advances made by the banks exceeded the deposits by an average of £4,846,000 per quarter. In the first quarter of this year the pendulum swung back in the other direction; the deposits exceeded the advances by £3,887,925, and the advances showed a reduction of £4,730,000.

A few weeks later the Prime Minister was able to make an interesting comment on the increased productivity of New Zealand as shown in our exported produce. According to his figures the values for the years since 1923 (the first normal post-war year) were :—

		Value of Exports.	Value on price basis of 1923.
		£	£
1923	..	45,371,908	45,371,908
1924	..	51,920,828	45,401,634
1925	..	54,521,031	45,246,952
1926	..	44,339,183	45,045,236
1927	..	47,571,233	47,976,302

It is satisfactory, as the Prime Minister states, that after remaining stationary for four years, the volume of exports as well as the value last year showed a marked advance "in spite of an increase of population of 107,000 since 1923 . . . and that the increase of over £2,000,000 in the recorded exports in 1927 as compared with 1923 not only is not due to increased prices but has actually been achieved in the face of lower prices."* Moreover, while the population of the Dominion has increased by 107,000 since 1923 that portion of it which is engaged in primary industries has not increased at all; yet the figures published in the *Monthly Abstract of Statistics* for the year ended March 31 1928 fully bear out the increase in exported produce. This, in the face of an increased total population, connotes greater production.

* *The Dominion*, May 5, 1928.

New Zealand

The Minister of Finance, Mr. W. Downie Stewart, was able to make a very cheering speech at Cambridge on April 30, the day on which the Dominion's £5,000,000 loan (at 4½ per cent.) was underwritten in London. In the last three years, he said, New Zealand had had to borrow in London £7,000,000, £6,000,000 and £6,000,000 respectively, but this year it was necessary to borrow only £5,000,000. Though the public debt had increased during it by £5,546,000 the Government's policy of "tapering off" borrowing was beginning to be felt.

Under our statutory debt repayment scheme the annual amount available for redemption is steadily increasing each year, and in the last six years, from this and other means, we have reduced the dead weight war debt by almost £10,000,000. I am in hope that the net increase in borrowing will fall to such a figure that we will reach the point where the amount of war or other debt paid off will equal the new money borrowed for public works.

Mr. Stewart claims that the flotation of the New Zealand loan at 4½ per cent. is a definite break with the 5 per cent. basis which has prevailed in London for oversea loans for some years past, and indicates a distinct tendency towards easier conditions. Of the new loan £3,000,000 is for public works; £1,000,000 for hydro-electric power and £1,000,000 for railway improvement.

The hopeful feeling naturally inspired by the publication of these figures was enhanced by the statement of Sir George Elliot, the chairman of directors of the Bank of New Zealand, at the annual meeting of shareholders on June 15:

May I (he said) assert that he must be a pessimist indeed who feels it necessary to take a gloomy view of the present condition of the country. The adverse tide of 1926-27 has turned and the large excess of exports over imports is slowly beginning to have a beneficial influence on the financial condition of the country. (*Evening Post*, June 15.)

New Zealand.

July 2, 1928.

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PRINTED BY
W.H. SMITH & SON
THE ARDEN PRESS
STAMFORD ST.,
S.E., AND PUB-
LISHED BY MAC-
MILLAN AND CO.,
ST. MARTIN'S ST.,
LONDON, W.C.

