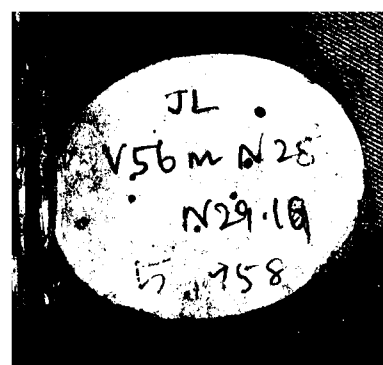




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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

Volume XIX

DECEMBER 1928 TO SEPTEMBER 1929

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

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A PLEA FOR AN INDEPENDENT FOREIGN POLICY

THE excitement caused by the announcement of the Anglo-French compromise brings to the front once more the question of the fundamental policy which Great Britain ought to pursue in Europe and the world. Public opinion here, after the period of doubt which followed the Paris Peace Conference and the withdrawal of the United States from co-operation, had come generally to regard its foreign policy as friendly co-operation with all nations (except Russia) and special alliances with none, that is, the policy represented by the Covenant of the League of Nations and the Locarno treaties. It welcomed the conclusion of the Peace Pact as still further strengthening this new procedure for the conduct of international relations, and as bringing the United States into some association with it.

The profound disquiet, however, caused in Germany, Italy and the United States by the so-called compromise, and the secrecy which enveloped the discussions about it, raised grave suspicions, either that this general policy had been abandoned, or that a parallel policy was being carried on, based upon a military understanding with France, which was really incompatible with it. Was it possible, after all, that the policy of the Government was leading, not towards a lasting and general peace, but to the division of Europe again into two hostile camps and to a naval competition with the United States, because it had become subordinate to the policy of France ?

It is a vital question, and some attempt will be made in this article to consider it.

A Plea for an Independent Foreign Policy

I. EUROPE BEFORE THE WAR

NEVER during its history has Europe known lasting peace: for the *Pax Romana* never applied to as much as half its extent. Since the decline of the authority of the Papacy and the Holy Roman Empire, and the division of Europe into modern independent States, it has had periods of peace—but they have never lasted for very long. These periods of peace have been attained in one of two ways. Sometimes a single Power, or a group of Powers, has attained to such a position of preponderance that, for a time, it could direct European affairs because no one could resist it. This was the system, for instance, used by Napoleon, and by the Holy Alliance after his overthrow. More often Europe had peace for a time because a balance of power had been created which made it impossible for any Power or group of Powers to impose its will, except at the price of a trial of strength, in which the issue was in doubt. This was the system which Great Britain tried to maintain as the answer to the overweening domination of Louis XIV and Napoleon, and which Bismarck created when he upset the concert of Europe in order to unite Germany in 1870.

But neither system has maintained, or ever can maintain the peace for long. Both must end in war. The system of preponderance ends in war because the sentiment of freedom and nationality is too strong to tolerate indefinitely the dictation of any single Power or group of Powers. The system of the balance of power ends in war because an active human society, like that of Europe, cannot live without constant political change, and because under it, unless in every dispute all groups can voluntarily agree, the necessary political changes can only be effected by force: that is, by war.

Great Britain's policy in Europe has been fundamentally the same since she abandoned her Plantagenet possessions.

Europe Before the War

She has resisted every attempt to create an empire over Europe, partly because it threatened her own independence, and partly because in every case it represented a system to which she was opposed, both on moral and political grounds. Thus, she resisted the ambitions of the Hapsburg Empire and the Catholic reaction in the days of the Armada. She resisted the autocracy of Louis XIV and his successors, and its hostility to her growing parliamentary system, both in Europe and beyond the sea. She resisted the ambitions of France, when her power was used either in the interests of revolutionary Jacobinism or of Napoleonic imperialism.

It is often alleged, especially in Europe, that Great Britain has consistently supported the balance of power, because she sought to divide her rivals. This is a misreading of history. Great Britain has never sought to intervene in Europe for the sake of power or control because, since the time of Elizabeth, she has always been preoccupied with the outside world. She has only done so when some European despotism threatened to dominate the whole continent and so menaced her own liberty. Thus, in the nineteenth century she remained almost indifferent to Europe: she was indifferent during the post-Napoleonic period when its affairs were conducted by the Holy Alliance Powers; during the period of national and democratic readjustment which lasted from 1848 to 1870; and in the years when Bismarck was basing his political structure of Europe on the Triple Alliance of Germany, Austria and Italy, and the Dual Alliance between France and Russia was being formed to balance it. It was only when the growing power of Germany and the military policy of William II threatened to overthrow the balance in favour of a Germanic preponderance, that Great Britain abandoned her policy of isolation and entered the Entente. That she was justified in her attitude is clear from a consideration of what would have happened if Imperial Germany had succeeded in defeating the Allies. As the war aims of her leaders showed, as indeed the maintenance of the German

A Plea for an Independent Foreign Policy

Imperial system required, a Germany victorious on land would inevitably have imposed terms of peace and have occupied strategic positions which would have made it impossible for any continental States to have combined successfully against her again. In other words, she would have attempted to re-establish the Napoleonic Empire in Europe upon a securer, because a more central, base. Though the actual occasion of the entry of Great Britain into the war was the invasion of Belgium, the underlying cause of the Entente and of the ultimatum was a realisation that the issue was once more between freedom, nationality and independence on the one side, and despotism on the other—the same issue which had dragged Great Britain into general European wars four times before.

II. THE VERSAILLES SOLUTION

WHEN the outward thrust of the central Powers had been defeated, not by the efforts of Europe alone, but also by those of the British overseas Dominions and the United States, the supreme question which faced the Peace Conference was what European structure was to be put in place of the pre-war system. The three dynastic military empires, the Hohenzollern, the Hapsburg and the Romanoff, had disappeared in defeat or revolution, and Europe had reconstructed herself automatically, outside Russia, on the basis of nationality and democracy, before ever the Peace Conference assembled. The Peace Conference had three aims. It endeavoured to lay the foundations for a more peaceful Europe in the national frontiers which it drew and the treaties for the protection of minorities. It attempted a temporary solution of those problems of security and reparation which were the main preoccupation of France, the new States in eastern Europe and Great Britain. And it laid the foundations for a political system for Europe, in the League of Nations, which was entirely different from

The Versailles Solution

the rival systems of preponderance and balance which had resulted in so many disastrous wars during the preceding centuries.

The fiercest struggle in Paris was between the traditional ideas of Europe and the ideas brought to the front by the experience of the British Commonwealth and the philosophy of President Wilson. France, invaded twice in fifty years, torn between pride in victory and the consciousness that if she had been pitted alone against Germany she would have lost the war, saw her only security in making the Rhine her military frontier and in dismembering a Germany which had only been united some fifty years before. As Marshal Foch put it: "The Rhine governs everything. When we are masters of the Rhine we control the whole country. When we are not stationed on the Rhine we have lost all." The British Empire and the United States, on the other hand, saw in this proposal the seeds of another and inevitable world war. They insisted that France should be content with Alsace-Lorraine, and made an alternative proposal for her security and that of the new States.

The security of France and fulfilment of the treaties of peace were to be assured by the limitation of the German army to 100,000 men; by the occupation of the Rhineland for fifteen years, and its demilitarisation in perpetuity; and by a joint guarantee on the part of Great Britain and the United States that they would come to the assistance of France in the event of "unprovoked aggression," until such time as the League of Nations should regard this guarantee as no longer necessary. The reparation deadlock was resolved by embodying the total claims of the Allies in the Treaty of Versailles and setting up a Reparation Commission, on which the United States would have the deciding voice, to fix the total of reparations in two years' time, on the basis of what it considered Germany could pay. Finally, the Covenant was incorporated in all the treaties of peace, and under it the nations of the world pledged

A Plea for an Independent Foreign Policy

themselves to submit every international dispute to investigation by the League, and to refrain from war until three months after its report had been received. The Covenant further provided that all treaties to be effective must be made public; that the League should make the all-round limitation of armaments one of its primary concerns; that the treaties of peace themselves might be revised in due time through the medium of the League; and that all members undertook to defend one another's territories against attack. The essence of the League system was that both the system of preponderance and of the balance of power were gradually to disappear and be replaced by one in which international questions were to be settled by the nations discussing them freely and on equal terms round a table.

Before, however, the League could be properly instituted and before the Reparation Commission could report, the whole basis of the Versailles settlement was blown sky high by the rejection of the Treaty, the League and the Treaty of Guarantee to France by the United States. The next five years were a period of extreme confusion during which Europe was groping after an alternative basis for its political life. France, deserted as she believed by the United States and now dominant on the Reparation Commission, began to provide for her own security by a series of alliances with Poland, Czecho-Slovakia and the other members of the Little Entente, insisted that Germany should pay the cost of restoring her devastated territories in full as required by the Treaty of Versailles, and powerful elements began to demand once more the Rhine frontier. Great Britain stuck resolutely to her view that the foundation of a peaceful Europe could only be the establishment of just frontiers between France and Germany and the abandonment of all ideas of "repressing" Germany in perpetuity. She also rapidly came to regard the "scaling down" of the Versailles reparation figures to moderate dimensions as essential to her own economic

The Versailles Solution

recovery and to that of Europe. Germany, watching the withdrawal of the United States from Europe and the growing tension between France and England, began to be more hopeful about her future. Powerful elements within her began to demand that she should try to escape both disarmament and the fulfilment of the "dictated" Treaty of Versailles. At Cannes, in January, 1922, Great Britain tried to relieve the tension by offering to France a guarantee against German aggression—an offer which was rejected as it did not apply to eastern Europe as well. In September, 1922, the Assembly of the League began to consider an alternative proposal for security, the Draft Treaty of Mutual Assistance, by which all the parties were to undertake to assist any of their number who should be the victim of a war of aggression. But the crisis could not be avoided. On January 4, 1923, at a conference in Paris, M. Poincaré and Mr. Bonar Law finally failed to agree, the war-time unity of the Allies was broken, and on January 11 the occupation of the Ruhr by France and Belgium was begun without co-operation from Great Britain.

Disastrous though the consequences of the occupation of the Ruhr proved to be, it paved the way for Locarno. It convinced Germany that the Treaty of Versailles had to be fulfilled. It convinced France that the Treaty had to be interpreted reasonably if it was to be fulfilled at all. It convinced Great Britain that the line of advance was through the League and not by means of any unilateral arrangement with France. The first result of the Ruhr disaster was the appointment of the Dawes Committee in October, 1923, which by the spring of 1924 had laid down a basis upon which the reparation issue was to be satisfactorily settled for some five years. The second result, which was also due in part to the coincidence of a Left-wing Government being in power in France under M. Herriot, and a Labour Government in England under Mr. Ramsay MacDonald, was an attempt by France and Great Britain at the League Assembly of 1924 to settle

A Plea for an Independent Foreign Policy

the security question by linking it with arbitration and disarmament in the draft Geneva Protocol, the basis being that every signatory should guarantee every other signatory against aggression, which was defined as resort to war after a refusal to arbitrate.

The Geneva Protocol, itself an extension of the Draft Treaty of Mutual Assistance, foundered because the Conservative Government of 1924 in Great Britain refused to undertake the unlimited European obligations it entailed. France and the Little Entente were for the Protocol because it implied a British naval and military guarantee of all their frontiers as against an attempt by Russia or any of the ex-enemy Powers to upset them. It was precisely the unlimited character of the guarantee which drove Great Britain, backed by the Dominions, to reject the Protocol. That the essence of the Protocol was the British guarantee and not the collective guarantee was proved by the fact that, after its rejection by Great Britain in March, 1925, no effort was made to carry through the scheme among the European Powers themselves.

III. THE LOCARNO SETTLEMENT

THUS the way was now opened for the Locarno Treaties which have been the political foundation of Europe since October, 1925. The Locarno settlement rests upon three bases. First, the formal renunciation by Germany of any intention or right to attempt to alter the peace treaties by war, a renunciation embodied in treaties between herself and France, Belgium, Poland and Czecho-Slovakia, whereby the parties undertake to renounce war altogether and to settle all their disputes by pacific means. Secondly, the limitation of the British obligation in Europe to a guarantee of the integrity of the Rhineland against aggression either from Germany or from France, that is the area in which British interests would actually

The Locarno Settlement

be directly involved in time of war. Thirdly, the entry of Germany into the League of Nations and her acceptance of the Covenant as the new working basis for European relations (excluding Russia).

The Locarno settlement has successfully stabilised Europe because it substituted a voluntary acceptance by Germany of the peace settlement for a forced one; because it united the allied and enemy Powers on a basis of political equality in dealing with the affairs of Europe at Geneva; because it made Great Britain the mediator between France and Germany instead of the ally of one side against the other; and because it laid the foundations for a new era in Europe in which political disputes could be settled peacefully through the co-operation of France, Germany and Great Britain in the League of Nations instead of being settled by war under a new balance of power.

The Locarno settlement, however, was only a foundation. It left intact the absolute military preponderance of France, Poland and Czecho-Slovakia as against Germany. According to the League's Armament Year Book for 1927-8 the numbers of the armies of the four Powers are as follows:—France, 623,141; Poland, 267,405; Czecho-Slovakia, 127,012; Germany, 100,000. The Locarno settlement also left intact the provisions of the Treaty of Versailles which permit the occupation of the Rhineland until 1935. It was generally understood, however, especially in Germany, that the acceptance by Germany and Great Britain of the Locarno treaties and her entry into the League would be followed by an early evacuation of the Rhineland and by an agreed measure for the limitation of armaments, which would bring the Allied Armies a great deal nearer to the German level. Indeed, it is obvious that no stable basis for peace in Europe will exist so long as Germany is officially disarmed and her neighbours are armed to the teeth, for that is peace through preponderance and not through the League. The problem

A Plea for an Independent Foreign Policy

of how to settle these questions in the spirit of Locarno and so make the League system a reality has been the main concern of high European politics for the last three years.

Before passing, however, to the reason for the excitement which has been caused in Europe by the Anglo-French compromise—which in form was only an item in the negotiations for an all round agreement about disarmament—it is necessary to turn aside for a moment to consider the relations between the United States and Great Britain and the reason for the abortive naval negotiations.

IV. ANGLO-AMERICAN RELATIONS

THE Monroe doctrine, formulated in 1823 by President Monroe, was the logical result of the American revolution. The United States, separated by 3,000 miles from any Great Power except Great Britain in Canada, announced her intention of concentrating all her energies upon the development and peopling of the vast estate in the West which she had inherited or purchased, and of taking no part in the confused and dangerous politics of Europe, provided that Europe made no attempt to interfere in the political affairs of the republics of the North or South American continents.

Despite some awkward quarrels, during the Civil War, over the Venezuela boundary, and other matters, there has never been any real conflict between British and American foreign policy. This is partly because the political and moral traditions of the two countries are much the same, and partly because their vital national interests have never come into collision. Great Britain during the nineteenth century was mainly interested in international trade under a system of free trade; the United States was mainly interested in internal development behind a high tariff.

Anglo-American Relations

When the world war broke out, the United States, after studying for two years what it was all about, came to practically the same view of the issue as Great Britain had done. Though the occasion of her entry was the inauguration of the German unlimited submarine campaign, the cause was the recognition that a German victory would mean the establishment of a Napoleonic despotism over Europe. In the words of President Wilson, the United States entered the war "to make the world safe for democracy," a statement which may be compared with Mr. Asquith's in 1914:

We shall never (he said) sheath the sword, which we have not lightly drawn, until Belgium recovers in full measure all and more than all that she has sacrificed, until France is adequately secured against the menace of aggression, until the rights of the smaller nationalities of Europe are placed upon an unassailable foundation, and until the military domination of Prussia is wholly and finally destroyed.

It is worth noting that the reason for the entry of the United States into the war was quite as much to restore the balance of power in Europe as any of Great Britain's earlier interventions had been.

The sudden reversal of the Monroe doctrine which the entry of the United States into the world war implied was followed by an equally sudden relapse into isolation in 1920. Though party and personal factors entered into the presidential election of that year, what gave Senator Harding his unprecedented majority was the simple appeal that the United States should not compromise the independence she had won in 1783 and reasserted in 1823 by becoming legally and permanently entangled in the politics of Europe.

None the less, while the Monroe doctrine has prevailed and will still prevail, both so far as European non-intervention in the American continent and American non-intervention in the internal affairs of Europe are concerned, the world war proved that, as a foreign policy for latter day conditions, it was totally inadequate. The United

A Plea for an Independent Foreign Policy

States is now a nation of nearly 120,000,000 people. She is becoming increasingly dependent on foreign countries for her vital raw materials, and on foreign markets for the prosperity of her manufacturing industries. Moreover, her experience between 1914 and 1917 of the power of the British navy to interfere with her trade and commerce revived the bitter memories of the war of 1812, and led even a pacifist President like President Wilson to obtain the authority of Congress in 1916 to construct a new navy of sixteen battleships and battle cruisers of the largest size—with the avowed purpose that neutral American trade in future should not be at the mercy of belligerent Powers.

In 1921-22 a new American foreign policy was disclosed at the Washington Conference. The United States was still determined to assume no responsibility for the settlement of European affairs or for the League of Nations, but she took the initiative in proposing a settlement of the problems of the Pacific, based on the rehabilitation of China and the open door for the trade of all nations. She further proposed naval equality with Great Britain and the 5 : 3 : 1.75 ratio for the two leading naval Powers, Japan, and France and Italy respectively. This programme was accepted by the other Powers, except that an arrangement was made for the non-fortification of bases in the Pacific, which made naval war there practically impossible, and that "parity" was applied only to battleships and battle cruisers, partly because France refused to limit light cruisers and submarines, and partly because of the practical difficulty of determining what "parity" in cruisers meant, in the entirely different geographical circumstances of the British Empire and the United States.

It was informally agreed, however, that at a later date further steps should be taken to arrive at an agreement about cruisers, and in 1927 President Coolidge, impressed by the new competition in cruisers and light craft which was obviously beginning and in which Great Britain in the general interest of her security took the lead by laying

Anglo-American Relations

down eleven large cruisers as against two by the United States, summoned the naval conference between the representatives of the United States, the British Empire and Japan, which met in June at Geneva—a conference which France and Italy, disgusted at the 1.75 ratio accorded to them at Washington, refused to attend. The responsibility for the failure of the Geneva conference seems to rest in almost equal measure on the shoulders of the British and the American Governments. President Coolidge, by sending as the head of the American delegation a relatively junior diplomat to a conference which required a figure of political importance, made it inevitable that it should proceed on purely technical lines and be dominated by admiralty views. Further, while he proposed a reduction in cruiser armaments to a total tonnage of 300,000, he insisted on coupling with it an interpretation of parity which gave the United States the right to put her total cruiser quota into "aggressive" ships of war (10,000 ton cruisers armed with 8-inch guns). As Great Britain would have to use a large part of her quota for small cruisers to patrol the Empire's communications, this would have accorded to the United States the right to a permanent "offensive" superiority. The British Government, on the other hand, would accept no reduction in its very considerable cruiser building programme, demanded that there should be both limitation and parity in the large cruisers which alone suited the United States, and authorised the breaking off of the negotiations when this was refused.

The failure at Geneva was followed by two striking events. The first was that President Coolidge authorised the presentation to Congress of the most staggering programme of naval construction which has ever been proposed in a time of profound peace—a programme which included 71 new vessels costing about £150,000,000. Public opinion, however in the United States rebelled against so violent a reaction from the policy of disarmament, and the programme

A Plea for an Independent Foreign Policy

was reduced so as to provide for the construction of fifteen 10,000 ton cruisers and an aircraft carrier in the next three years—a programme which will bring the United States navy to approximate “parity” with the British in the larger type of cruisers. The second event was the initiation by Mr. Kellogg of the proposal for a Peace Pact, whereby all the great Powers undertook to renounce war as an instrument of their national policies, and to settle their disputes only by pacific means. This move on the part of the United States—the outcome of negotiations between Washington and Paris—was acclaimed with enthusiasm by public opinion in the United States and the British Empire, though it met with a more doubtful reception on the Continent. On August 27, however, the Peace Pact was signed in Paris, though it has still to be ratified on behalf of the various signatory Powers.

V. THE NAVAL PROBLEM

AT the root of the naval problem lies the question of ensuring freedom for national commerce in time of war. There is no other real issue at stake between the British Empire and the United States. They stand for the same general ideas in the world, i.e., political freedom, democracy, and peace. Their vital interests nowhere conflict. There is plenty of international trade to employ all their people if they set themselves to bring about the necessary expansion of world markets by developing and raising the standard of living of all the 1,800,000,000 inhabitants of the earth. The whole trouble centres about the old question of belligerent versus neutral rights in time of war, the issue which was largely responsible for the war of 1812, and nearly brought the two countries to blows again both in the civil and the world wars.

For more than two centuries Great Britain, being an island, and therefore in a position to avoid the expense of

The Naval Problem

a conscript army and to keep out of Europe's minor wars, has been able to maintain a navy stronger than that of any continental Power. She could therefore keep “command of the sea”—that is to say, have a fleet which enabled her to protect her trade in time of war as well as in peace and to interrupt her enemy's trade with the rest of the world to the utmost extent she could under international law whenever she herself was at war. Behind the shelter of this navy she has developed her foreign trade to such a point that she is to-day very largely dependent upon overseas countries for her food stuffs and raw materials and for markets for her manufactured goods. The internal communications between the several parts of the Empire are also by sea. Not only her prosperity, but her very existence depends upon the highways of the sea remaining open to her trade and commerce alike in war and peace. A navy adequate to protect her communications has been to Great Britain what the Monroe doctrine has been to the United States—the first article of her foreign policy. Further, her power to deny the use of the sea to her enemies has been one of her most powerful weapons in those four wars against European autocracy about which her own history and world history so largely centre since the Reformation.

The United States to-day, unlike the Powers of Europe in the past, is in a position to challenge the British “command of the sea,” because not only is she three times as populous and five times as wealthy as Great Britain, but she also is, internationally speaking, an island, burdened with no armies or frontier liabilities. Moreover, while she is the most secure nation in the world from the point of view of invasion, her prosperity is daily becoming more and more dependent upon her overseas trade. The United States, therefore, is gradually beginning to take the same view of the importance of being able to determine when and with whom her own citizens shall trade in time of war, as Great Britain has consistently done, and

A Plea for an Independent Foreign Policy

her experience in the early years of the war has driven her to the conclusion, which we reached long ago, namely, that the only sure way of protecting her trade is by the possession of a navy which is strong enough to prevent any other Powers from interfering with it, when they are at war.

The logical outcome of this situation, of course, is the competition in armaments which invariably springs up when there is a balance of power. And this is exactly what is happening. The beginning of naval competition between two island Powers for the command of the sea is patent for all to recognise. For Great Britain will certainly not surrender the power to communicate with other parts of the British Commonwealth and to protect her trade without an effort, and the United States is equally unlikely to acquiesce in any other nation having the power to destroy her prosperity by interrupting her trade whenever it is at war.

It is sometimes suggested that the solution is a new agreement about sea law. While it is very desirable that there should be as little dispute as possible about the law which prevails at sea, this proposal does not go to the root of the problem. On the one hand, it merely precipitates the old quarrel between those who want high belligerent rights and those who want to extend neutral rights, though to-day the United States and Great Britain are more likely to see eye to eye on this question than they were in the past, for it is improbable that the United States will want to tie up her right to use her now large navy effectively in time of war. On the other hand, an entirely new issue has been raised by the signature of the Covenant and still more of the Peace Pact—namely, as to whether war should continue to be regarded as a lawful method of settling international disputes. The extent to which the pre-war situation has already been altered is not generally recognised. Great Britain has already renounced the right to use her navy against another

The Anglo-French Compromise

member of the League without first submitting the matter in dispute to examination by the League, which involves a delay of about nine months. Under the Peace Pact, the nations have renounced the right to use war as an instrument of their national policy altogether, and they forfeit the protection of the Pact if they do so. If the Peace Pact is ratified, can it be said that any signatory can acquire belligerent rights as against neutrals in a private war of its own? And will neutrals be able to demand neutral rights to trade freely with a nation which has outlawed itself?

It is quite obvious, indeed, that both in Europe and on the high seas a new system of international relations was beginning to emerge. In Europe the League system was beginning to become a practical alternative to the systems of preponderance and balance of power. On the high seas, the old issue of belligerent versus neutral rights was being superseded by the question of whether war is to continue to be the normal method of settling international disputes.

It is now possible to see why the Anglo-French compromise, or the reports about it, caused such a stir.

VI. THE ANGLO-FRENCH COMPROMISE

THE genesis of the Anglo-French compromise is now perfectly clear. It originated in an attempt to overcome the deadlock between the French and British views on disarmament on the Preparatory Disarmament Commission. That deadlock had been concerned both with military and naval questions. On the military side, Great Britain, until recently, has steadily resisted the French view that reservists should be excluded from the computation of military strength. On the naval side, France had equally persistently demanded that naval strength should be fixed by "global tonnage," so that each Power should

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be free to build what types it liked within that limit, whereas Great Britain had insisted that the limitation should be by categories of ships and guns, *e.g.*, by battleships, large cruisers, small cruisers, submarines, etc., on the ground that, if the types were not exactly defined, the fixing of global tonnage would aggravate and not diminish competition, for the building programme of every Power depends upon the types of ships that the other Powers are building.

By the much-discussed compromise, Great Britain undertook to withdraw her objection to the exclusion of reservists from the computation of military strength, and the French agreed to abandon their insistence on global tonnage, and to accept four categories for limitation, *i.e.*, (*a*) capital ships over 10,000 tons or armed with guns of more than 8-inch calibre; (*b*) aircraft carriers of over 10,000 tons; (*c*) surface vessels below 10,000 tons and armed with guns between 6 and 8-inch; and (*d*) ocean-going submarines over 600 tons. This compromise was not a final agreement. It was an arrangement to which France and Great Britain were prepared to agree, if it proved acceptable to the other Powers.

Why, then, did the circulation of this proposal raise such a storm? For the storm was raised not by the secrecy which enshrouded the compromise, but by its actual terms. It did so because it was taken in Germany, in Italy and in the United States as being equivalent to an announcement that a new military and naval entente had been reached between France and Great Britain—an interpretation enthusiastically put upon it by the Paris press. On the military side, the withdrawal of the British opposition to the French contention about reservists, coupled with the brigading of a British regiment with the French for manœuvre purposes in the Rhineland, without prior consultation with Germany, seemed to be evidence that Great Britain had decided to abandon the Locarno idea and to back France's effort to maintain in perpetuity her

The Anglo-French Compromise

own military preponderance in Europe, and the disarmament of Germany, for in a few years Germany, having a voluntary army, will have few reservists, while France and her Allies, being conscript countries, will have their whole population trained in arms. On the naval side, Great Britain and France had, in effect, agreed that the type of cruisers which suited the United States, *viz.*, 10,000 ton cruisers armed with 8-inch guns, should be limited, but made no proposal for limiting the smaller cruisers armed with 6-inch or smaller guns which suited Great Britain, and the small submarines which suited France. Why, it was asked, should Great Britain abandon the basis of the Washington Treaty, *i.e.*, the 5 : 3 : 1.75 ratio, renounce her opposition to the submarine, and agree that France should have the right to keep the Channel infested with submarines, unless she had a naval entente with her? And why should Great Britain and France do these things without first discussing the matter with Germany, as required by the Locarno spirit, and with the United States, as required by the Washington Conference tradition, unless there was really a new entente?

Looked at from the foreign point of view, therefore, it was inevitable that the Anglo-French naval compromise should seem to represent a new orientation of British policy, and the completion of a naval and military entente with France. If this was so, it meant (*a*) giving notice to Germany that the League policy of reconciliation and disarmament was finished, and that she had better seek to recover equality in armaments and her freedom by finding military allies of her own; (*b*) giving notice to the United States that no naval agreement for parity with Great Britain was worth anything, because it would be nullified by an Anglo-French naval entente, and that if she wanted parity, she had better begin to build a two-Power navy; and (*c*) giving notice to the world that the League and the Peace Pact were to be superseded by a new system of military and naval alliances, under which every

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international question would be settled by force, or the threat to use force, that is, by *Machtpolitik*, and not by the gradual healing effect of reason and justice applied by pacific means as provided in the Covenant and implicit in the Pact.

VII. THE REAL GENESIS OF THE COMPROMISE

NO wonder that there was excitement abroad and anxiety at home. If the compromise was what it was represented to be, it was the most serious blow which had been struck at peace since the war? If it was not, it was, as Lord Grey said, a tremendous diplomatic "blunder." How much substance was there, and is there, in the direful interpretations which have been so frequent at home and abroad? There was certainly no deliberate intention on the part of the Government to abandon the general League, Locarno, and Peace Pact policy, and to make an alliance with anybody against anybody else. The Prime Minister has made that abundantly clear. None the less, the foundations of the compromise lie deeper than the work of the Disarmament Commission. They are these:

On the French side there is a ceaseless effort to induce Great Britain to return to the Entente of 1904 as security against German aggression. That Entente became effective when Sir Edward Grey, under the growing menace of the German Navy Bills, authorised the conversations between the French and the British General Staffs for the co-ordination of the two armies in case joint action should ever become necessary, conversations which went on ceaselessly till the outbreak of the war. The real attitude of France can be seen from the fact that the French Government rejected the British offer of a mutual guarantee against German Aggression in 1922, partly on the ground that it did not apply to eastern Europe, but partly also because it did not provide for a constant "entente"

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between the two General Staffs so as to enable military action to be taken effectively in Europe, should it prove to be necessary. This attitude on the part of France is perfectly intelligible. Realising that she would have lost the late war but for British and American support, security against renewed German aggression is the first article of her foreign policy. Public opinion in Great Britain may be convinced that the road of military alliances is the road back to war. But France, with her long history behind her, has little faith that war will not return, and prefers a definite military alliance to every proposal, however rosy, for the prevention of war. Her resolution to try to get Great Britain committed to an alliance is unceasing. And there are powerful elements in France which are unquestionably prepared to force Great Britain and France together by estranging the former from the United States. The tremendous press barrage which was sent out from Paris in August and September representing the compromise as a new entente is evidence of this.

The second argument for the compromise came from the British military and naval General Staffs. One of the reasons for the Locarno Treaties was that they reinforced the security of Great Britain. British Governments have always regarded the possession of the Belgian and French coasts by a powerful hostile State as an intolerable menace to British security—and this argument has been reinforced in recent years by the menace to London from aircraft. The Locarno treaties were therefore recommended to British public opinion partly on the ground that if they gave security to France, Belgium and Germany, they also gave security to Great Britain. This argument is perfectly valid so far as it goes.

But there is another aspect of the security case. It has been steadily pointed out, not only from the British side, that Great Britain cannot afford to quarrel with France, because from French aerodromes in northern France and French submarines in the Channel and the Mediterranean,

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she could make Great Britain's position impossible. Hence, so the argument goes, Great Britain must, in her own interest, have such a close military and naval understanding with France as will rule out any possibility of conflict altogether. If they have such an understanding neither need fear what the other does. Neither France nor Britain need fear bombardment from across the Channel. Neither France nor Britain need be concerned if their home waters become infested with light cruisers and submarines belonging to the other Power.

This argument, like the argument for Locarno, is perfectly valid, so far as it goes. In so far as it means confident friendship between France and Great Britain, it is all to the good. But in so far as it means, or can be taken to mean, an entente or alliance *against* anybody else, it is fatal to peace and is the beginning of the next war. The root of the whole trouble about disarmament since 1920 has been the concentration of every nation on its own security, and its failure to realise that no nation can make itself secure by armaments without making its neighbours insecure. Thus, the French have been obsessed by the conviction that their security requires the complete and permanent disarmament of Germany—an arrangement which Germany will certainly not tolerate indefinitely. After the failure of the Geneva conference, President Coolidge yielded completely to the strategic conception and demanded a prodigious new navy in a time of profound peace "purely for self-defence," and in the recent presidential campaign Mr. Hoover has been asking for a navy large enough to destroy "even the fear of invasion"—a remark which is the very heart of militarism. And in trying to find the way out of the disarmament difficulty the British Government, abandoning its civilian common-sense, put forward a proposal which was dominated by the desire of the naval and military General Staffs to be perfectly "safe" at home, regardless of the fact that any such proposal must look menacing to its neighbours.

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The moral of the foregoing story is surely clear. It is that it is fatal for any great Power, and especially for Great Britain, to set out to make its own security complete either by huge armaments, or by military alliances or ententes with any other Power, for the reason that military alliances, no less than swollen armaments, can only achieve security for a single nation or a group at the price of threatening the security of another nation or group. The only road forward is the Locarno road—that is to say, that these questions of security should be discussed *between* the Powers which are afraid of one another, and not in secrecy between the groups on one side or the other, and the League and Peace Pact road, which involves the renunciation of war and prevents its use as a method of settling international disputes.

VIII. WHY INDEPENDENCE IS VITAL

THE broad policy for Great Britain and the British Empire to pursue in the world is surely clear. So far as Europe is concerned it is to work whole-heartedly with both France and Germany through the League of Nations for the prevention of war and the settlement of all international disputes by pacific means. Before the war there were issues raised by the existence of the three military empires and the suppression of nationality, which could only be settled by war or revolution. There are no such issues to-day. The problems presented by the Balkan frontiers, the *Anschluss*, the Russian frontiers, even by the Polish Corridor and the present-day disparity in armaments, will be soluble by peaceful means, *if* France, Germany and Great Britain are resolved that they must not be settled by war and that in due time reason and justice, as applied through the League, shall prevail.

The road is not going to be a simple one. It will not be easy to induce a reasonable spirit in both France and

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Germany about those readjustments of the Treaty of Versailles which will be necessary if there is to be real appeasement in Europe. Nor will it be easy to get rid of the tremendous preponderance of armaments possessed by France and her allies to-day, without drifting back to the old system of a balance between two great military groups. But it is certain that Great Britain will only be able to help Europe to reach the condition when all her problems can be settled on the basis of reason and justice at Geneva, under the leadership of France, Germany and herself, if she maintains an attitude both of resolute friendliness and of determined independence in her relations with both her neighbours. The method of entering into special understandings and military or naval ententes with either neighbour must inevitably be fatal to real co-operation with the third.

The need for independence is even more imperative when looked at from the Imperial and American points of view. The basis for Anglo-American relations must clearly be the Peace Pact—that is to say, the naval Powers should undertake never to settle their differences by war but only by pacific means, and, as the inevitable corollary, to use their influence and their power to prevent any international questions whatever being settled by war. But progress on this line is only possible if both Great Britain and the United States cease to provide for their security or the protection of their maritime trade either by preponderant armaments or by naval ententes with other naval Powers. If Great Britain tries to interpret “parity” as meaning a system in which, in fact, she has command of the sea outside American waters, or if the United States tries to interpret parity as giving her the right to ships and bases which will give her the power to protect her trade in every ocean, competition is inevitable, and competition, as all history shows, ends in war. The only way forward is that the two leading naval Powers should agree to try to “out-law” war altogether, for if they succeed, the question of

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what is to happen to their trade when one is a belligerent and the other a neutral will never arise.

It is surely clear that a policy based upon any kind of special understanding with any other Power, France, the United States, Germany, Italy or Japan, can only lead to fatal difficulties, to the permanent entanglement of Great Britain in a new European balance, and to war both in Europe and on the high seas. There is only one policy to pursue and that is to make it clear to France, once and for all, that, as her best friend, we can enter into no unilateral ententes and alliances with her of any sort or kind, that our policy in Europe or outside is to do everything we can to bring nations together and to prevent war and to ensure the peaceful settlement of all international disputes, and that the only hope for France's own security is to work for good relations between Great Britain and both Germany and the United States, for if these four can put into practice in their respective spheres the ideals of the League, Locarno, and the Peace Pact, there is no Power on earth that dare challenge them to war.

THE NEXT PRESIDENT OF THE UNITED STATES

THE American election of 1928 is a thing of the past, and it's Herbert Hoover who will take the oath next March as thirty-first President of the United States. The Democratic candidate was obliterated, the Solid South was broken, and this occasion may mark the end of the Democratic party.

Of course, literally speaking, nobody has yet cast a vote for Hoover—or for Smith; we have ballotted, in accordance with the Constitution, for certain robots called Presidential Electors, who will do the real electing sometime next January. In February the Senate will scrutinize their returns, and by March, if all goes well, we shall finally acquire a new President. The authors of the Constitution intended that these Electors should choose the President according to their own independent lights; but to-day, thanks to one of the few conventions which have grown up around our written Constitution, their vote is merely an identical projection of the popular will already recorded. When they meet, probably not one American in ten thousand will be aware of it. So, to all intents and purposes, Hoover is as good as in the White House.

I.

HOW great a man was George Washington in 1788, five years after the close of the American Revolution? Or Ulysses S. Grant in 1868, three years after the end of the Civil War? At the instant of their election to the Presidency of the United States were these two military heroes

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more distinguished figures at home and abroad than Hoover is today? It would be hard to tell. But surely, at the corresponding moment in their careers Jackson, Lincoln, Roosevelt and Wilson, all were lesser men. One may risk saying that the American people have never opened the doors of the White House to a greater personage than the gentleman who will take his trunks and books and cigars there on March 4, 1929.

Perhaps among the trunks there will be one battered beauty which went with him on his early travels, when, in the economical language of *Who's Who*, he was engaged on "professional work in mines, rys., metall. works, in U.S., Mexico, Can., Australia, Italy, Great Britain, South Africa, India, China, Russia, etc., 1895-1913." And there may be a trunk or two for storing the bright silk hoods of his "hon. degrees from Brown U., U. of Pa., Harvard, Yale, Columbia, Princeton, Johns Hopkins, George Washington, Dartmouth, Rutgers, University of Alabama, Oberlin, Liège, Brussels, Warsaw, Cracow, Oxford, Rensselaer, Tufts, Swarthmore, Williams, Manchester, Prague, Ghent, Lemberg, Cornell College." And perhaps there will be a brass-bound chest, containing "gold medals Civic Forum, Nat. Inst. Social Sciences, Nat. Acad. Sciences, Am. Inst. Mining and Metall. Engrs., Western Society Engrs., City of Lille, City of Warsaw." And how will they pack the silver chains and what not that a man wears when he is a "freeman Belgian, Polish, Esthonian cities?"

It seems dead wrong to be nailing all these shining symbols into boxes. A quinquireme of Nineveh—that's what the Hoovers ought to have for moving house:

A quinquireme of Nineveh from distant Ophir,
Rowing home to haven in sunny Palestine,
With a cargo of ivory,
And apes, and peacocks,
Sandalwood, cedarwood, and sweet white wine.

But instead, an unshaven driver by the name of Wurtz will load up his Big Brute truck on S. Street with the Hoovers'

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goods, and he'll grind down Connecticut Avenue through Jackson Place until he gets to the White House ; and there he'll drop all his boxes with a bang on the front porch.

Seriously speaking, this is a gigantic fellow. He begins his published writing by translating Agricola's *de re Metallica*, and then, ten years later, he puts out a considerable essay on "American Individualism." Between 1912 and 1922, the dates of those two publications, his time is reasonably well occupied as Chairman of the Commission for Relief in Belgium, and Food Administrator for the United States ; as a member of the War Trade Council, Chairman of the United States Grain Commission and of the Sugar Equalization Board ; then as a member of the International Food Council—being all the while Director of the American Relief Administration engaged in children's relief on the Continent of Europe. Since the War and the Peace Conference he has served as vice-chairman of the American Industrial Conference of 1920, Chairman of the President's Unemployment Conference of 1921, member of an advisory commission at the Conference for the Limitation of Armaments in the same year, Chairman of the Boulder Dam Commission, and Chairman of the President's Committee to provide relief after the Mississippi floods in 1927. And these were special assignments apart from his principal work as Secretary of Commerce, a post which he has filled so creditably during the past seven years that he leaves the Department immeasurably stronger than it has ever been before.

II.

GIVEN such a candidate, one would think it hardly worth while to bother about an election. Could there possibly be any question about the way all reasonable men ought to vote ? People ought not to dispute about the wisdom of accepting a gift from the gods ! But there *was*

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a contest : and there were a lot of queer things about it which might just as well be set down here, disconnectedly, as they appeared during August, September and October. First of all came the surprising discovery that Hoover, a shy poor speaker in the presence of people, had an excellent "radio voice" ; while Smith, an experienced campaigner, happy with the crowd, made a bad impression on the ears of his "invisible audience."

Both candidates shrunk in stature somewhat as the weeks went on. Hoover's personality was pretty successfully muffled in his speeches. Smith, however, suffered in another sense. He lost something of his debonair quality ; the campaign seemed to "get under his skin," and at moments he appeared to be a most Unhappy Warrior. For there were "whisperings" ; how the Roman Catholic Church this and that : how Al Smith and several boon companions this and that : how Mrs. Smith for lack of certain graces would disgrace the White House. We were treated to a collection of cheap stories and innuendoes passed from one man or woman to another. It is true that the Republican National Committee disavowed them, though feebly ; it is true that Hoover made one or two rather perfunctory efforts to keep such talk out of the campaign. And—since maggots breed maggots—it was whispered in retaliation that Hoover's personal fortune came from moneys extracted from relief funds ; and, most brilliant of all, that he had been seen dancing with a negress in the Mississippi flood district ! Well, that was some of the lovely muck the voters were spattered with. How many more such lies were circulated it would be impossible to say ; those which have just been cited were semi-officially noticed and publicly answered.

The more serious issues were confused until October. Then it became clear that on national economic questions such as the tariff, agricultural relief and the St. Lawrence waterway, there was no essential difference in the attitude of the two candidates, nor in the action that might be

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expected to follow in the wake of their leadership. Smith had estranged many supporters through the accidental fact of his Catholicism, many through his New York origin and his association with Tammany Hall, many through his views on prohibition. Then, as if he had not sufficiently disintegrated his party already, he disavowed the economic principles which had long been the identifying mark of a Democrat. Both men had abandoned the League of Nations at the outset ; as between their views on specific international questions there was little to choose. From Republican headquarters people were asked to believe one thing and only one thing, that national prosperity depended upon the election of Hoover and the continuation of Calvin Coolidge's policies. Seek ye first the Republican party and its candidate and all these things shall be added unto you : Mellon and Work and Moses and Hughes and Borah, Coolidge himself and Hoover himself—all in the last analysis rested on this rock. From Democratic headquarters the voter was asked to discount this dogma, to believe that prosperity lay in the nature of the country and not in the gift of Herbert Hoover. Above all he was asked to believe that the present state of affairs under prohibition was rotten through and through, and that there would have to be a substantial change in the law of the land.

So much for the matters that were debated in public. Certain men, prominent in business and banking, flaunting the Republican gospel, left their party to vote for Smith. But the returns would seem to indicate that a vastly greater number took the gospel at its face value and either stood by Hoover or "switched" to him. Certain independent-minded men and women accepted prohibition as the paramount issue, and went over to the Democratic party ; but their defection was easily offset by the efforts of the evangelical churches and the Anti-Saloon League, who marched their millions of members out on Election Day to vote the Republican ticket.

No figures will ever show how far the prohibition issue

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affected the outcome. Some cynical folk, traditionally Republican, and getting all the liquor they want these days through bootleggers, stayed with their party in the confident assurance that Hoover, for all his professions, would do nothing of any importance to interrupt their supply. Others, who hate the present condition of things root and branch, felt that Smith, in spite of his personal views, would be unable to effect a single change in the Eighteenth Amendment or in the Volstead Act, and that, therefore, no practical end could be served by voting for him. Still others, regardless of results, wished at least to go on record against this troublesome and humiliating business ; while a last group, standing on principle, preferred the present state of affairs and hoped to better it through the party now in power.

Late in the campaign, ex-Governor Hughes, speaking for Hoover, charged the Democratic candidate with fighting a "sham battle" over the prohibition issue. The reply was obvious : that Smith had declared himself in favor of a radical change in the Volstead Act and had stated that he would do everything in his power to get it changed : while Hoover had referred to the present law as a "noble experiment," and had added that he hoped that it might succeed. The only assumption, replied the Democrats, on which the fight could properly be called a sham battle, was the assumption that Hoover did not mean what he said ; and if this were true, it was not so much a sham battle as a battle against a sham. Perhaps the fear that Hughes might be out of touch with public opinion on this point sent forty-three million citizens to register before election, and took almost every one of this utterly unprecedented army to the polls on Election Day.

Or more likely it was another issue—one which put up its head in Jackson's era and again under Bryan's leadership in 1896—the question of the seat of power in the democracy. And this time it took form somewhat as follows : Shall power stay where it has been since the Civil War, with the

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Anglo-Saxon, the conservative, the countryman, the Protestant : or, without too vast a risk can it be entrusted, for one breathless experiment, to an Irish American with his Jewish friends, a liberal, a child of the city streets, a Roman Catholic ? Yes, "prosperity" was an issue, and "prohibition" was an issue : but what dragged the diffident voter out of his home on Election Day and clogged the polls was, fundamentally, his concern over a social question. When the tally was checked up, power still lay with the top dog, and power was confirmed to him so emphatically that it seems as though that question could never be raised again in American politics.

III.

WHAT would have happened if Smith had been elected ? People had their views during the campaign ; but they don't matter any more. Smith is out. *Per contra*, Hoover is in, and what he may be expected to do matters a whole lot, at home and abroad.

Let there be no doubt of his ability. Men don't discharge the responsibilities which he has undertaken, without almost superhuman talents. He has an extraordinary grasp of facts, an amazing memory, an unusual power of penetration, and inexhaustible energy. These are not superlatives, they are carefully chosen descriptive adjectives. If, in the first part of this article, his honors and his achievements were treated lightly, it was with no idea of disparaging them. Someone, a few years ago, unable to grasp the meaning of fifty billion German marks, said that an astronomical mind was needed to understand astronomical figures. So Hoover's record is staggering : and it can either be treated ponderously, or with a whimsical realization that the ordinary fellow does not, and never can, approach it or apprehend it.

Yet average human beings felt free to express their hopes and fears of Hoover during the campaign ; and it

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might be well to put some of them down on paper. For though the campaign is over, the hopes and fears are still there. Those who voted for his election hoped then and now that the prosperity of the country might be continued. Specifically they hope that he may turn his engine of a mind to the problem of agriculture in the United States, and that through his direction some scheme may be devised for bettering the condition of the farmer without injuring industry. That is a hard assignment : but it is the sort of problem that Hoover can solve if it is capable of solution. They hope that he will continue to promote the foreign trade of the United States as President, just as he did when he was its greatest Secretary of Commerce. This, again, is within his field : and the favor is not too much to ask of him. They hope that he will assist domestic business in the next four years as he has assisted it during the past seven, keeping his hands on and his hands off at the same time : that he will renew his campaign against economic waste, that he will look benignly on industrial mergers, and that he will support to the utmost such new developments as radio and aviation. They hope, in short, that he will carry the country to such a plane of prosperity, nation-wide contentment and industrial expansion as it has never known in all its history.

The fears were and are of a different sort. Curiously enough no one doubts that Hoover will undertake such a program or that, having undertaken it, he can succeed. All this, they seem to admit, the engineer might do. But they are wondering, a bit fearfully, whether the great engineer can be the great statesman as well. They wonder whether such a plenipotentiary in administrative affairs knows how to share power with others, or can learn the difficult art. For Congress is a jealous equal of the Chief Executive ; and though Hoover has found out how to educate and cajole them into making appropriations to the Department of Commerce, he must now go to them again and again for their cooperation in less obviously

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advantageous schemes. Some of those who question his supreme fitness for the Presidency know that he is deeply sensitive to criticism and that he tends to be dogmatic in the expression of his judgments: they wonder how grave these handicaps will prove to be. They know that he has had the support of his subordinates to an almost fanatical degree, but they wonder how he would accommodate his technique to a Cabinet of first class men. They know that he has an unequalled knowledge of conditions abroad, and that he has dealt with foreign Powers as a dispenser of charity; but they claim that he has rarely been called upon to discuss controversial questions with foreign States on the basis of equality, and they wonder what tone American diplomatic correspondence will take beginning with March of 1929.

IV.

BUT let these somewhat sophisticated reservations be put into perspective. A very able man has been elected President. If there are doubts as to his political greatness they are related, not so much to him, as to the circumstances in which he has been called to office. The Revolution brought independence; the Civil War maintained the integrity of the American State; the Great War and the ten last years of peace have manœuvred it into a dominating place in world affairs.

Herbert Hoover has been swept into office by an overwhelming majority of votes. He has annihilated his rival. He is the first Republican to win the vote of any single State in the Solid South, since it came into being at the end of the Civil War. He owes his election to no man, interest or group, for the whole country elected him with a majority of electoral votes such as has never even been approached. He is fairly free to appoint a Cabinet of distinguished men. He will start his term of office with

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a friendly Congress. He is relatively young and his health is good.

Trained as a mining engineer, he became a great administrator. Experienced as an administrator he has learned the ways of politics. He directed the tactical movements which led to his nomination in June and he conducted his own campaign with masterly skill. The man is massive, the circumstances of his election are momentous, and his responsibilities are far-reaching.

There is just a chance that some day he will be regarded as the greatest President in the history of the United States. If this remaining honor ever comes to him, it will come not out of the intellectual power which he possesses, but out of that rarest of human qualities—magnanimity. And there is, we repeat, just a chance.

United States of America.

November 7, 1928.

REPARATIONS AND WAR DEBTS

THE European countries concerned intend to make a further effort to settle the vexed question of German reparations. They have agreed on the appointment of another committee of experts to study the problem as it now presents itself, and to make recommendations. The exaggerated notions which filled the heads of the victorious nations at the Peace Conference have faded away; the possibilities present themselves more in their true proportions; and there may be some chance of a final and practicable agreement. But the difficulties are formidable still, and the evil legacy of the past remains. One sighs to think how different that past might have been had France and England, while demanding just reparation from Germany, kept their demands at Paris within the bounds of reason, and had the United States admitted that the problem of the inter-Allied debts was one for investigation and discussion at a round-table conference. As it is, the problem remains unsettled. Washington, it is true, claims that, since agreements relating to war debts have now been signed by all the main debtors of the United States, that matter is closed and there remains nothing for the American Government to discuss, since German reparations are a totally distinct and unrelated problem, with which they have no concern. But, in certain respects, as this article will show, these two problems are intimately connected.

I. REPARATIONS: THE FACTS

AFTER arguing for months as to whether Germany's capital debt should be fixed at some figure between £6,000,000,000 and £12,000,000,000, together with interest, the Peace Conference in the end merely fixed certain categories of damages, and, after adding the cost of pensions thereto, appointed the Reparation Commission to determine,

Reparations : The Facts

upon this basis, Germany's indebtedness in actual figures. That Commission in 1921 ultimately fixed a figure of 132,000,000,000 gold marks (exclusive of the Belgian debt to the Allies), or roughly £6,600,000,000. Theoretically this figure, which bears no relation to real possibilities, still stands. But in 1923 when, after years of political agitation, after the occupation of the Ruhr and the collapse of the German currency, it became apparent that Germany could not pay the stipulated sums, the Dawes Committee was appointed, and for the first time in five years the light of reason shone upon the scene.

That Committee did not attempt to fix Germany's ultimate obligation. That was not yet feasible. It framed instead a provisional scheme, to be put into operation for an unstated period, under which Germany's actual payments, while very heavy, were substantially less than the amounts fixed by the Reparation Commission. It was hoped that, with the lapse of time, Germany's true capacity would become more evident, and that a final settlement would then be possible.

It is not necessary to go into the details of the admirably framed Dawes Report, which the politicians accepted unamended. It will be sufficient to describe the main outlines of its plan. Germany is required to pay for an undefined period of years certain annuities commencing in 1924/25 with £50,000,000 and rising gradually to £87,500,000 in 1927/28, and finally to £125,000,000 in 1928/29. All these annuities have hitherto been punctually paid, and as from September 1, 1928, the full amount of £125,000,000 a year becomes payable.

The total sum is payable from the following sources.

(1) £62,500,000 is to be contributed annually from the German budget.

(2) A mortgage bond amounting to £550,000,000 has been placed on the German State railways, bearing interest at 5 per cent. and sinking fund at 1 per cent. The railways therefore have to pay an annuity of 6 per cent. on

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£550,000,000, or £33,000,000 per annum to the Agent-General for Reparation Payments.

(3) A mortgage bond for £250,000,000 has been placed on German industry, also bearing interest at 5 per cent. and sinking fund at 1 per cent., equivalent to an annual payment of £15,000,000. This burden has been distributed proportionately over all German industrial undertakings except agriculture.

(4) A transportation tax amounting to £14,500,000 in favour of reparations has been imposed on German railway traffic.

(5) As security for the budget payments and as additional security for the payments by the railways and by industry, the German Government has pledged the total proceeds in the budget from customs duties and from excise taxes on alcohol, tobacco, beer and sugar.

(6) A special index intended to measure German prosperity has been framed according to which the contributions made from the budget under (1) may be increased with the increase of prosperity, but not those from railways, industry or the transportation tax.

(7) If the value of gold varies by 10 per cent. or more from the 1928 value, then both the standard annuity and any supplementary payments under (6) are subject to a corresponding adjustment. In other words, the real burden of the payments is kept stable. In this way the plan differs from our settlement with the United States, where the debt is payable in gold. If gold increases in value our burden becomes greater; if gold were found in great quantities and became much less valuable, our burden would become much lighter. The Dawes plan is the more scientific.

(8) A Transfer Committee consisting of the Agent-General for Reparation Payments and five persons skilled in matters relating to foreign exchange and finance representing five of the Allied and Associated Powers is appointed to regulate the execution of deliveries in kind and the

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transfer of German marks into other currencies "in such manner as to prevent difficulties arising with the foreign exchange," and to provide the maximum transfers "without bringing about instability of currency."

Germany, therefore, is henceforth under the obligation to pay not less than 2,500,000,000 gold marks (equivalent to £125,000,000) per annum to the Agent-General for Reparation Payments. The proceeds, subject to deduction of the service of the German external loan of 1924, and of administrative costs, together with allowances for armies of occupation and certain other items, are paid over on the basis of certain agreed percentages to the creditor countries. The form in which such payments are made, whether in deliveries in kind, which now amount to nearly £40,000,000 per annum in value, or in pounds, dollars, francs and other foreign currencies, is determined between the creditor country and the Transfer Committee.

While, however, for the convenience of readers, the figures in this article are translated into sterling, it should be very clearly understood that Germany's obligation at present is limited to pay to the Transfer Committee merely *gold marks within Germany*, leaving the obligation on the Committee to exchange these marks into sterling, dollars, francs and so on, if the German exchange is not endangered thereby. Naturally cash payments are, in fact, of value to the creditors only when paid in their own currencies or other currencies easily exchangeable for their own.

The following table shows the percentages of the principal creditors and the share of the £125,000,000 each will receive.

	Per Cent.*	Share of Total.
France	52	£63,232,714 per annum
The British Empire	22	£26,275,857 " "
Italy	10	£8,419,143 " "
Belgium	8†	£6,249,071 " "

* Subject to army costs and Belgian war debt allotments, annual service of the German external loan of 1924, and costs of Inter-Ally Commissions.

† Reduced from the third annuity year to 4½ per cent. with the object of discharging, as between the Allies, Belgium's obligation to repay sums which she had received in priority to other Powers before the Dawes Scheme.

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II. INTER-ALLIED DEBTS : THE FACTS

THE war came to an end with Germany's enemies owing and being owed by one another huge sums of money. The United States was owed £1,415,423,000, but owed practically nothing, having paid in cash for all her purchases from the Allies; Great Britain was owed £1,861,498,000 and owed £1,216,414,600; France was owed £629,647,400 and owed £836,170,600; Italy owed £642,015,000; and Belgium owed £225,731,800. Included in these figures are the loans made by England and France to Russia, amounting respectively to £747,401,000 and £191,031,400.*

The treatment by the different countries concerned of all these inter-governmental debts has been in the main governed by the policy of the American Government and Congress in respect of those due to the United States, where they have been regarded from the first as more or less equivalent to commercial debts to be collected without deduction up to the capacity of the debtor. In actual fact, however, these debts are composed of items of differing character, a few almost of a commercial nature, most of them of a totally different description. They were incurred in the middle of a great war in a common cause, to purchase essential goods at abnormally high prices. They could not properly be treated as ordinary commercial debts. For future good relationship between debtor and creditor countries, they required first thorough investigation in concert, all circumstances being taken into consideration, and ultimately treatment on broad and generous lines.

The British Government went so far as to urge at the Peace Conference and again a year or two later that all Allied war debts should be cancelled; but the American Government, which would have been called upon to make

* From *The Inter Ally Debts*, Bankers Trust Co., New York. All conversions at par of exchange.

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the greatest sacrifice, rejected these suggestions outright. The British Government, thereupon, in August 1922, declared their own policy, from which no departure has since been made, in the famous Balfour Note, in which they expressed their intention to cancel all the debts their Allies owed them and in addition to forego their claims on Germany in favour of the other Allies, except to the extent which they themselves were required to pay their debt to the United States. Apart from their share in German reparations, the amount owing by the Allies, including Russia, to the British Government by that date had risen to £2,234,284,400.* "The British Government cannot, the Note said, "treat the repayment of the Anglo-American loan as if it were an isolated incident in which only the United States and Great Britain had any concern. It is but one of a connected series of transactions in which this country appears sometimes as debtor, sometimes as creditor." "A general settlement would, in their view, be of more value to mankind than any gains that could accrue even from the most successful enforcement of legal obligations."

It is this view which the United States has consistently and unhesitatingly refused to accept. She has insisted on separate negotiations with each debtor and she has succeeded, except in so far as she recognised the limiting factor of her debtor's "capacity to pay," in enforcing her legal rights. When France has ratified the Mellon-Berenger agreement, Europe will be under obligation to pay to the United States for the next sixty-two years about £77,000,000 per annum, of which Great Britain will pay about one half. The settlements come to by the United States are all based on the original agreement with Great Britain. That agreement provided for the repayment of the full amount due, i.e., £921,000,000,† over the next sixty-two years, together with interest at 3 per cent. for ten years and 3½

* *Inter Ally Debts*, Bankers Trust Co., New York.

† Of which £800,000 was paid in cash at the time of the settlement.

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per cent. thereafter. The latter rate was considered to represent substantially what over a long period "money would cost and therefore was worth to a strong Government."* All other settlements have followed practically the same lines. But France and Italy succeeded in convincing the United States Government that interest at $3\frac{1}{2}$ per cent. was beyond their capacity to pay. France therefore pays interest at 1.6 per cent. per annum and Italy at 4 per cent. In other words, it has been assumed that we have more than twice the capacity of France to pay and eight times that of Italy. This country pays up to 1933 about £32,000,000 annually and thereafter between £36,000,000 and £38,000,000; France, paying little the first few years, pays by 1933 £12,000,000 and onward from 1942 £25,000,000, and Italy £2,958,000 by 1933, rising to £16,197,600 by 1987, all on account of both principal and interest. On the other hand, we have made settlements with France and Italy on bases respectively 10 per cent. and 33 per cent. easier than those between these two countries and the United States. France will pay Great Britain on the average annually £12,900,000 and Italy £4,500,000.

III. REPARATIONS TOGETHER WITH ALLIED WAR DEBTS: THE FACTS

THE Dawes payments plus the settlements on Allied war debts may be summarised for the chief countries concerned as follows. If to the average annual payments in respect of Allied debts are added full reparation annuities under the Dawes plan—

1. The United States will receive from Great Britain, France, Italy and Germany	£ 72,000,000.
2. (a) Great Britain will receive from France, Italy and Germany	43,700,000
(b) Great Britain will pay the United States	36,400,000
* <i>American War Debt Policy</i> by Garrard Winston, June 1928.	

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3. (a) France will receive from Germany	63,000,000
(b) France will pay Great Britain and the United States	35,000,000
4. (a) Italy will receive from Germany	8,400,000
(b) Italy will pay Great Britain and the United States	12,500,000

These figures serve to define the fundamental distinction between European and American opinion. The European nations look at all these creditor and debtor items as "a connected series of transactions arising between partners in a common enterprise." They should, in the view of Europe, be considered together and a general settlement arrived at on a basis fair and just to all parties. The American Government have never shared the view that they were partners with us. They have gained nothing in territory or in other ways out of the war. They are concerned, they insist, not at all either with German reparations or with what we owe to, or are owed by, one another. They lent us money and we undertook to repay. They must insist that within the limits of our capacity we foot the bill.

Now, while the Allies have made settlements accordingly with the United States, their public opinion in general has never admitted the fairness of the American attitude. The burden of their payments to the United States affects their treatment of one another and of Germany. Great Britain, in fact, definitely measures what France, Italy and Germany must pay her by what she must pay the United States. France, through the mouth of M. Poincaré, demands from Germany sufficient to cover what she must pay the United States and Great Britain, together with a reasonable sum in respect of "devastation." "The trials," says M. Poincaré, "to which the nation has been subjected do not permit of our sacrificing any of the advantages we now hold in the way of reparations."

Every inter-governmental war-payment is, therefore, regarded as tied together as part of a common and indivisible

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problem by the European nations, whereas the United States Government restricts her attention entirely to repayment of the full sums lent by her, subject to capacity to pay. If all countries maintain their attitude, the present German obligations under the existing Dawes figures cannot be greatly reduced, and possibly a critical financial and economic situation may be again created in Germany, which is certainly not in the interests either of the United States, England or France. It may not, however, be too optimistic to hope that equity, wisdom and broad mutual interest may still guide the interested nations to an ultimate solution. In order to throw light on where this path lies, it is proposed, therefore, to consider both in the case of reparations and war debts:—

(1) Whether the debtor countries ought in fairness and equity to pay what is demanded from them;

(2) Whether it is financially and economically possible for such claims to be met;

(3) Whether it is in the interest of the world in general and the creditor nations in particular that such claims should be met.

IV. FURTHER DISCUSSION OF REPARATIONS

IT is, we believe, the consensus of the civilised world that Germany should, in fairness, contribute to the best of her capacity to repair the damage caused by the war. Germany herself is precluded from contesting this opinion by her own actions in the past and by the knowledge of the whole world what treatment she herself would have meted out to her vanquished enemies.

It may be assumed that Germany will not in any case be requested now to pay more than the Dawes annuities of £125,000,000 a year. What remains to be settled is whether she can pay so large an amount, and if so, for how long? Or, to put the last point into other words, what

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part of any annuity fixed represents interest and what part amortisation? What, in fact, is her total debt?

The Dawes Committee recognised that two separate problems are involved in the payment of Germany's debt, as indeed in the case of all payments from one nation to another, namely:—(1) whether the necessary amount can be raised by taxation within Germany itself; (2) whether these amounts can be transferred abroad. It is fundamental to distinguish clearly between these two problems, and the failure to do so has been the root cause of most of the errors of Governments and peoples. The problem may be expressed another way. Taxation raised and spent in the same country is merely a transfer of wealth between citizens of that country. England raises £350,000,000 per annum from her citizens as taxpayers and pays it over to another set of citizens, largely the same, as holders of the National Debt. There is no national loss of wealth except that arising from the cost of collection and payment and the friction involved. But England also has to raise on an average £36,000,000 a year by taxation and to pay it to the United States. Here there is a direct and absolute loss of national wealth to that amount. In the ultimate analysis England gives gold or goods or services to that value every year to the United States without payment. The first question in the case of Germany, therefore, is "Can she raise 2,500,000,000 marks from her people yearly by taxation, and from railways and industry as provided in the Dawes plan?" There seems little doubt that she can. Mr. Parker Gilbert, the Agent-General for Reparation Payments, in his last report of June 7, 1928, says,

both past and present experience fully justifies the conclusion that no question can fairly arise of the ability of the budget of the Reich to provide the full amount of its standard contribution under the plan.

The standard budgetary contribution is 1,250,000,000 marks, or half the whole annuity. Similarly, he says that

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the German Railway Company, which must provide 660,000,000 marks per annum (equivalent to £33,000,000),

though burdened with large additional expenditures in consequence of the general increase in salaries, has given ample evidence by its results thus far of its ability to carry the full annual charge for the service of its reparation bonds, provided that it follows a prudent financial policy and that the rights of supervision and control reserved to the German Government are not exercised in such a way as to impair its ability to earn a fair and reasonable return on its capital.

Again,

the funds required to meet the annual service of the industrial charge at the full amount 300,000,000 marks (equivalent to £15,000,000) are being produced by a safe margin.

Again,

the specific securities provided by the plan have continued to develop in a way that gives increasing assurance of their ability to provide the standard payments which Germany is required to make. The assigned revenues are yielding a return which would cover with a margin of more than one hundred per cent. the standard budget contribution of 1,250 million gold marks.

At the least, there is no reason to doubt Germany's capacity to raise the full 2,500,000,000 gold marks by taxation, though, as Mr. Gilbert points out, German government expenditure is growing even faster than its revenues.

The question, however, whether Germany can suffer a yearly loss of national wealth of a similar amount by the payment of it to other countries is a different one. Her capacity in this sense depends on her "economic balance," and here it is worth while to quote the words of the Dawes experts themselves.

A country's "economic balance" defies exact calculation. The balance, even at a given moment, can only be estimated approximately, for the invisible exports and imports which constitute an important part of it cannot be known exactly. And a *potential* economic balance is much more uncertain. It depends not on the decisions of a single authority, but on the enterprise of individual

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merchants and manufacturers. Reparation demands themselves will increase it. The extent to which economic adaptation is possible over a long period of years, under the pressure of external obligations, is a matter of conjecture; an existing economic balance, before such obligations have been in operation long enough to have their effect on the economy of the country, gives a very uncertain criterion. The economic balance is, therefore, by comparison with the budget, incapable of close calculation, "unmanageable," and too elastic.

But the limits set by the economic balance, if impossible of exact determination, are real. For the stability of a country's currency to be permanently maintained, not only must her budget be balanced, but her earnings from abroad must be equal to the payments she must make abroad, including not only payments for the goods she imports, but the sums paid in reparation. Nor can the balance of the budget itself be permanently maintained except on the same conditions. Loan operations may disguise the position—or postpone its practical results—but they cannot alter it. If reparation can, and must, be provided by means of the inclusion of an item in the budget, i.e., by the collection of taxes in excess of internal expenditure, it can only be paid abroad by means of an economic surplus in the country's activities.

The "economic balance" of any country depends on the payments which as a whole it receives from abroad during a given period, as against the payments it makes abroad. In the main, its payments are for imports and its receipts for exports. But it has "invisible" imports and exports too. Its invisible imports are services of every kind it receives from other nations, such as shipping facilities, as well as interest on, and repayment of, any capital borrowed or debts due abroad; its "invisible" exports are services rendered to other nations, interest on, and repayment of, capital lent to, or debts due from, foreigners, and also capital moneys received from loans just raised abroad and from short credits. Now, it is impossible accurately to estimate the "economic balance" of a nation in any one year; still more impossible to estimate what that balance will be a few years hence. The only reliable indication of the true state of affairs is the exchange and in gold standard countries the consequent

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movement of gold. If the exchange falls and gold leaves the country, it indicates clearly that the demands on the country from abroad are exceeding its immediate resources for payment. If these demands continue excessive, and are pressed, so that confidence abroad becomes shaken, the loss of gold might ultimately endanger the maintenance of the gold standard. But while figures can only be approximate, it is possible at any given moment to estimate with fair accuracy a country's balance sheet, as indeed the Department of Commerce does for the United States, and the Board of Trade for Great Britain.

According to official figures, Germany's imports exceeded her exports in 1925 by about £153,000,000; in 1926 exports slightly exceeded imports, but in 1927 imports again exceeded exports by about £196,000,000, exclusive of the net movement of bullion and specie.* In 1928, up to the end of September, the excess of imports was about £90,000,000, but the average monthly gap has rapidly diminished lately, though perhaps only temporarily during a lull in activity. As the official figures almost certainly over-estimate imports and under-estimate exports by about 3 per cent. and 1½ per cent. respectively, the gap between them is, in fact, somewhat exaggerated.

In addition, Germany must provide interest and redemption on long and short term loans abroad. Mr. Gilbert estimates that from the beginning of 1925 to May 31, 1928, Germany had made long-dated foreign loans for about £270,000,000, exclusive of the German external loan in 1924 of £48,000,000. Probably interest and sinking fund on these long loans amount together to at least 8 per cent., or say, £22,000,000. Mr. Gilbert, moreover, puts the German short debt owing abroad at at least £180,000,000. But as Germany has also made considerable short credits to neighbouring countries and as in any case she should properly be able to borrow continuously "short money"

* The exports here referred to include German reparation deliveries in kind. For the current annuity year such deliveries are estimated at £40,000,000.

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in considerable amounts, we may perhaps ignore any question of interest on, or repayment of, these short debts. If we assume the shortage of exports over imports at not more than £100,000,000 and add, say, £22,000,000 in respect of foreign long-dated loans, we get a figure of £122,000,000. Add £85,000,000 for reparations, exclusive of deliveries in kind, and we get a total of £207,000,000, against which to set Germany's "invisible" exports, *i.e.*, shipping freights and banking and insurance commissions payable by foreigners, interest on investments and property held by Germans abroad. Germany was swept more or less clean after the war of her external assets, which can therefore amount to very few millions. It is not, in fact, from these sources, but from the £450,000,000 of long and short debt borrowed abroad that Germany has found the means of transferring the reparation payments of £273,000,000 made up to September 1, 1928. There is a modern school of economists which argues that the transfer problem is a myth, that if a country can raise the required sums by taxation, it can always transfer them, since any difficulties in transfer will automatically produce the necessary correction in the form of high rates of interest, exports, and other conditions which will attract a sufficient supply of floating capital from the rest of the world. This is, in fact, what Germany has done hitherto. But, if these great inter-governmental debts are fixed too high, they do not supply their own corrective. On the contrary, if it is known that payment will be insisted on by every means possible, as in the days of the Ruhr occupation, they undermine confidence at home and abroad. Instead of capital being attracted from abroad, it is repelled, and in addition a flight of capital from inside begins which would ultimately lead to a rapid export of gold and an abandonment of the gold standard, with all its consequences. Moreover, apart from this, the practical banker is aware that the process of borrowing abroad cannot continue indefinitely, unless meanwhile Germany's own wealth grows so rapidly,

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despite the reparation payments, as to enable her constantly to diminish her borrowings abroad and ultimately to become a creditor nation. For example, throughout the nineteenth century the United States borrowed immense sums from England and elsewhere for the development of her country. She was a great debtor nation. But gradually her wealth grew so greatly that not only has she paid off her debtors, but become in turn a great creditor nation. Is a similar development possible in the case of Germany? That Germany is growing richer and will grow much richer is certain, but how fast and far must be uncertain.

The extent (says Mr. Gilbert) of capital formation in Germany is necessarily a matter of estimate and deduction, but such figures as have been produced are substantially more than the new foreign debt. As will appear from the figures quoted in a later section of this chapter, much of this increase in capital has taken the form of fixed values which are not liquid, and a certain indefinite proportion, as, for instance, some of the new construction put through by the public authorities, is not productive in a financial sense. Nevertheless it is noteworthy that even after the export of capital represented in reparation payments, the increase of domestic values far exceeds the gross foreign debt incurred.

But he goes on to say :

In order that essential foreign credit shall be forthcoming, it is necessary that the confidence of the foreign investor be fully maintained. This implies an obligation on the part of the German borrowers not to overload the foreign market. It also raises the question as to what appraisal the foreign investor will make of Germany's reparation obligation in its present form. As the German foreign debt rises, the foreign investor is bound to ask with greater and greater insistence for a clear definition of the ultimate extent of the reparation obligations. If this question is not answered in due time it may be assumed that investors all over the world will become less willing to lend their savings to Germany and will do so only at rates high enough to insure them against the uncertainties involved. In this sense, if in no other, the final determination of the reparation obligations becomes a matter of growing practical importance.

If the outside world were really to lose confidence in Germany's capacity to meet her obligations, not only would further borrowings be impossible, but her troubles

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would be added to by her short debt. Two other considerations are worthy of note. In the first place, Germany's main borrowings have been from the United States. But the loss of £100,000,000 in gold recently is clear proof that America has been overlending to the rest of the world, and she may not be as ready to lend so much in the near future. In the second place, the great German companies, which have been the main borrowers, may not desire to go on borrowing abroad continuously. There is no reason for them to do so, unless they must have the money and cannot get it in Germany. Even the German municipalities will not borrow abroad indefinitely. While Germany will undoubtedly for some years be a heavy borrower abroad, the actual extent of her requirements is difficult to gauge.

It should be borne in mind that, while we have to pay about £36,000,000 to the United States, we receive almost as much from other nations wherewith to pay it ; Germany will pay over three times as much and will receive nothing. And we have immensely larger investments abroad than Germany. France, with greater invisible exports than Germany, has been unable to convince herself that she can pay more than £35,000,000 to us and the United States together, and has apparently convinced the American Debt Funding Commission that that is the limit of her capacity to pay. It is a question whether Germany's capacity is more than three times as great, particularly in view of the high tariffs which now face her exports in so many countries.

That the burden on her should not be definitely more than she can bear is important to everyone, since every country will stand to lose from renewed disorder in German exchanges and currency. Moreover, it is against the interests of Germany's industrial competitors that the reparation burden should act in too extreme a manner as a forcing house for German exports. The damage to British trade arising from these abnormal conditions will not be compensated for by what our Government receives in cash.

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V. FURTHER DISCUSSION OF ALLIED WAR DEBTS

AFTER reparations let us apply to Allied war debts the criteria we set out on page 44. Let us take first the two questions whether the Allies can pay and whether it is in the economic interest of the world in general and the creditor nations in particular that they should pay, leaving to the last the more difficult question of justice and equity.

There is no doubt as to the first question. The Allies can pay—though not without sacrifices. The burden adds to their already heavy and injurious taxation, far heavier on the mass of incomes than the American taxation is. But the taxation can be paid, and the revenue so raised can be transferred into dollars without risk to the stability of the exchanges or the currencies.

As to the second question, no argument likely to carry conviction can be based on the ground that the United States is injured by receiving £77,000,000 per annum. No one can trace all the reactions on American industry and commerce of such payments, or whether disadvantages do not accrue to certain competitive trades. But, whatever such reaction, there is a clear immediate gain in the receipt of so much wealth as a yearly gift, both on the grounds of taxation and general prosperity. Nor can it be proved that the world in general suffers. While these payments permit England and France to lend so much less to the rest of the world, they enable the United States to lend so much more. Would the rest of the world rather be indebted to England and France than to America? It would indeed be profoundly interested if these payments were beyond our capacity, and our financial stability were endangered. Otherwise it probably remains more or less a matter of indifference to it. What the ultimate political and social consequences of the whole world being

Further Discussion of Allied War Debts

immensely in the debt of the United States will be, we must leave without discussion:

We are brought finally to the far more difficult question of the fairness, the equity of the American policy. This question is not raised with any intention of suggesting a modification of the British settlement in British interests. We have made our settlement with the United States, and we shall never go back on it or raise ourselves any question of its modification for our own benefit. But a final settlement of these problems will, in our view, as we show later, inevitably involve American participation in some form or other. Such a settlement might some day be rendered possible by our passing on to others the benefit of modifications in our agreement with the United States, and such modifications the American people might be led to make, if they were convinced that they were not inconsistent with the claims of justice and equity.

We propose to quote not any European writer, but two American writers, who express contrasted views.

We may not be wrong in thinking that the official American view can be clearly apprehended by a study of a recent pamphlet, *American War Debt Policy*, by Mr. Garrard Winston, till lately, as we understand, Mr. Mellon's assistant at the Treasury in Washington. Here we have an admirably clear, concise, unsentimental, logical statement of America's legal rights. Any considerations other than purely legal ones are mentioned only to be dismissed; Mr. Garrard Winston and his colleagues on the Debt Commission were, in his view, appointed as receivers, to collect debts on behalf of the creditors of the 1917-18 war enterprise, and they have done so with commendable efficiency, collecting in full from solvent debtors and up to the limit of "capacity to pay" from the weaker ones. Mr. Winston begins by showing that American policy has been based on the original Liberty Loan Bill authorising the advances to the Allies. He quotes the report of the Ways and Means Committee that under the

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terms of the Bill the credit "to be extended to foreign governments will take care of itself and will not constitute an indebtedness that will have to be met by taxation in the future." Legislation, as he correctly states, is interpreted by the "language of the law, and as to this language there is no ambiguity." Here, therefore, is the "first element of the American debt settlement policy." The advances to our allies were loans to be collected, if possible, and not to be a burden upon the American tax-payer." From this beginning the rest has, in Mr. Winston's view, followed automatically. But one must admit that Mr. Winston, while not admitting a place for any sentiments of generosity or equity in the determination of his country's policy, is quite consistent in not looking for them elsewhere. He admits that the Balfour Note "appears most generous," but he goes on, "any one of us would be equally generous in private life and release some debtor of ours who might not have the capacity to pay if in turn our bank would cancel our note for like amount." The Note, in his opinion, "represents an effort to bring the United States into a conference where it is the principal creditor and will be asked to make the only sacrifice." Similarly, Mr. Winston expresses almost surprise that the British Government should have recognised its obligation and begun payment in 1923.

There were probably (he adds) two motives back of this action. Foremost was the idea that England pays its debts. Then if England was again to draw profit as the middleman in world finance, the pound sterling must be restored to and maintained at parity with gold. To get parity, the debt must be settled, and to keep parity, American help was necessary.

Mr. Winston quite fairly points out that, if following the principle set out in the original Congressional Act that the American taxpayer should be relieved of any burden, $3\frac{1}{2}$ per cent., which is the rate of interest fixed for England to pay after the first ten years, represents substantially what

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money would cost and therefore be worth to a strong Government, then since the capital has not been reduced, England is paying in full for the debt, and there has been no concession except for one half per cent. reduction in the rate for the first ten years. Other countries should have paid in full, but it was necessary to admit their incapacity. Therefore, certain allowances had to be made. Mr. Winston justly stresses the difficulty on the legal basis chosen of treating all nations alike :—

If England is to have its settlement reduced to the French basis, then France can likewise claim, and again England in turn, that their settlements be reduced to the Italian basis, and Italy can claim, and in turn England and France, that their settlements be reduced to the Armenian basis, which is zero.

Mr. Winston deals with American criticism of the settlements as follows :—

Briefly, the arguments in America for cancellation, or for much more lenient treatment of the war debtors, divide into certain general heads. It is urged that in making the advances during the war we were giving subsidies and not making loans. This argument is not based on fact and need not be further considered. The second argument is that these advances are properly our contribution to the cause of the war until we could put troops in France. With every nation but England the present values of the settlements discounted at current rates of interest do not exceed the advances made by the United States to that country after the Armistice. Certainly if we were to contribute money until we could fight, we have done so.

More generally, it is urged that all our advances should be considered a general contribution by the United States to the cause against Germany. This is a difficult argument to focus. If it means that out of sentiment we ought to cancel our debts, then we are embarking upon a project of charity, and the administration and Congress who are trustees for the American people have no right to give away the property of their wards without a clear mandate which up to the present is not even on the horizon. Of course, if any individual citizen wishes to contribute, he is now perfectly free to do so.

Mr. Mellon himself appears at times to have been under a serious misconception as to the reasons why England

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and, perhaps, the other Allies were forced to borrow such great sums from the United States. In a letter addressed on July 18, 1926, to Mr. Peabody, Mr. Mellon said that "American loans to England were not so much to provide war supplies as to furnish sterling for home and foreign needs and to save England borrowing from her own people." This, of course, is wholly untrue. No British Government would have borrowed one dollar in America, if it could have achieved the same purpose by borrowing sterling at home, but unfortunately, the dollars we borrowed were absolutely essential for payments in America and for maintaining our exchange. Mr. Mellon's statement reminds us of a story told by an eminent British editor. He was travelling in the Middle West and on the train got into conversation with a business man upon the debt payments, and the effect of the tariff upon them. Finally, he said to the business man, "Well, you must make it possible for us to pay somehow. You say you want no more gold; and your tariff is aimed at keeping out our goods. But you must settle. Which do you want? Do you want our goods or our gold?" The business man replied, "We want neither. We want your money."

The following extract taken from *The Manchester Guardian* of March 18, 1927, appears to express Mr. Mellon's final views on the subject of these debts:—

"I recognise that there is merit in the contention that the Associated Governments might well have joined in pooling their resources in the common cause," added Mr. Mellon, who expressed the opinion that even now an argument could be adduced in favour of writing off debts incurred after the United States' entry into the war to the extent that these were incurred for contributions to the common cause. But this argument would apply only if the proposed adjustment were mutual, and applied to all on a strictly equal basis. This point, however, seemed to have been completely overlooked by the faculties of Columbia and Princeton, as well as by other advocates of debt cancellation.

With reference to the origin of the debt, Mr. Mellon pointed out that while the Allies bought their supplies in America on credit, the

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United States bought its supplies and services from France and the British Empire "by hundreds of millions" and paid cash. "Here is the fundamental reason which explains why we ended the war with everyone owing us and our owing no one," continued the Secretary of the Treasury. "We are now urged to cancel these debts because it is alleged that they were incurred in a common cause, but neither abroad nor in this country has it been suggested that if this is to be done, we are to be reimbursed for the dollars actually expended by us in France and Great Britain, so that the goods and services they sold us might constitute their contribution to the common cause."

Let us quote from another American writer, Mr. Joseph S. Davis, who has published in our view a statesmanlike and generous-minded study of the problem.

Frankly, I believe we announced too early and adhered too rigidly to a narrowly logical position. It is fundamental, I believe, that insistence on legal rights is far less expedient than the promotion of productivity, trade, and good will. I am convinced that, despite logical arguments to the contrary, the debt and reparation problems were, in fact, closely related. I believe that our unyielding attitude on the debts delayed, at heavy cost to the world, a prompter reaching of a sane solution of the reparation problem, and that persistence in it may render difficult further adjustment of the reparation settlement. I believe the war debts constituted an international problem and were a suitable subject for international conference, not for final decisions, but for exchange of views, clarification of thought, discussion of principles, and paving the way for mutually acceptable settlements. I consider that we arrogated to ourselves the right to be the final judges of what was right and expedient, as the Allied Powers did in the case of the Versailles Treaty and as Germany's reparation creditors did, for several years under French leadership, in the case of German reparations. Except on the ground of capacity to pay, we ignored practically all considerations brought forward by the debtor nations. We used our legal position and our economic power to force certain settlements, notably with Great Britain and France, that fall short of commending themselves to public opinion in Allied and neutral countries, and to a small, but increasing, body of intelligent American public opinion, as eminently fair, reasonable, and in a large sense, politic. Our policy has been consistent; but consistency is by no means the greatest of virtues; indeed, intemperance in consistency may be a supreme vice.

I am not a cancellationist. I believe that complete forgiveness of the debts, or pooling of the war costs, or full substitution of Germany

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as a debtor, would have been quixotic and impolitic. At the same time, I believe that we decidedly over-emphasised sanctity of contract and under-emphasised the importance of facilitating the restoration of political and economic equilibrium in Europe. On certain grounds, I believe reductions of principal and interest could have been made, in full accord with fairness and sound policy, and with distinctly better results in fact and in feeling.

An exceedingly difficult fundamental question is whether we were morally obligated to regard our war advances as part of our share in the cost of the war. In view of our utter lack of responsibility for the conflict, our unstinted efforts after we entered the war, the huge expenditures we made on our own account—far and away beyond those of any other Ally outside of Europe, relatively as well as absolutely—I cannot feel that we can rightly be charged with delinquency. Nevertheless, I believe that our effective participation, except through loans, was so long delayed, at such heavy cost to our Allies in life, effort, and expense, that we were fully justified in regarding a large part of our advances during the war as contributions, and not as loans to be repaid. The profits made on the sale of these goods shipped to the Allies, the taxes received by our Government on these profits, were sufficiently large to justify a more liberal view than we officially adopted on this subject. The recognition of this principle, and reasonable negotiations under it, would have substantially cut down the principal of the debts and removed most of the sense of grievance that is felt in the debtor countries.

Secondly, I believe that a reduction in the principal was warranted by the marked change in the value of money. I believe that we should have adopted the broad principle that we desired repayment of no more in terms of purchasing power than we advanced.* This policy would have involved the writing down of the principal, so far as it was not otherwise reduced, by perhaps a third, possibly subject to further adjustment up or down as further significant changes in the value of money should develop.

Thirdly, I believe that the standard interest rates charged on the principal so calculated should have been fixed in principle at the rates at which our Government borrows. For several years the Treasury has borrowed at much less than 4½ per cent., latterly as low as 3 per cent.; and it is likely to be able to borrow at still lower rates in the future. This principle was only partially recognised in the settlements.†

* England bought goods when the American price level was between 168 and 188, and we are paying back with a price level of 140, so that we are in fact returning in goods and effort 18 per cent. more.

† *The War Debt Settlements*, by Joseph S. Davis, pp. 23-25. (Reprinted from *The Virginia Quarterly Review*, January, 1928.)

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But Mr. Davis contrasts with this reasoned view "a common American opinion characteristic of the man in the street."

We were drawn, in spite of ourselves, into a European war, for the first and last time. It cost us heavily, even if we ended it quickly after we got going. Into the bargain we loaned the Allies a lot of money, which we raised by Liberty Bonds that we must pay off. They've made a mess of things since the Armistice, and they will probably keep on doing it. We don't like their ways and many of their policies. We haven't hurried them about payments, but a debt's a debt, and there's no reason on earth why they shouldn't pay up. We don't propose to be played for suckers. We stand for the principle of paying debts, among nations as well as among individuals. We've been easy in our terms to all, and remarkably generous to the nations that were hardest hit. We've had enough of unsettlement. The matter's settled. The plan works. Let's drop the subject.*

A common European view would be that the United States, after making immense profits out of the first three years of the war, and after ending the war as a great creditor nation, instead of a great debtor nation as she began it, will collect from Europe during 62 years £77,000,000 a year. If Germany's capacity can be fixed no higher than, or at even less than, £77,000,000, and if, as contemplated by the Treaty of Versailles, she pays for 30 years only, then for 30 years the United States will receive all or more than all the total reparation payments, and for 32 years thereafter will continue to collect this huge sum from the Allies to whom Germany will then be paying nothing. Perfect justice, or rather wisdom, lies probably somewhere between the two views. Yet, however that may be, there is no chance whatever in the near future of any change in American public opinion or of Congress departing from the letter of the settlements now made.

This is sufficiently evidenced by the remarkable speech made on Armistice Day this year by President Coolidge.

When the war, he said, was all over, in spite of the great strain, we were the only country that had much reserve power left. Our

* *The War Debt Settlements*, p. 17.

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ratifying their American debt settlement, wish to determine their receipts from Germany; secondly, because they wish to determine reparations definitely before a final settlement of the Rhineland problem; and thirdly, because the Germans on their side are very anxious to bring the Rhineland occupation to an end and are willing, therefore, to bargain with the French, though in Germany's interests it might quite well be wiser to wait awhile.

A settlement might not be so difficult, were the European war debt payments to the United States smaller. But since the Allies start with the determination to get from Germany the average annual sum of £66,000,000 they have to pay America, together with a reasonable sum over and above in respect of "devastation," the problem is by no means easy. Take the position as it affects Great Britain under the Balfour Note. Great Britain owes the United States, say, £36,400,000 a year. To make this sum up she needs, in addition to what she will get from her Allies, £19,000,000 from Germany. Since her share of reparations is 22 per cent., this involves a total annuity from Germany, exclusive of the service of the 1924 loan, administration and costs, etc., of, say, £86,000,000. France's share of 52 per cent. of this sum would come to £45,000,000. She has to pay the United States and Great Britain together a yearly average sum of £35,000,000. This will leave £10,000,000 a year for "devastation," which no Frenchman will consider excessive. But can Germany pay £86,000,000, and can the German Government accept so heavy an obligation? It must be remembered that under the Dawes plan the stability of German currency and exchange is guaranteed by the Transfer Committee. If transfers endanger the exchange, the Committee must stop transferring. This is an immense protection to Germany. But in any final settlement all external control will disappear and the whole obligation will be placed on German shoulders. She must find the means to transfer or else fail in her obligations. This danger becomes particularly

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serious, if Germany's debt is "commercialised" in the form of bonds sold to individual investors in different countries. Failure to pay the service of such bonds would completely destroy Germany's credit. It is vital, therefore, to her that her Government should only accept an obligation which it is certain that the country's resources enable it to fulfil. In this aspect of the question the United States is very greatly interested. Since the war hundreds of millions of dollars of German securities in one form or another have been sold to the American investor, who thus becomes a creditor of Germany jointly with the Allied Governments. He has accepted the risk of German solvency, knowing clearly the already existing obligations of Germany for reparation payments. When the reparation debt is finally fixed and all foreign control removed, the foreign investor will lose the protection which the Transfer Committee now affords to him also, and will have no priority claim, either in theory or fact, on the available resources of the German exchange. The German Government will be as much bound to pay the service of its reparation bonds as will be the Allgemeine Elektrizitäts Gesellschaft or the Deutsch Luxemburg Company to pay the service of their bonds sold abroad. If the resulting burden on the exchange is too great, all investors in German securities of every kind will suffer equally. It is therefore of the first importance to the American investor in German securities that the reparation burden should be fixed within German capacity. In business life, in similar circumstances, all debtors would make sure that their interests were properly protected, and it might be thought that the American Government would think it well for this reason to be represented at the deliberations of the committee to be appointed, in order to hold a watching brief for American investors. It is likely, however, that that Government will leave their citizens to protect their own interests.

If the German Government insist that they cannot

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accept the obligation of paying as much as £86,000,000, then this country will be faced with the necessity either of refusing to reduce its demands and thus rendering a final settlement unattainable, or of abandoning the principle of the Balfour Note. While the British public, facing very heavy burdens and distracting social problems, is in no mood for further sacrifices, and cannot justly be called upon to make them, a settlement of the reparation problem within Germany's capacity is, for many reasons, of the first importance to Europe and to this country also, and we must be prepared to co-operate in a fair manner with our Allies, and play our part, if need be, in rendering it possible.

As to the manner of the settlement, there is much to be said for simply fixing as Germany's obligation an annuity for a certain amount for a certain number of years, without naming a capital sum or specifying what part of the annuity represents interest and what part redemption of capital. But it is, we think, probable that Germany's creditors, looking towards the "commercialisation" of the debt, will insist on naming a capital amount and receiving in respect of it obligations of the German Government, which they can sell for cash on the international markets. Suggestions, indeed, are now current for settling the whole reparation and Allied debt problem by a series of grand capital operations. The plan, very briefly, is that the German debt should be fixed; that Germany should hand over to the Allies an equivalent amount of German bonds in payment; that the Allies, each taking the proportion of bonds due to it, should sell these bonds on the international markets of the world; and that with the cash raised in the United States, they should redeem, in whole or in part, their American debts, having come to a prior arrangement with the American Government as to the rate at which the latter would discount future payments in return for immediate cash.

But this proposition, comparatively simple though it sounds, has in fact great practical difficulties. Some of

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these may be briefly indicated, though no full discussion is possible here.

Supposing for the sake of example that it was agreed that Germany could and should pay £100,000,000 per annum and that in order to sell at par the German bonds, representing the capital debt, a rate of interest of $6\frac{1}{2}$ per cent. must be fixed, and that the capital debt should be repaid by a sinking fund of 1 per cent. redeeming it in, say, 30 years. This would bring the capital sum out at £1,333,000,000. According to their percentages these bonds would be divided as follows amongst the Allies:—

France ..	..	52 per cent.	£693,160,000
England..	..	22 „ „	£293,260,000
Italy ..	..	10 „ „	£133,300,000
Belgium..	..	4½ „ „	£59,985,000

Supposing further that the United States were prepared to discount the debts due from the Allies on a 5 per cent. basis. Then the present value of these debts, i.e., the sum due in cash at this moment to the United States from each of them, would be as follows:—

France ..	..	..	..	..	£336,274,000
England..	..	..	..	..	£293,260,000
Italy ..	..	..	..	..	£85,257,400

It may be assumed that the American Government would wish to limit the amount of German bonds issued in the United States to those required by or available for each country to redeem its American debt. Therefore the bonds to be issued in the United States would be at most for

France ..	..	..	..	..	£336,274,000
England..	..	..	..	..	£293,260,000
Italy ..	..	..	..	..	£85,257,400

On these assumptions* France and Italy could entirely redeem their debts to the United States, while England could only redeem about 44 per cent., leaving £366,129,600 still outstanding.

* In fact, the sums received in cash would be somewhat smaller by the amount of the expenses of issue.

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The balance of the German bonds due to each country could be issued in that country's market to the extent that it could absorb them, the proceeds being used to repay Government debt, or if need be to reduce debts owing to its European creditors.

The first and most important question is whether German bonds to anything like the amounts mentioned could be issued on the various international markets. The answer depends on how the investor will regard German credit. The operation would undoubtedly present very serious difficulties. Such great issues would have to be made gradually, with great circumspection and under a comprehensive scheme agreed to by all parties. Even with the best and most expert management and under the most stringent guarantees, the knowledge of these great amounts of bonds hanging over the markets would be bound to exercise a depressing effect on German credit. Moreover, would German necessities for foreign borrowing cease with the issue of the reparation bonds? It seems likely from the figures quoted on page 49 that in addition there would have to be German borrowing in some form or other to provide foreign currency for paying the interest and sinking fund on the reparation bonds, *i.e.*, an additional borrowing of £100,000,000 per annum, if that should be the annuity fixed, or proportionately less, if it should be fixed at a lower figure or deliveries in kind should be made.

The second question is at what rate would the United States Government agree to discount future payments? Clearly this is a matter of fundamental importance. The more favourable the rate, the easier it would be to make a practicable settlement with Germany. It is at this point that the two problems of reparations and Allied debts meet, and that we come back again to the future policy of the American people. When the question is finally posed, it will be for them to consider to what extent equity, wisdom and generosity bid them facilitate a settlement. They may well play at that moment a decisive part.

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Conclusion.

The preceding pages indicate that many obstacles remain to be overcome, before a final settlement of the reparation problem is in sight. Has the moment arrived when the creditors of Germany are prepared to agree to a figure for the capital debt, which the German Government will feel able to accept? The Dawes plan hitherto has worked satisfactorily. That may be no indication for the future, but it will at least not incline the Allied Governments to abate at present very greatly their demands. If they do not, will any German Government accept the full responsibility for future payments? Is there, finally, any chance of the United States helping by agreeing to discount the debts due to her on a generous scale? At least, there are all the elements for a grand game of poker.

ITALY IN 1928

I. THE FASCISTS AND THE PRESS

THERE is a good story about Marmontel, the author of *Les Contes Moraux*, when he was a prisoner in the Bastille. He complained one day to the governor of the loss of his liberty. "What are you complaining about?" exclaimed the governor, "You cannot get out of the Bastille, it is true, but inside you are as free as any man in the world." A similar question was put on October 10 to seventy Italian editors. They had been summoned to Rome *ad audiendum verbum*. "What are people complaining about?" asked Signor Mussolini. "Apart from the fact that it is not permissible to criticise Fascism, the Regime, or the Government, the Italian Press is the freest in the world." Exactly. The Duce's logic, like the governor's, is unimpeachable. If there is a difference of opinion, it comes from the different value set on the thing called liberty. As, however, liberty was proclaimed a corpse in Italy as long ago as 1922, Signor Mussolini cannot be accused of any inconsistency either in his arguments or in his actions.

His treatment of the Press is without parallel. Napoleon I abolished his, with the exception of *Le Moniteur*; but then he wrote his decrees with the sword! Napoleon III had strict laws, and persecuted journalists who opposed him, but though his censorship was drastic, an opposition Press was suffered to exist—*Le Siècle*, it may be remembered, was its chief organ. In our own times the Russian Press

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has been bolshevised, but even it can criticise the work of Bolshevik officials, and the Marquis de Estella, though he has a censor, has not blotted out independent newspapers in Spain. In Fascist Italy, more radical methods have been used. It is a matter of temperament. Mussolini is like George III, who used to say, "I only desire what is good; therefore, everyone who does not agree with me is a traitor." Mussolini has got rid of his traitors. Socialist papers have been suppressed, Liberal, Conservative and Clerical ones have changed hands—friends of the Regime were, to put it mildly, invited to buy them up. Journalists who refused to sign a declaration of loyalty to the Duce were debarred from joining the Fascist Press Syndicate, and so found their pens no good to them, as they are not allowed to write. It has taken some time to bring all this about, but since 1926, no journalist who does not become, or pretend to become, a Fascist has been tolerated. There are still a certain number of newspapers with the old names; but if there is any difference between them, it is only in the name. For the last three years they have all been publishing the same comments and the same views. Precisely the same things are noticed and passed over. They might be so many copies of an official bulletin. Loyalty to the Regime, however, is not enough. They must abstain from unfriendly criticism of its representatives. Nearly every evening the local prefect rings up the editor, and gives him what Signor Mussolini calls the "keynote" for the day. But there is, of course, another side to the account. As always in Fascist Italy, there are compensations for the loss of liberty. Journalists are well treated. Upon dismissal, or superannuation, they enjoy benefits which would be beyond the dreams of their professional brethren in other countries. There are also new schools of journalism. Future generations of pressmen are to have a Fascist soul.

No student should forget the position of the Press. It is this which makes it so difficult even for Italians, let

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alone foreigners, to form accurate conclusions. Accustomed to standards elsewhere, one would naturally say on reading Italian newspapers, "Why, all the Italians must be Fascists!" Everybody, however, from Mussolini downwards, knows that this is not the case. Public opinion is not reflected in the papers in the slightest degree. Foreign correspondents in Rome unwittingly deceive their readers by quoting what is said in them. They never give what people are thinking, only the "keynote." The Italian Press is in fact an orchestra. Everything the Government and the party spokesmen do is belauded; everything calculated to detract from their prestige is hushed up. Even foreign events are presented in such a way as to show Fascism in a favourable light. Friendly comments abroad are widely reproduced, unfavourable ones are ignored.

The Italian reader does not often take his newspaper seriously. If he did, he would picture the whole world as lost in admiration of Fascist Italy and adverse criticism as simply prompted by jealousy. Unless, then, he has a taste for propaganda, the foreign visitor will do well to go to some other source than the Press for his facts. But the worst of it is that these other sources have generally a bias the other way. They are anti-Fascist, and usually equally unreliable, so that one must be cautious. That is one of the drawbacks of a repressive system. On the one hand, you have people who believe everything, on the other, those who believe nothing. If you were to travel about Italy with plenty of private introductions, you could not help being struck by the obvious exaggeration which characterises everything good or bad that one hears about Fascism. Fascists shout its praises; its opponents breathe its faults into your ear, and there is no possibility of checking either. But, as human nature is naturally quicker to believe evil than good, more attention is paid to the whisperers than to the shouters.

The Corporative State

II. THE CORPORATIVE STATE

SO much for the limitations of repression. But the suppression of the liberty of the Press means the suppression of opposition generally, so it has, at all events, assisted Mussolini to carry out reforms of the most audacious kind. His latest has been to change the Italian constitution. The old one which was in force till a few years ago, and which stood the racket of the war—one forgets nowadays that the only nations which emerged victorious were the free peoples—is no longer in existence. Not a shred of it remains. But Mussolini and Fascism are hardly to blame for that. A revolution which failed to tear up the old order by the roots would be a contradiction in terms. But it is, perhaps, permissible to enquire into the merits of the new order. Is it a living force, or a mere device to help its inventors over an awkward period of transition?

Having done away with municipal liberties, councils, elections and the rest, Fascism has now, by the law of May 17, 1928, practically abolished Parliament. This law which provides for the new corporative State may be summarised as follows. The directing committees of the federations of employers and employees and a few other Fascist cultural associations will draw up a list of a thousand candidates. This goes to the Grand Fascist Council in Rome, and the names of 400 deputies will be selected by it, partly from the list, and partly from candidates of its own choosing. The names finally selected will be published in the official gazette, and the third Sunday afterwards the citizens will be invited to signify their approval or disapproval by writing on a ballot paper the simple word, "Yes" or "No." The franchise is a wide one: practically every citizen of 21 or over has the right to vote.

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It is unnecessary to go into details. Dr. Johnson once assured Boswell that most schemes of political improvement were ridiculous. One need not go as far as that, but it does not take much intelligence to see how this particular law will work. The corporative Parliament will not consist of representatives freely chosen by the people through their duly authorised organs, but of nominees of the Grand Fascist Council. The first plebiscite, Signor Mussolini has told us, is to be on March 24, 1929, the anniversary of the foundation of Fascism, and there is no doubt that it will be an imposing function. Peasants and workmen will be ordered, under threats, to vote "Yes." They will be marshalled by the black shirts and marched to the polling stations. In the cities there will be strong pressure, and it may well be that the vote will, on the face of it, be an impressive one. This prediction is made with some confidence, as Fascism cannot be expected to change its spots in a few months. There has been, there is and there always will be intimidation. It is inconceivable that anything should come of the plebiscite except the result that Mussolini wants in order that he may have another proof to give the world of the popularity of his regime. In a country in which there are no political parties, where the Press is no longer free and there is no right of association or meeting, where three persons talking politics together in a street may be taken up, one cannot look for any genuine expression of public opinion. The new Parliament will be precisely what everyone expects. Nor should the word "corporative" deceive anyone. The fact that the candidates are to be proposed by the general federations of employers and employees has encouraged a belief that there is to be an assembly composed of experts skilled in the various branches of industry, agriculture, commerce, science, art, etc.; in other words, that Italy is to have a Chamber of practical men to assist the executive with valuable advice, instead of the old political parliament. That at least would have

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been an interesting novelty. But it will be nothing of the sort. The report which the Government put before Parliament when the Bill was introduced made this clear. "There is no representation," they said, "of the interests of categories, but a choice, from among the various categories, of men *capable of furthering the historical aims of the nation*." * Further on it is made even clearer. "Candidates who are proposed as representatives of particular interests," we are told, "must be resolutely eliminated by the Grand Council." The corporative Parliament therefore will not be composed of business men selected for their special knowledge. The Grand Council will be guided in its choice by one consideration, and one only: the deputies must be men of genuine and proved Fascist faith. The new assembly will not be the expression of the national will, blind to everything except the supreme interests of the nation; it will be exclusively the expression of the Fascist will, and serve the aims of the Fascist oligarchy, which claims to be identical with the nation.

A few independent voices are still occasionally heard in the Senate, and when the Bill came before it on May 12, one of the Senators pointed out, among other odd features, that the proposed machinery would hinge entirely upon the Grand Fascist Council, a revolutionary committee put by Mussolini at the head of the Fascist party after the march on Rome, and hitherto utterly unknown to the Italian constitution. The Senator's criticism was too much to the point to be ignored, and a few months later, at its September sitting, the Grand Council drew up a law for its own "constitutionalisation." By virtue of it, it will become "the supreme organ co-ordinating all the activities of the Regime," and will, in effect, be above both the Chamber and the Senate. Its duties and powers are to be very wide. It must be consulted on all questions of "a constitutional character," "projects of law," for instance, dealing with the succession to the throne and the royal prerogative;

* The italics are the writer's.

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its own functions and those of the Senate and the Chamber of Deputies; the powers and privileges of the Prime Minister; the relations between the State and the Roman Catholic Church; international treaties involving a change in the territory of the State or of the colonies. Article 8 decrees that the Grand Council is to draw up and keep up to date a list of persons considered suitable to fill vacancies in the Council of Ministers; Article 9 makes the secretary of the National Fascist party secretary of the Council, and puts upon him the responsibility for convening it—he is to preside at its meeting in the absence of the president. The Council's sittings are to be in secret, and its members will be the presidents of the Senate and the Chamber, the Secretaries of State, the Quadrumvirate of the march on Rome, and a number of presidents and secretaries of the chief Fascist associations. The Grand Council will therefore be both all-Fascist and all-powerful; but the person who is to summon it "when-ever he considers it necessary" is, under Article 2, to be the Duce.

This law, like the one which introduced the parliamentary reforms, is another instance—perhaps the most daring of all—of the way in which the well known maxim, "All power to Fascism," is applied in practice. Much might be said about it, but the writer must content himself with drawing attention to two points.

The first and most important touches the relation of the monarchy to the Regime. The Grand Council's new powers with regard to the succession to the throne undoubtedly constitute a fresh *diminutio capitis* for the monarch, who has already practically lost the rights which the old constitution gave him in the matter of the nomination and dismissal of Ministers (Article 65), and the dissolution of the Chamber (Article 9). What the consequences of this will be it is impossible to say. It must not be forgotten that the original Fascist programme was a republican one, and many Fascists call themselves repub-

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licans to this day. The syndicalist wing cares little about the monarchy, which has therefore only the nationalists, who are in a minority in the party, and the aristocracy, which never carried much weight in politics, to rely upon. The monarchy has also lost prestige among the middle classes and the non-partisan masses. The weakness of the King's position has indeed been shown up only too often and, although the army has remained loyalist throughout, it must be remembered that the regulars are gradually being put in the background by the Fascist militia. Opinions in Italy differ about the future of the monarchy, and it is difficult to make a forecast. Under present conditions anything might happen.

The second point concerns the Duce. The Fascists say that the new law settles the much disputed question of his successor. As a matter of fact, the decision is only on paper. If the Duce—*absit omen*—were to disappear to-morrow, the Grand Council could, it is true, at once nominate his successor, but that by itself would settle nothing. The thing that matters is not the right, but the man. Mussolini himself once told Parliament that his successor was not yet born, and he is probably right. Dictatorships are always personal. And this is particularly true of the Fascist one, not only because Mussolini has all the strings of public life in his own hands, but even more because he represents an irreplaceable force. Practically the whole edifice of Fascist Italy rests upon his shoulders, and the prestige which goes with his name. If they were to vanish, no powers, however complete, would enable the Grand Council to fill the gap. It is in the nature of things that dictatorships should end with the dictator, and the common view in Italy is that Fascism will be no exception to the rule. It is, however, believed by many that, although it admittedly owes its stability to the Duce's personality, the social and economic structure represented by the corporative State is strong enough to survive the loss of its corner-stone. This

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structure will certainly have a special interest for the foreign student on the look-out for lessons that may be of use to his own country.

Unfortunately the corporative State has up till now existed rather on paper than in reality. There have been pronouncements on questions of principle, such as the Labour Charter, but little hitherto in the way of action. None the less, a great tentative experiment, which might revolutionise existing economic ideas, is going on. The old trade unions have been wiped out, and, as was explained in a previous article,* workmen and peasants are being enlisted by the Fascists in new syndicates which are recognised by the law and are, indeed, organs of the State. The employers' organisations were not destroyed, but they have also been transformed into legal State organs, and they now enjoy, in theory at all events, exactly the same position as the workmen's syndicates. Both employers and employees, in the eye of the law and of Fascist doctrine, are producers, not in their own interests, but in those of the State, and the State regulates their mutual relations in the interests of production. Strikes and lock-outs are equally prohibited—disputes are settled by special labour courts. The experiment is only in the bud and, as Mussolini has explained, it must remain there for some time to come, though, according to official figures published last March, there are already some four million producers enrolled, three quarters of whom belong to the National Confederation of Syndicates of Employees, and a quarter to the employers' confederation. The organisation is, therefore, far from complete, but the important thing to notice is that, while the confederations are already in existence, though still in the making, the corporations which are, it will be remembered,† to be joint bodies attached to the Ministry of Corporations and entrusted with the regulation and control of national production, have not yet even

* See THE ROUND TABLE, No. 62, March 1926, pp. 259-264.

† See THE ROUND TABLE, No. 67, June 1927, p. 499.

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been formed. Their task has hitherto been performed by the Government, whose intervention in disputes has, however, been guided by political rather than by economic considerations. The delay is put down by Fascists to the necessity of first creating a "corporative conscience," but the real reason is probably the recalcitrance of the employers who are afraid of their liberties being curtailed to an even greater extent than at present. For the law gives the corporations the right of enquiring into conditions, profits, methods of production and all such matters.

Of the two great confederations, the employers', which comprises 65 per cent. of the industries of the country with 1,750,000 workmen, is at present the more powerful. It is divided, territorially, into 96 mixed unions and, according to callings, into 46 national federations. It is stronger than the other confederation because, as has already been said, it is new only in name. Otherwise it is the old employers' organisation, and it still has the same competent secretariat and staff of experts as it used to have. The workmen's confederation, on the other hand, is a brand new body with improvised chiefs fresh to their job, whose superficial knowledge of labour questions often makes a poor enough show in negotiations with the employers' associations. To take a single example, the existence of inside workmen's commissions used to be a guarantee to the men that their labour conditions would be scrupulously observed. By the pact of October 2, 1925, however, the employers succeeded in getting these commissions abolished, and it is clear that, although Mussolini every now and then shows his fist to them, he is moving with great caution as far as the employers are concerned. For the workmen, the Government and the Party show their friendliness both in word and deed. As demagogues, indeed, the Fascists often outdo the Reds, and the three or four judgments which have so far been given by the labour courts have also been in favour of the workmen. In trade disputes, too, the local Fascist representative never fails to take the men's

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side, and all sorts of pressure are brought to bear upon the employers—sometimes it goes even as far as threats. In social legislation, however—and this is another feather in Fascism's cap—Italy is now ahead of every other country. Mussolini's recent decision to raise old age pensions was particularly interesting.

Yet, in spite of all this, neither the employers nor the employees are content with the corporative scheme. The employers feel their liberty curtailed and dislike the continuous interference of the Government and Fascist political officials in their affairs. Above all, they are uneasy about the future. The Labour Charter, it is true, guarantees private initiative, but Articles 7 and 9 hint at the possibility of factories being taken over by the State. In the recent land reclamation law, moreover, there is mention of eventual expropriation. The employers have an impression that, although lip service is paid by Fascism to the principle of private ownership, there may be menace in the actual facts. At first they believed that they were just going to get rid of socialism. Now they are afraid of the old bogey coming up again in a new guise.

If the employers are discontented, the employees are even more so. Neither workmen nor peasants have forgotten the heroic times of the cudgel, and they have all of them more or less sad memories in their own families to look back to. But, apart from that, they distrust a system which has deprived them of their liberties, taken away their votes and suppressed their newspapers and organisations. Their enlistment in the new syndicates has been against their will; a compulsory contribution is deducted from their wages, and the secretaries who are supposed to take care of their interests are not of their own choosing, but nominated from above. They cannot even meet together to discuss their own affairs. When they have negotiations with their employers, they are conducted by officials in whom they have no confidence and who are often unknown to them personally. Indifference, or even

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hostility, under such circumstances is perfectly intelligible, and we must not be deceived by newspaper accounts of demonstrations which suggest that the toiling masses are becoming reconciled to the corporative organisation and the Fascist system. The corporative State is being set up without the consent of those for whose benefit it is supposed to exist. Indeed, the huge and complicated organisation that has been brought into being at such great cost reminds one, for all the world, of a wonderful mechanism like the human body which was invented by Heine's artisan. It had everything which the body has except one thing—the soul—so the artisan wandered about looking everywhere for one, but he could not find it.

III. THE MATERIAL AND THE SPIRITUAL SIDE

WILL Mussolini find a soul for his corporative State? Only time can answer that question, and for the moment he is mainly taken up with the material side. Every year, on October 28, the anniversary of the march on Rome is celebrated by the inauguration of public works, and this year there was a sufficiently impressive list. As compared with the slow progress made under past regimes with their want of capacity, indifference, or parliamentary handicaps, Fascism, it must, in all fairness, be admitted, has shown a zeal, a quickness and an efficiency which are in many ways admirable. Whatever the future may have in store, many of the things it has done will last and bring real benefit to the country. To give a list of them would take too long, but they comprise roads, railways, ports, hydraulic machinery, aqueducts, public buildings and many other undertakings. Only last September, the Council of Ministers issued supplementary estimates authorising an additional expenditure of 235 million lire. Particular attention has been paid to agriculture. The Minister of Public Works recently brought in a Bill pro-

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viding for *bonifica integrale*, as they are called, i.e., land reclamation, and for all that should go with it in the way of roads, houses, stables, drinking water, etc., to enable the settlers to live in comfort. The scheme was spread over a period of years and involved a total cost of five milliard lire. Communes and provinces show the same feverish activity in constructive work.

One cannot but recognise, however, that this is a policy imposed by the conditions of their existence upon despotic regimes. History shows no exception to the rule. The loss of liberty has always to be made up for by material advantages, real or apparent. Suetonius tells us of the great building schemes of the Roman emperors and the chronicles of the Italian Renaissance are eloquent on the subject of petty tyrants whose ambition was to earn the title of *magni muratori*.

In the Fascist Government's own programme one notices an exaggeration which is typical of everything it does. And although one of its objects is to find work for a large number of workmen—the economic crisis is still acute—many of its works, particularly the plans for the embellishment of the cities, seem to be prompted more by national pride than by real necessity. But even works whose usefulness is indisputable often represent a burden which for the time being is beyond the financial capacity of the country. Fascist Italy embarks lightly upon expenditure which its citizens, deprived of their representation both in Parliament and the communes, have no means of controlling. The State finances are themselves a puzzle, but there is no mystery about the position of the Exchequer on May 24 last when, after eleven months of the financial year, a surplus of 150 millions of lire was shown on paper, though there was really a deficit of about a milliard. As for the communes, their expenditure is so extravagant that the Government had recently to circularise its Podestas—the officials who, it will be recollected,* have replaced the old

* See THE ROUND TABLE, No. 62, March, 1926, pp. 267-268.

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elected mayors—requiring economy. There is also the question of corruption. There is admittedly a great deal of exaggeration in the stories that go about the country, but there is no doubt that many unscrupulous officials contrive to line their own pockets.

All this money is spent, it is true, in the name of patriotism. It is the boast of Fascism to have stirred up the national conscience, restored the authority of the State, re-established order and discipline, revived religion and imposed respect for the church. This is the burden of every Fascist speech and article. But although the country owes it a great deal for the progress made on the material side, the same cannot be said of the moral side. For Fascism, which is nothing if not thorough, everything Fascist is good and everything non-Fascist bad. Even a good man must be a bad citizen if he is not a Fascist. It was the same with the despotisms of the past. To quote Dante "*In politia obliqua bonus homo est malus civis, in recta, vero, bonus homo et civis bonus convertuntur.*" It is natural then that "bad citizens" should be kept out of public affairs, and prevented from writing in the newspapers in Fascist Italy, even when they are not quietly deported or obliged to fly the country. It is equally natural that too many should learn that it pays to become "good citizens," and there are disadvantages from the standpoint of character building in such a school.

The Fascist, to make use of an English slang expression, is a "whole hogger," and everything, including even justice, which should come before everything else, has been subordinated to Fascism. Judges and magistrates are looked upon as employees of the State, which, in Fascist Italy, means of Fascism. The law has been made more severe, but its severity is reserved for those whose offence consists of opposition to the Regime. In the course of a couple of years the special tribunal has given more than 2,500 years of penal servitude to persons accused of communism. The following are a few instances of the administration of

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justice: The trial in Rome last August for the attempt at Bologna on Mussolini's life confirmed the doubt that the person who fired the revolver was not the boy Zamboni who was lynched by the crowd. Yet, the boy's father and aunt were each sentenced to 30 years' penal servitude on the charge of having instigated him to commit the crime, though no evidence came out from the proceedings which justifies this conclusion. Even more significant was a sentence passed by the special tribunal at a recent trial on a man who had shot a couple of Fascists near Lucca. After being condemned to death, he petitioned the King to pardon him. His petition was not even submitted to the sovereign. The man was shot by a squad of black shirts. Capital punishment has only recently been introduced into Italy and is limited to cases of attempts upon the life of the King or the Prime Minister, and offences against the security of the State. It was decided that a man who kills a Fascist, because he is a Fascist, "is guilty of an attempt against the security of the State." This sentence was placarded in every commune in the country. It is typical of the way in which Fascists understand and apply justice. It becomes in their hands an instrument for the consolidation of their own power and for the intimidation of their opponents. Another of their instruments is the police. When the internal estimates were under discussion last May, a Senator stated—and his statement was not even challenged—that a milliard lire, an amount equal to the expenditure of France and England combined, are spent every year on them. If the country is really so quiet and contented, why waste all this on secret agents?

The truth is that the Fascist oligarchy does not really feel secure. It knows that buttonhole badges, Roman salutes, flag wagging, band music, and the homage paid to the Duce by thousands of people in the streets of Rome on anniversaries do not count for much. The bulk of the Italians, at heart, are not Fascists. They cannot speak their minds—they can only express their feelings by murmurs—

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but the myth is gone. The adoption of the Napoleonic year did not give Italy an empire, nor have all the official and economic "battles" won prosperity for her people. The devices and exponents of Fascism are discredited. Nevertheless, organised opposition is inconceivable. Therein lies the real danger of the situation.

IMPERIAL COMMUNICATIONS

IT is probable that when this number of THE ROUND TABLE appears a Bill will be before the Imperial Parliament to give effect to the recommendations of the Imperial Wireless and Cable Conference of 1928. Those recommendations have already been accepted, with minor modifications in certain instances, by His Majesty's Government and by the Governments of all the Dominions. If, as there is every reason to expect, the British Bill becomes law, no practical difficulty will then stand in the way of merging under unified control all the cable and wireless services which radiate from Great Britain over the Empire. Confirmatory legislation may also be found necessary, or at least desirable, in some of the Dominions for the full realisation of the scheme propounded by the Conference. But it will deal with details and will be presented in an atmosphere hardly likely to be controversial; thus it remains true that the scheme in its essential features will stand or fall by the decision of the British Parliament.

If that decision is favourable, the Empire will be indebted for an Imperial system of telegraphic communication not to the wisdom of its statesmen or the enlightenment of its Parliaments, but to the irresistible pressure of scientific progress. The issue has been forced and the solution imposed by the discovery of the possibilities of Beam wireless. Successive Imperial Conferences have passed pious resolutions recognising the importance of

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improved communications. The journalists of the Empire in their periodical meetings have clamoured for cheaper rates and better service. It has been left to the inventive genius, ranging over the uncharted seas of wireless telegraphy, to compel the substitution of an Imperial policy for the disorder and confusion of the past. To-day that past has still a certain antiquarian interest, but to the historian of the future serious consideration of the subject will probably begin with the work of the Conference of 1928.

The Conference included representatives of Great Britain, of the Dominions, of India and of the Colonies and Protectorates. It was appointed

To examine the situation which has arisen as a result of the competition of the Beam wireless with the cable services, to report thereon and to make recommendations with a view to a common policy being adopted by the various Governments concerned.

It sat from January to July and its report was unanimous. To understand the report it is necessary to examine the situation with which the Conference was confronted.

I. THE EXISTING SITUATION

THE cable system of the Empire consisted in its main features of

(1) The cables of the Eastern Telegraph Company and its associated companies, linking Great Britain with India, South Africa, Australia and New Zealand;

(2) The cables of the Pacific Cable Board, a joint enterprise of the British, Canadian, Australian and New Zealand Governments, between British Columbia, Australia and New Zealand, and

(3) Two cables between Great Britain and Canada owned by the British Post Office, neither of them modern or in first-class condition and one of them a former German

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cable acquired as a prize of war. For Canadian traffic these cables were in competition, not only with wireless, but with the modern cable systems of the Commercial and Western Union Telegraph Companies of America.

Until the end of 1926 the encroachment of wireless on the preserves of the cable companies was limited to a long-wave service between England and Canada conducted by the Marconi Company and the Canadian Marconi Company, which at that time it owned. The year 1926, however, marked the advent of a revolutionary improvement in wireless telegraphy, the Beam system. That system was introduced by the engineers of the Marconi Company, and in the last two years their invention has been brought to practical fruition, but by no means to the full limit of its technical possibilities, through the successive establishment of Beam services between Great Britain and Canada, Great Britain and Australia, Great Britain and South Africa, Great Britain and India and Australia and Canada. While there are still imperfections in Beam wireless and difficulties which science has only partially overcome, it is now established beyond question that the capital cost of Beam installations is much lower, and the capacity of the Beam for simultaneous transmission much greater, than those either of the former long-wave wireless system or of any existing cable system. Given unrestricted competition, there is no reason to doubt that the Beam would ultimately reduce the revenue of the cable companies below the minimum economic return on their invested capital.

If we turn from systems to their owners, we shall find, as the Conference found, an anomalous situation. On the side of cables there were the Eastern and associated companies representing private enterprise, together with public ownership in the network of the Pacific Cable Board, a co-operative undertaking of Great Britain and three Dominions. In wireless the parent concern, the Marconi Company, controlled the patent situation, and was able to make invaluable contributions, through its relations

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with Senator Marconi and by the work of its engineering staff, to the progress of the science. It was also associated with the American, German and French wireless concerns in a research pool, the members of which were entitled to the benefits of improvements made by any of them. The Marconi Company, however, did not operate the Beam stations in Great Britain, which were owned and managed under a licence from the Company by the British Post Office. On the other hand, the Company was interested, both financially and technically, in varying degrees in the wireless companies in the Dominions which were responsible for the Dominion ends of the Beam systems. In Canada it had exchanged its control of the Canadian Marconi Company for a minority interest. In Australia it was a junior partner in Amalgamated Wireless (Australasia), Limited, a Government owned institution operating under the forms of private enterprise. In South Africa it controlled the Wireless Telegraph Company of South Africa and in India held a majority share interest in the India Radio Telegraph Company, which was, however, subject to strict control by the Indian Government.

The first and most obvious characteristic of these arrangements was that they were entirely haphazard, and the explanation must be sought primarily in the unfortunate financial record of the Marconi Company itself. Polluted from its birth by the breath of scandal, distrusted even by the politicians, detested by the Post Office, that home of administrative ambitions and professional jealousies, the Company committed its ultimate indiscretion when through its ill-conceived investments it was compelled to disappoint the wider public whom it had trained to gamble in its shares. For a time its weakness impaired the vitality of wireless itself in the Empire. No one would play with it. Before the Conference met drastic reorganisation had gone some way at least to restore confidence and to facilitate negotiations with the main competitors of wireless, the cable companies. The Conference had not in fact pro-

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ceeded far in its investigations when it received a communication from the Chairmen of the Eastern Telegraph and the Marconi Companies informing it that the two undertakings had agreed on the terms of a merger, subject to the approval of their shareholders and the conclusion of satisfactory arrangements with the Governments of the Empire.

We are not here concerned with the financial terms of the merger as they affect the several classes of stockholders. It will suffice for our present purpose to point out that the negotiations leading to the agreement were long and difficult and that those difficulties were known, in part at least, to the members of the Conference and rightly and inevitably were present to their minds when they made their report. The obstacles to agreement were both financial and personal. On the one hand, the cable companies, by prudent management over a long term of years, had built up large reserves and established a position of great financial strength. But that strength was all in the past. For three years they had been faced by diminishing revenues and a long period of unequal competition was bound to leave them with their strength dissipated and their future in doubt. Wireless, on the other hand, was emerging from a prodigal past to a future incalculable in its potentialities. On the personal side the very conservatism in finance which had built up the structure of the cable companies had been the work of directors of an older school, who believed in progress as they saw its operation in the remarkable improvements of modern cables, but distrusted its manifestations in the still unfathomed depths of wireless telegraphy. If we remember that it was a product of this atmosphere, the merger must be acclaimed as a triumph of common sense. On the financial side conflicting interests were reconciled by giving to the cable companies a predominant share in the fixed interest-bearing securities of the new Company, and to wireless a corresponding position in the equity, where its possibilities will

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be remunerative to the extent to which from time to time they are proved. On the personal side it is fortunate that the Marconi Company has in the end been able to obtain a position of equality in the directorate of the new Company. Logically a director of that Company will not be called on to consider whether a given policy is favourable to wireless or cables, but only whether it is profitable or unprofitable. In practice it is perhaps unreasonable to expect that habits of mind acquired in other conditions will in this generation respond very readily to the precepts of so strict a logic, and we may be pardoned for thinking that the future of wireless would have been insecure with less than equal representation on the new Board.

II. THE CONFERENCE'S SCHEME

THIS, in brief outline, is the situation which the Conference was called on to consider. It naturally heard the views of the parties to the merger at an early stage. The cable companies made it clear that they were not prepared to leave things as they were. They had built up a vast network of cable communications throughout the Empire. They had done it as a private enterprise and had managed their undertaking with prudence and foresight. They had had to meet the competition of another private enterprise engaged in wireless and of a government institution in the Pacific Cable Board. They were now confronted with a further development of wireless, economically *hors concours*, owned and actively developed by the British Post Office in direct competition not only with the companies' cables but with the cables owned by the Governments of the Empire. This was State enterprise run mad. They were prepared to continue the cable services as a separate undertaking if they were adequately subsidised to do so, they were equally prepared to proceed with the

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merger provided all the cable and wireless services of the Empire were vested in it. But in default of one or other of these solutions, they could not sit idly by and see their reserves swallowed up in meeting current losses. They must sell out to foreign interests or distribute their assets and liquidate.

The Conference came to the conclusion that this line of argument was unanswerable, and few reasonable people will disagree with them. They considered various possible forms of subsidy for the cable services and rejected them all as merely partial remedies of doubtful economic soundness. They were not prepared to contemplate the disappearance of the cable system, still less its transfer to foreign ownership. Brilliant as the progress of wireless telegraphy may have been, unlimited as may be its future, no one can say to-day with confidence that it will ever entirely displace the submarine cable. The two are at present complementary and they may well remain so. If no longer in its infancy the science of telegraphy by cable is still capable of immense development, as the improvements of the last few years have amply demonstrated, and in its certainty and secrecy it offers advantages in peace as well as in war which wireless has yet to show. The only solution which commended itself to the Conference was frankly to accept the merger and to build round it a great monopolistic service with such safeguards as appeared reasonable in the public interest. In this task the Conference had the assistance of two eminent financial advisers.

In applying this solution the first problem before the Conference was to separate the activities and interests of the cable and wireless companies with which the Governments of the Empire were concerned, and over which they might claim to exercise some control, from the other activities and interests of those companies. The cable companies have large investments outside their cable business and the Marconi Company not only receives a large revenue in the form of royalties for the use of its

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patents but engages in ordinary commercial enterprises such as the manufacture of radio apparatus.

The Conference propose to achieve the desired segregation of interests by the device of a separate communications company. The cable and Marconi companies will sell to the Communications Company for shares the whole of their communication assets, i.e., cables, wireless stations and investments in cable and wireless companies, and the Communications Company will similarly acquire the government cables (those of the Pacific Cable Board, the West Indian Cable and the Imperial Atlantic Cables), and will hold a lease for 25 years of the Beam stations now owned by the British Post Office.

As a simultaneous operation the Merger Company will be formed on the lines already agreed upon by the cable and Marconi groups to acquire all the ordinary shares of the cable companies and all the ordinary and preference shares and debentures of the Marconi Company. The Merger Company will thus derive its revenue from dividends paid to it by the cable and Marconi companies, and those companies will have incomes made up in part of the dividends paid to them by the Communications Company and in part from their royalties, investments and other outside interests.

The Conference propose that the capital of the Communications Company at its inception should not exceed £30,000,000, and that a standard net revenue of £1,865,000 per annum for the Communications Company should be fixed. This represents a return of approximately 6 per cent. on the capital of the Communications Company employed solely in respect of communications services. Of all net revenue in excess of the standard amount the Company will be entitled to retain only 50 per cent. and the remaining 50 per cent. will be applied, after consultation with an Advisory Committee representing all parts of the Empire, either for the reduction of rates or for other purposes. As additional capital expenditure is incurred by the Communications Company in the future, appropriate additions

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for the service charges of such new capital will be made to the standard revenue.

The Conference recommend that the board of directors of the Merger Company, Communications Company, cable and Marconi companies, should be identical, and further that the Chairman and one other director of the Communications Company should be persons approved by His Majesty's Government. By these measures it is hoped to ensure the adoption of a consistent policy throughout the undertakings and a policy which will take due account of the public interest.

The Conference, however, have gone further in the direction of public control. They propose the establishment of an Advisory Committee, to include representatives of all parts of the Empire, with absolute powers in regard to any proposed increase of existing rates and the allocation of any funds which may become available for rate reduction or other purposes owing to the increase in the standard revenue of the Communications Company. They also suggest that the Communications Company should consult the Committee on questions of policy, because "as the undertaking is one which closely concerns the several parts of the Empire it is essential that they should have a voice in the direction of the policy of the undertaking."

The idea in the minds of the Conference seems to have been that by the Advisory Committee they were establishing a sort of Post Office for the Empire and providing for the first time for the permanent co-operation in an Imperial service of representatives of the several Dominions and Colonies. Admirable as this intention may be, it may be doubted whether a Committee not strictly limited in its activities will prove to be a satisfactory expedient. There is something to be said for State enterprise in a public service; there is, in our view, still more to be said for private enterprise when the service depends for its efficiency on the successful development of technical processes which are still in their infancy. There is, however, nothing to be

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said for a combination of private enterprise and State interference. It seems to us possible to exaggerate the practical dangers of the monopoly which is to be vested in the Communications Company. Obviously public opinion would not tolerate an arrangement which made it possible for the shareholders of the Company to earn an unlimited return on their money. It is fair to insist that a substantial part of all profit above a fixed standard, even though such profit is earned by efficient management and the development of new and more economical technical methods, should be applied to the benefit of the users of the telegraph services. That kind of principle is well known in other public utility services, such as electricity and gas undertakings, but the endowment of this Advisory Committee with undefined powers to roam over the whole field of "policy" would, as far as we know, be the first attempt on any scale in the British Empire to go further in the controlling of a monopolistic service than merely to limit its profits. It would be regrettable if at an early stage in the operations of the Communications Company any doubt should arise as to who was really managing the Company—the Board of Directors or the Advisory Committee—but that situation seems to us by no means improbable unless the activities of the Committee are narrowly prescribed from the outset.

Suspicion has no doubt been engendered by the scandals which have dogged the Marconi Company throughout its brief existence. But it is to be hoped that the Governments of the Empire, who are at present engaged at the suggestion of the Conference in determining the composition and powers of the proposed Committee, will take a broad view of the problem. The new company is to have an independent chairman and a second director nominated by the British Government. This is more than a negative safeguard of sound policy, and it is immensely reinforced if, as we believe, it is reasonable to assume that a powerful undertaking such as the new company, formed under these

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auspices with a strong financial structure and an efficient management, may be trusted to realise that its own interests are bound up in the long run with those of the public which it serves.

The last recommendation of the Conference is that the Post Office should be allowed to reserve the right to conduct the external telephone services of Great Britain. This concession to official obstruction may have a political, but has no practical, justification. In fact, the best method known to science at the present time for long distance wireless telephony is to super-impose telephone circuits on the telegraphic beam. The public, therefore, may not unreasonably ask what compensating advantages it may expect to derive from what would appear to be the quite otiose interpolation of a bureaucratic organ between itself and the owners of the Beam. For answer it will no doubt draw such comfort as it can from the reflection that it is already indebted to the Department for one of the most expensive internal telephone systems in the civilised world.

In conclusion, it may be well to add that frank criticism of this recommendation or the other is in no way inconsistent with the view that the main structure designed by the Conference is admirable in its conception and in its possibilities of future expansion and improvement. If the scheme is accepted the British Empire will lead the world in the systematic planning of its telegraphic communications. There is great activity and progress in the same field in the United States, but there the hostility of rival corporations and the existence of the anti-trust legislation still impose formidable obstacles to what may be called the rationalisation of this public service. It is not the least satisfactory feature of the present scheme that in the negotiations and discussions which from time to time will be inevitable with the corresponding enterprises in America and elsewhere, the interests of the Empire will be in the hands of a powerful commercial undertaking, financially unassailable and in the front rank technically.

THE RETURN OF THE COMMISSION TO INDIA

I. THE "BOYCOTT"

THE last article from India was despatched in April, exactly six months ago—six months which, it needed no prophet to foretell, would prove to be one of the decisive periods in Indian history. Some idea of the kind and strength of the various reactions to which the announcement of the appointment of the Statutory Commission on November 8, 1927, gave rise has already been given in these pages.* The reader will not, therefore, be surprised that the last six months should have proved to be months of important development and of rapid and perhaps bewildering change. Throughout, the Commission has held the centre of the stage. Nothing compares with it for interest in India to-day. It dominates her present politics and the thoughts and actions of all who play any public part in them, whether for or against the Commission. People in England apparently still think of the reactions to its appointment as being two in number and of exactly opposite tendencies. They imagine a boycott by certain sections of Indian opinion and co-operation by certain other sections. It is the purpose of the writer to show that this impression is an unduly simplified and mistaken one.

In the first place, it may be said with complete truth

* THE ROUND TABLE, No. 70, March 1928, pp. 307-316.

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that there is no boycott of the Commission. For a boycott means simply and solely the utter ignoring of the boycotted object. Undoubtedly a boycott of this unequivocal type was visualised last November by those Indian politicians who declared themselves irreconcilably opposed to the Commission's constitution and, had political opinion and such public opinion as exists in India been solid against the Commission, such a boycott would no doubt have been achieved, and the Commission left to draw its conclusions and to make its recommendations from the official evidence and its own observations. But from the beginning it was clear that complete unity of this kind was out of the question, and so there has been no time since last November when some section or other of the opposition has not been trying either avowedly or otherwise to modify the constitution of the Commission or else the conditions on which Indian opinion is to be associated with it. As we shall shortly see, even the most extreme and uncompromising sections have, within the last two months, tacitly acknowledged the break-down of the boycott by putting forward a scheme for the future government of India which has, without authoritative denial from any quarter, been generally presumed to be meant primarily for the consideration of the Commission and His Majesty's Government.

On the other hand, when we refer to the co-operating sections of Indian opinion, we must beware of thinking of them as diametrically opposed in their point of view and their politics to the so-called boycotters. The co-operators are, as a matter of fact, drawn from every community and class and represent many different schools of political thought. It is quite possible, for example, that except on certain communal questions all, or practically all, the leaders of the co-operating groups would agree wholeheartedly with the views and aspirations of many of the "boycott" leaders, and that the ultimate goal and even the methods which they would adopt to reach it are common to many who find themselves in rival camps. It is more

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than likely that some of the views of the co-operating provincial and central committees, and other bodies too, will differ sharply from those of the Commission. The Commission, those who are co-operating with it, and those who are not doing so, except in the limited way we have just described, are all, however, now hard at work on the vast task of finding a solution of the problem of the future government of India, and there can be little doubt that the views of all three will coincide in some things, although they may diverge, and diverge widely, in others.

Meanwhile, to adopt the language which is still current though, as we have seen, not exactly suited to existing facts, we must see what developments have taken place in the boycott position. Our last article was written at the moment when the legislative councils of three of the nine major provinces had declared for co-operation and three against it. At the moment of writing the position is that the legislative council of every province except one, the Central Provinces, has decided to choose a committee to co-operate with the Commission, and even in the Central Provinces there is a definite and apparently a growing movement in favour of coming into line. Two of the councils who are now co-operating, those of the United Provinces and Madras, revised previous decisions in favour of non-co-operation, and in neither case did the non-co-operating elements challenge a division. It is interesting to observe the sequence of events in these cases and the majorities by which the actual decisions were taken. Our readers will remember that by the middle of April three provinces had decided to co-operate, the Punjab, Burma, and Assam. On July 9 Bengal also decided, by a majority of 22, to do so. Her example was followed by Bombay on August 2, this time by a majority of 24—in itself a striking triumph, since Bombay city and certain parts of the Presidency are among the strongholds of non-co-operation. Next came Bihar and Orissa, though here the majority for co-operation, contrary to all expectations,

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fell as low as 6. There were, however, reasons for this peculiar to the province and the moment. Two of the non-co-operating leaders, in fact the two authors of the report which we will discuss in a moment, Pandit Motilal Nehru and Sir Tej Bahadur Sapru, visited the province shortly before the Council took its decision and they undoubtedly swayed a number of votes. And, a circumstance which shows the queer stuff of which Indian politics are made, certain expressions in a recent judgment of the High Court had offended the *amour propre* of many sections of the Indian public, and this was undoubtedly reflected in the voting lists. By this time, however, the tide had obviously set in for co-operation, as far as the provincial councils were concerned, and therefore Madras on September 5, and the United Provinces on September 18, decided, as we have seen, without a division to elect committees to work with the Commission.

That these decisions have badly shaken the position of the non-co-operators cannot be denied, for, as we remarked last April, the provincial councils are in many ways far more truly representative of the people than the Legislative Assembly. Apart therefore from mere abuse of the co-operating sections in the councils, practically the only criticism of the committees elected to work with the Commission is that they do not properly represent their respective councils. It is worth while spending a little time over this point. It is true that the Congress party itself has nowhere taken any part in the election of the committees, and the same attitude has been adopted by allied or sympathetic groups in some of the provincial councils. But it must be remembered that the Congress party is practically unrepresented in one or two of these councils, notably in that of the Punjab, and the Punjab Committee is one of the best and most representative of the lot. Another very good and representative committee is the Madras one. It is true that the Congress party is well represented in the Madras Council, but so is its

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great rival in the south of India, the Justice party, and the Justice party threw all its weight on the side of co-operation. On the whole, therefore, it can fairly be said that the provincial committees are fully representative of their councils except that they do not contain any members of the Congress party or of certain closely allied bodies. A good idea of the extent to which the different committees are representative of their parent bodies can be obtained by examining the composition of the committee appointed at the end of September by the central Legislature to form the Indian wing of the Commission. The original intention, as set forth in Sir John Simon's letter of February 6 last to the Viceroy, was that this committee should be elected by the two Houses of the central Legislature and might conveniently be seven in number. It will be remembered that the Council of State had decided in favour of co-operation, while the Legislative Assembly had, by a narrow majority, decided against it. Let us assume, however, that both Houses had decided to elect a committee of seven. It is reasonable to suppose that the Council of State would have elected three of the seven and the Legislative Assembly four. As the Council of State has recently elected three of its members to the Committee, these are the three men who would presumably have been elected in any case. That leaves the four to be chosen by the Legislative Assembly. Of these, the Government bloc, assisted by the nominated non-official members, the European group, and the centre Moslem party, could unquestionably have elected two, leaving two to the opposition. As things are, the Viceroy has nominated five members from the Legislative Assembly to the Committee, and obviously two of these five would have been elected had there been an election. The two most prominent men on the Opposition benches are the leader of the Congress party, Pandit Motilal Nehru, and the leader of the Nationalist party, Lala Lajpat Rai, and we will assume that these two men would have been elected. Thus

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the only change would have been the inclusion of these two gentlemen in the Committee and the exclusion of two others. Of course the parties led by Pandit Motilal Nehru and Lala Lajpat Rai represent very large and important sections of Indian political opinion, and to the extent that these sections have found no place in the Committee it is unrepresentative. But, as we shall see later, their views have been formulated and brought prominently to the notice of the Commission, and they are available for its use.

What then does all this mean? It means that all but one of the provincial councils, whose political life has been vigorous since the reforms, and where many of the most important and interesting political developments have taken place, have decided that the interests of the people they represent will not allow them to refuse to take part in the work of the Commission. And the provincial councils, with their wider franchise and unquestionably greater appeal to the imagination of the mass of the electorate, are demonstrably more representative of the people than the remoter Legislative Assembly with its higher franchise and far larger electoral divisions. Further, as we saw in our last article, there has been a definite tendency for many of the best and most popular politicians in the provinces to enter the provincial councils in preference to the Legislative Assembly, and it is precisely these men or, at any rate, the majority of them, who have decided to reject the sterile doctrine of non-co-operation. The course of events in the provinces has thus profoundly modified the situation which confronted the Commission when it arrived in India last February. Boycott in the real sense of the word has disappeared, although it is true that non-co-operation on the part of most of the leading all-India politicians remains. Nevertheless, the co-operation of eight out of the nine provincial legislative councils gives the Commission not only ample justification for proceeding with its work, but also moral support of incalculable value.

The All-Parties Report

II. THE ALL-PARTIES REPORT

SO much then for the situation as far as co-operation is concerned. Most of the "All-India" political leaders, the organised Opposition in the Legislative Assembly, and certain parties and groups in the provincial legislatures have refused to work side by side with the Commission, but, on the other hand, besides the eight provinces whose councils have decided to co-operate, many important communities and interests, including the vast majority of the great Mahomedan community, are now pledged to assist the Commission.

We are now in a position to discuss developments in other directions. In our last article we referred to the All-Parties Conference, and gave some account of its composition and the scope of its activities.* Its work which had proved infructuous in Delhi was, it will be remembered, to be resumed at Bombay last May. The Conference, it must be repeated, had a two-fold objective. In the first place, it sought to answer the statement, more than once repeated, that Indian politicians had hitherto failed to make any constructive suggestions for the future government of India, but had confined themselves practically entirely to destructive criticism of existing arrangements. In the second place, the object of the Conference was to achieve unity between Hindus and Moslems in regard to certain political differences of fundamental importance. The Conference duly re-assembled at Bombay on May 19, but a number of the most important people who had attended its meetings in Delhi were absent for various reasons. Two of the party leaders in the Legislative Assembly, Mr. Srinivasa Iyengar of the Congress party,

* THE ROUND TABLE, No. 71, June 1928, p. 574.

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and Mr. Jinnah of the Independent party, had left India on a visit to Europe. Mr. Gandhi, and the veteran Nationalist leader, Pandit Madan Mohan Malaviya, were in Bombay but did not attend. The Conference was presided over by Dr. Ansari, the President of the All-India National Congress last December, who, in reviewing the work of the Conference and of two committees, which had been appointed to report on the separation of Sind from the Bombay Presidency and the question of the reservation of seats for minorities, admitted that no progress had been made since the last meeting in Delhi, and that unless some settlement could be reached and a constitution framed on its basis with which they could go to the country, they might as well shut up shop. At one time it looked likely that the Conference would break up in disorder, but Mrs. Besant and Pandit Motilal Nehru persuaded the meeting to agree to the appointment of a sub-committee, with Pandit Motilal Nehru as chairman, and Sir Tej Bahadur Sapru as its leading member, to draft a constitution before July 1, 1928. This sub-committee did not find it possible to issue its report until the middle of August, and in practice its membership during its sittings was confined to Pandit Motilal Nehru and Sir Tej Bahadur Sapru. Their report, when issued, became generally known as the Nehru-Sapru report. Its outlines have been widely published in England, but it may be useful to recapitulate its main points :—

It recommends Dominion status and lays down that the first step towards the transference of political power from the people of England to the people of India is the abolition of the Secretary of State and his Council. Nervousness on the part of the European commercial community over this development is deprecated, and it is suggested that they should themselves formulate proposals for the safeguarding of their interests, which will receive due consideration. The legislative power of the Commonwealth of India would be vested in a Parliament consisting of the

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King, a Senate, and a House of Representatives, the Senate to consist of 200 members, elected for a term of seven years, and the House of Representatives of 500, elected for five years. Every person, of either sex, above the age of 21 years is to have the vote for the House of Representatives. The provincial legislative power would be vested in the Governor and the local legislative council which would have one elected member for every 100,000 of the population. Each province is to possess an executive council of five Ministers, and a judiciary consisting of a Supreme Court and High Courts, the Supreme Courts to be composed of a Lord President and other Judges. Expenditure incurred on the defence of India is to be submitted to the vote of the House of Representatives, and the representation of the army in the legislature is to be entrusted to a Minister guided by expert advice. A redistribution of the provinces on a linguistic basis is suggested. Sind would become a separate province, and the North-West Frontier an ordinary province. All the newly-formed provinces are to have the same form of government as the rest.

The Committee recommend joint mixed electorates throughout India for both the House of Representatives and the provincial legislatures. There is to be no reservation of seats in the House of Representatives, except for Moslems in provinces in which they are in a minority, and for non-Moslems in the Frontier Province, such reservation to be in strict proportion to the Moslem population in every province where they are in a minority, and in proportion to the non-Moslem population in the Frontier Province. The Commonwealth Government would exercise the same rights in relation to the Indian States as is exercised by the present Government of India.

It had been intended at first to circulate the report and the draft constitution among the various associations adhering to the All-Parties Conference, but as time did not permit of this, the whole scheme was put up to a meeting of the All-Parties Conference which opened at Lucknow on

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August 28. As might have been expected, public interest centred mainly in the provisions relating to the outstanding issues between Hindus and Mahomedans, i.e., the question of the separation of Sind from Bombay, the question of joint or separate communal electorates, and the question of the extension of the reforms to the North-West Frontier Province. Generally speaking, Hindu opinion is against the separation of Sind from Bombay, whilst Mahomedan opinion favours it. Again, the bulk of Mahomedan opinion undoubtedly favours the retention of communal electorates, whilst Hindu opinion generally condemns them. Lastly, Mahomedans mostly desire the extension of the reforms in some sort to the Frontier Province, whilst Hindu opinion regards such a development on the whole with disfavour. Before the formal proceedings of the Conference began, a good deal of negotiation and argument went on behind the scenes over these points, and by August 28 it was already certain that no clear-cut resolution embodying the proposals of the Nehru-Sapru report would have any chance of unanimous acceptance.

Another subject on which much diversity of opinion made itself manifest was that of Dominion status, since a section of the delegates, led by Pandit Jawahar Lal Nehru, son of Pandit Motilal Nehru, stood for complete independence. This conflict of opinion was fully reflected in the actual resolutions. The first was moved by Pandit Madan Mohan Malaviya. It claimed for India a form of government which would be responsible to a popularly elected legislative body and not have a lower status than a Dominion. Owing, however, to the opposition of Pandit Jawahar Lal Nehru and his followers the resolution was finally adopted in the following form :—

Without restricting the liberty of action of those political parties, whose goal is complete independence, this Conference declares—

(1) that the form of government to be established in India should be responsible, that is to say, a government in which the executive should be responsible to a popularly elected legislature possessing full and plenary powers,

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(2) that such form of government shall in no event be lower than that of any self-governing Dominion.

The next motion referred to Sind, and after a long debate the following resolution was put and unanimously accepted :—

Simultaneously with the establishment of government in accordance with the Nehru Committee report, Sind shall be separated from Bombay and constituted a separate province provided that—

(i) after enquiry it is found (a) that Sind is financially self-supporting, (b) in the event of its being found that it is not financially self-supporting, on the scheme of separation being laid before the people of Sind in its financial and administrative aspects, that the majority of inhabitants favoured the scheme and expressed their readiness to bear the financial responsibility of the new arrangement.

(ii) that the form of government in Sind shall be the same as in other provinces under the Nehru constitution, and

(iii) that the non-Moslem minority in Sind shall be given the same privileges in the matter of representation in the provincial and central legislatures as Moslem minorities are given under the Nehru Committee report in areas where they are in the minority.

Finally on August 31, the Conference agreed that the reforms should be extended to the North-West Frontier Province and Baluchistan, and general electorates accepted without any reservation of seats for any community in the Punjab, provided that the franchise is based on adult suffrage, and further that the question of communal representation should be open to reconsideration after a period of ten years.

It will be noticed that the two resolutions relating to Dominion status and the separation of Sind are drawn in such wide terms as to be practically useless, and it is clear that they represent nothing more than an attempt to attain the maximum amount of agreement. Obviously they settle nothing. The declarations relating to the electoral system and to the extension of the reforms to the frontier are more precise, but it is not easy to understand what was the real measure of consent which they obtained in the Conference, for immediately after it dispersed some of the leading Mahomedan delegates, including Maulana

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Shaukat Ali, the well-known Khilafatist and Nationalist leader, announced their disagreement with the declaration about the electorates, Shaukat Ali in particular standing for a reservation of seats as a condition of the acceptance of joint electorates even in provinces where Mahomedans were in a majority. Since the Conference dissatisfaction with the recommendations of the Nehru-Sapru report on the subject of the electorate, the separation of Sind, and the extension of the reforms to the Frontier, has become more and more vocal, both in the Indian press and at meetings of communal organisations in different parts of the country. It is worth noting that the Mahomedan delegates to the Conference were mostly drawn from the ranks of the old Khilafatists, who represent a very small minority of the community, and that, apart from these, the only other Mahomedans present, were a few leading Liberals of the old type, like Sir Ali Imam, who follow Sir Tej Bahadur Sapru. In fact, the Lucknow Conference did not bear out the hopes of its promoters that the Nehru-Sapru report would be unanimously accepted by the different interests represented at it. It did, however, show the promoters the weak spots in the report and it emphasised the desirability, from their point of view, of intensive propaganda to popularise it. We shall, however, shortly see that some of the opposition is of a kind actually to gain strength from such propaganda.

The Nehru-Sapru report is, after the Commission, the most important thing in Indian politics to-day, and it derives its importance partly from the amount of support which it receives, and partly from the amount of opposition which it has encountered. It is unnecessary either to exaggerate or to minimise its significance. As we have seen and shall see again later on, it is far from being the demand of a united India. It is, in fact, the maximum amount of agreement which can at present be reached between certain sections of opinion which are themselves by no means fully representative of all India. The safest

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thing to say perhaps is that it represents what all except the most extreme section of progressive Indian opinion accepts as the goal to be attained in a not too distant future, but in the meantime important communities and interests, and first and foremost the Mahomedan community, are not prepared to accept some of its fundamental provisions without very substantial modifications.

The publication of the Donoughmore Report* excited considerable interest in this country and would have excited more but for the preoccupation of its public men with the Commission and the All-Parties Conference. The report, however, and its possible bearing on our future political development have been very closely studied. Its novel features are, it is clear, unlikely to find much favour in India, and its scheme of government has been characterised by the authors of the Nehru-Sapru report as not responsible government at all. But the part which deals with communal representation has been prominently stressed in newspaper and other forms of discussion, and it will undoubtedly be used as an argument by those who favour joint electorates.

III. THE AUTUMN SESSION AND AFTER

IMMEDIATELY after the Lucknow Conference, the autumn session of the Indian legislature began at Simla in a somewhat tense atmosphere. Most of the Mahomedan members had come up openly prepared to oppose any attempt to give the imprimatur of the Assembly to the Nehru-Sapru report, and some of the Government business for the session was of a highly contentious kind. In particular, it was known that a Bill entitled "The Public Safety (Removal from India) Bill" was certain to arouse strong opposition from the Congress and Nationalist

* Report of the Special Commission, on the Constitution of Ceylon (cmd. 3131).

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parties. The Bill proposed to empower the Governor-General in Council to remove from India communist agents other than subjects of British India or the Indian States, whose activities were such as to constitute a menace to the safety of the country. Another Bill regarded as likely to lead to a stiff fight between the Government and the Opposition was the Trade Disputes Bill. Lastly, the Foreign Secretary, Sir Denys Bray, was to move a Bill to amend the Indian Penal Code and to afford a much needed safeguard in cases where statements, particularly those in newspapers, tended to promote unfriendly relations between India and foreign countries. It is not easy to say why any of these Bills should have been regarded as anathema by the Congress and Nationalist parties, since their bearing on the safety and good order of this country is obvious and none of them proposed to restrict the liberty of any Indian subject. Perhaps the chief reason was the crushing disappointment of the hopes built up on the boycott movement, which had renewed and stimulated the old Swaraj party's policy of trying to "wreck the reforms from within," and brought every Government measure under the ban. It should be noted that the Congress and Nationalist parties are now to all intents and purposes a single Opposition party in the Legislative Assembly. Certainly they acted together throughout the session, and will probably continue so to act in almost complete unison for the rest of the life of the present legislature.

Of the events of the session there is no need to speak here, since they were practically all of them incidents in the long-drawn-out struggle over the Public Safety Bill. Aided by a number of Mr. Jinnah's Independent party, the Home Member won the first big division on this Bill. The Opposition pressed that it should be circulated and opinions elicited upon it, but the Government supported an amendment, moved by Sir Hari Singh Gour, to refer it to a Select Committee and the motion for circulation was defeated by four votes in a House which was unusually large

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for an autumn session in Simla. Some days later, however, after the Bill had come back with various modifications from the Select Committee, the motion that the Bill, as reported by the Committee, be taken into consideration, resulted in a tie of 61 votes all, and the President's casting vote put the "Noes" in a majority of one. The Bill has therefore been dropped, for the present at any rate. But the voting on it by no means represented the real opinions of members, and speeches from both sides of the House showed unmistakably that the danger from communist agents is realised and is causing considerable uneasiness. In the ranks of the Congress and Nationalist parties there are a number of wealthy land-owners, important capitalists and business men, and it can hardly be doubted that these men were voting against their convictions under extreme pressure from the party whips. The Government would, anyhow, have won this critical division had it not been for the inexplicable behaviour of two members of the European group who failed to turn up for the division, although they were in Simla.

There is another matter which calls for mention, the misunderstanding which arose between the Chair and the Government benches. Two European newspaper correspondents had criticised some of the actions of the Chair and one of them had accused it of partiality in a certain ruling. Unfortunately, the representative of an Anglo-Indian newspaper published an article in which he accused officials of the Government of India of carrying on propaganda against the Chair, and Pandit Motilal Nehru, leader of the Congress party, drew the attention of the Chair to this allegation. The result was that for a day or two, relations between the Chair and the Government benches were decidedly strained, but the Home Member, Mr. Crerar, was able to assure the House that no government official had taken or would take any part in propaganda against the Chair, and, secondly, that the Chair enjoyed the Government's confidence and could rely on it for

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support. This statement was well received by all parties in the House, as well as by the press, and the end of the session saw the old cordial relations between the Chair and the Government benches completely restored.

It may be said with justice that this particular session was more important on account of the motions which were not moved than on account of those which were. Normally, such important events as the publication of the Nehru-Sapru report, and the meeting of the All-Parties Conference at Lucknow, would have led to the introduction of a resolution that the recommendations contained in the report should be adopted forthwith and a round table conference summoned to decide when and how they should be put into operation. No such resolution was moved and, indeed, Pandit Motilal Nehru who has been given the position of leader of the whole Opposition is reported to have issued specific orders that it should not be moved. The reason was obvious ; probably not more than three Mahomedans in the whole House would have voted for it and it must inevitably have been lost by a large majority. This would, of course, have been, from the Opposition point of view, a political disaster, and Pandit Motilal Nehru, like a wise general, did not lead his forces into a hopeless battle. One resolution which would normally have been welcomed by the whole Opposition as an opportunity for a full-dress debate and the infliction of a defeat on the Government was tabled by a member of the Nationalist party. It recommended the withdrawal of British troops from India, and their replacement as early as possible by Indians. Here again it became known that there would be considerable opposition and that it would be their opponents and not the Government who would suffer defeat. So a debate on a resolution of comparatively minor importance, which came earlier on the paper, was prolonged in order to make it impossible for the army resolution to be taken up.

Throughout the session, opposition to the Nehru-Sapru report, particularly by the Moslems, was strongly in

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evidence and was undoubtedly growing both in volume and in vigour. Among other things a statement was issued by a number of Mahomedan members drawn from all parties repudiating some of the fundamental provisions of the report on behalf of their communities. Moreover, dissension had been growing in the ranks of the Congress party itself since its deputy leader, Mr. Srinivasa Iyengar, definitely declared himself in favour of complete independence with the support of some of his colleagues. He and Pandit Motilal Nehru have for some time been rivals for the post of chief leader of the party, and it is possible that a difference of opinion on such a vital principle will lead to important developments. Yet again, important sections of the great Sikh community in the Punjab are decidedly restive owing to the report making no provision for the reservation of seats for the Sikhs and, as far as can be seen, this restiveness is on the increase and may lead to some of the leading spokesmen of the community formally declaring their dissatisfaction with the report. All these things have given its signatories material for serious thought, and they are now concentrating their attention on launching a vigorous and comprehensive campaign of propaganda in its favour. This campaign was, in fact, inaugurated a day or two ago at a meeting in Madras, but a close study of what happened at it and of the newspaper comments shows that the campaign may have very different results to those which its promoters desire. For the meeting has decidedly accentuated the differences between those who stand for Dominion status, and those who stand for complete independence, and it is certain that the extension of the campaign into the Punjab, Bengal, the United Provinces, and Sind will rouse communal animosities with results similar to those which have become so painfully familiar to us during the past few years. After a period of quiescence, inter-communal rioting has again begun and in the last three or four weeks there have been a number of affrays, in one of which the casualties amounted to a little over 200.

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Intensive propaganda in favour of the Nehru-Sapru report, in view of the bitter antagonism of the great majority of the Mahomedan spokesmen, will be like taking a torch into a powder magazine. It can hardly be doubted that if the explosion occurs, the report will perish.

India.

October 9, 1928.

INDUSTRIAL MISGIVINGS

I. SEVEN LEAN YEARS

TO recur once again to the industrial situation hardly demands an apology. During the last seven dark years it is a theme which has claimed many pages in this Review,* as indeed its overwhelming importance for Great Britain and for the Empire at large required. Unless and until some plain turning towards prosperity is discernible, no one who cares about the future of either can readily divert his thoughts to more pleasing subjects. It is all the more difficult to do so with the country on the brink of a general election, which must largely revolve round our economic troubles and which will fill every newspaper and meeting-hall in the kingdom with an intolerable medley of garbled figures, half-truths, and good round lies, by the light of which the bewildered elector is supposed to choose the men who are to save the commonwealth.

First, what are the facts, or rather the new facts? For the moment we may leave aside the old facts which we have known so long that they have almost acquired a sort of respectability. The really salient new fact is that despite all expectations to the contrary, 1928 has proved far worse than 1927. The early months of the year appeared to point to the long deferred revival at last. There were some grounds for believing it—at least better grounds than

* THE ROUND TABLE, No. 60, September, 1925, p. 692; No. 64, September, 1926, p. 690; and No. 66, March, 1927, pp. 262-266.

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had been previously offered. The coal strike was quickly receding into the past. Its dislocating effects on industry had been steadily subsiding over eighteen months. The coal trade itself, having cut wages heavily and increased hours considerably, was surely going to reap all the benefits from those operations, which the coal-owners had so confidently predicted. And with cheaper coal would come cheaper iron and cheaper steel. The blast-furnaces would roar again, and with two of our basic trades re-established the blood of industry would at last begin to quicken once more. Moreover, some of the old facts no longer seemed to possess their old terrors. Even if we had restored the pound to its pride of place a little precipitately, that was after all three years ago. The consequent adjustments of prices and wages might reasonably be supposed to have come about. Then again, our position in the foreign markets had been undeniably improved by the stabilisation of every foreign currency of importance. Exchange gambling and exchange dumping, to which so many of the troubles of our export trades had been ascribed, no longer disturbed the flow of international commerce. Although our trade balance for the past year had appeared to the uninitiated to be uncomfortably adverse, we were agreeably consoled by Sir Philip Cunliffe-Lister and Mr. A. M. Samuel's assurances that the best official computations indicated a substantial, though invisible, profit. In fact, many things seemed to point to a gradual improvement during 1928—and yet it has turned out to be distinctly worse than its predecessor.

This unpleasant fact, though foreseen by industrialists of longer vision, came home as a shock to the public mind. In the first place, it has become painfully evident from the unemployment figures. At the moment of writing, there are nearly 300,000 more men and women out of work than there were twelve months ago. In April and May the curve turned sharply upward; by July, when industrial activity is usually at its height, it had actually

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exceeded the mean rate for the years 1922-1927.* On August 28 there were 1,367,000 insured workpeople idle, as against 1,076,000 at the same period in 1927, 11·7 per cent. of the total as against 9·3 per cent. A further examination of these disturbing statistics indicates that it is not only the hard-hit staple industries which have been overtaken by this new depression, but in some degree almost every important trade group in the country. This may be quickly seen by the following table:—

Percentage of Insured Persons Unemployed in Great Britain and Northern Ireland.

			August, 1928.	August, 1927.	Increase or Decrease.
Coal Mining	..	..	25·5	20·4	+ 5·1
Iron and Steel	..	..	23·2	18·3	+ 4·9
Cotton	..	..	16·2	10·0	+ 6·2
Wool	..	..	14·9	9·4	+ 5·5
Shipbuilding	..	..	27·2	22·5	+ 4·7
Engineering	..	..	10·3	9·1	+ 1·0
Boots and Shoes	..	..	19·1	13·2	+ 5·9
Building	..	..	10·5	7·3	+ 3·2
Bricks	..	..	11·0	5·4	+ 5·6
Pottery	..	..	21·5	15·7	+ 5·8
Chemicals	..	..	6·4	6·1	+ 0·3
Tin Plate and Steel Sheets ..	..	..	5·7	21·6	—15·9

There is nothing comforting to be read into these figures. If they had been the figures for December or January, when building and other seasonal activities are at their lowest ebb, they would have been bad enough, but relating as they do to August, they are profoundly disquieting. One wonders what indeed will be the state of things in mid-winter if the decline continues†. One wonders, too, what

* Omitting 1926 as abnormal. See *Ministry of Labour Gazette*, September, 1928, p. 327.

† The September figures published after this article had been written do not show any sign of real improvement. The total number of insured unemployed at the end of the month was 1,355,000, or 12,000 less than in August, but this only represents a drop of 0·2 per cent. in the index figure,

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will be the effect on the unemployment fund. By now it has been generally forgotten that the foundation upon which Mr. Churchill constructed his costly pension scheme was the expectation of a steady diminution of the State's liability in respect of unemployment. It is, therefore, far from reassuring from the taxpayers' standpoint to find that, whereas in August, 1927, outstanding Treasury advances stood at £22,920,000, they had risen by August of this year to £26,560,000. Still less reassuring is the fact that, whereas in the same month a year ago the contributions received exceeded the benefits paid by £450,000 and the fund as a whole was very nearly paying its way, in August of this year there was an adverse balance of £635,000 between contributions and benefits, and a deficit of £1,125,000 on the whole month's working.*

Do these unpleasant figures admit of any attenuation or explanation? Is it not possible that by themselves they present an unduly sombre picture? May they not, for instance, be partly or even largely due to that salutary but painful process now known as "rationalisation?" It is generally admitted that the necessary reorganisation and concentration of the older and less efficient industries, notably coal-mining, iron and steel, and cotton, must, when it occurs, reduce for a time the number of persons employed. But even if the closing of uneconomic pits or works, the scrapping of old machinery and its replacement by modern plant operated by fewer pairs of hands create some unemployment, it should be largely compensated even in the early stages by more full-time work, so that the general aggregate of employment is not seriously diminished, and as German experience shows, employment is ultimately increased in proportion, as the results of

which is still 11·5 per cent. There has been some improvement in pottery, iron and steel, coal-mining, cotton, and boots and shoes, but a corresponding deterioration in shipping, tin plates, wool textiles, building and brick-making.

* *Ministry of Labour Gazette*, September, 1928, p. 334.

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greater efficiency make themselves felt. Moreover, even if this element is to some extent in operation, the production figures available for the larger industries do not suggest that much weight can be attached to it as a cause of unemployment. The output of coal, for instance, was about 9·2 per cent. smaller in August, 1928, than in August, 1927 (16,199,000 tons as against 17,851,000), and an almost precisely equivalent reduction is shown of the number of wage-earners on the colliery books. The production of steel ingots and castings was, indeed, slightly larger, although the number of workers showed a substantial falling off. On the other hand, the amount of pig-iron produced declined by nearly 13·0 per cent., while the decrease in employment was only 5·2 per cent. It is, however, interesting to note in passing the remarkable contrast presented by the tin plate and steel sheet section to the rest of the industry. Instead of the uniform and uninspiring decline observable elsewhere, unemployment had been reduced to almost insignificant proportions as compared with the previous year; there were 63 more mills in operation and an increase of exports. It may not be irrelevant to remark that, since the slump set in in 1921, this trade has made persistent efforts to organise itself in order to recover its business, and that instead of each manufacturer fighting for his own hand against everybody else, including his next-door neighbour, a general policy of price-fixing and regulation of output has been pursued. Although competition from the United States and Germany has destroyed what was almost a South Wales monopoly, a great deal of lost ground has been regained by these means, especially in Canada and Australia, and the export figures for this year will in all probability substantially surpass those of the pre-war period.* By the same token it may be noted that the chemical industry, which again follows a single policy,

* See Committee on Industry and Trade. *Survey of Metal Industries*, pp. 34-35, 65-67.

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being controlled by a single group, has not suffered materially from the 1928 depression. These two cases certainly do not prove that rationalisation decreases employment, but rather the reverse. At present there does not seem to be any trustworthy evidence that the recent growth of unemployment is due in any appreciable degree to that process. In other words, we must take the figures pretty much at their face value, however unpalatable such a conclusion may be.

Unfortunately, too, it is reinforced by the statistics for overseas trade. In September there was a drop of £13·7 million in our imports as compared with the same month in 1927—about 13·5 per cent.—all the more significant because it is almost wholly accounted for by raw materials (£5·8 million) and food, drink and tobacco (£7·7 million), and hardly at all by manufactured goods. Such declines usually foretell a corresponding decline in manufacturing activity during the subsequent weeks. As regards exports, there is a similar drop of £4 million, mainly in respect of manufactured articles. If the comparison is made with the previous month, the falling off both of imports and exports is even more marked, clearly the consequence of the slowing down shown by the unemployment figures of July and August. A good deal of other evidence indicating a serious depression could be quoted, such as that railway receipts are diminishing, or that the exportation of coal was smaller in the first nine months of this year than in 1927, or even in 1925 before the strike, or that the average loss per ton for the second quarter was 1s. 5d., a figure higher than any reached last year, or that there were only 130 furnaces out of 424 in blast last August as against 165 in August, 1927. But it is hardly necessary to go into further detail. The facts already cited are unhappily more than sufficient to demonstrate that, although the mining dispute can no longer be rendered responsible for the present state of affairs, nor the depreciation of foreign currencies, nor apparently the stabilisation of our own, yet

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we have not emerged from the slough of despond. Despite the elimination of most of the abnormal factors in the post-war economic situation, we have not succeeded in “returning to normalcy.”

II. THE CENTRAL PROBLEM

THE truth is slowly being borne in on the country that we shall never regain “normalcy” in the pre-war sense. Conditions have undergone a profound change to our disadvantage. The hope of getting back to our old position is a dangerous illusion which has diverted much of our effort into wrong channels. It has fostered the belief that we have only got to tighten our belts and wait long enough for things to come right in the natural order of events. Instead of realising that we have got to adapt ourselves to the circumstances of a new age, many of us have been fondly imagining that by the time-honoured methods of reducing wages and cutting down expenses industry would some day get back to its previous prosperity on its old basis without any radical measures of transformation or reorganisation.

The Report of the Industrial Transference Board* is the first official document which has faced some of the facts courageously and dispassionately. The moral which they draw is that “in many of the districts concerned the idea of a cyclical or transient depression must now be recognised quite unflinchingly as no longer tenable.” They estimate that it would be unwise to take any figure lower than 200,000 as representing the permanent “surplus” of the coal industry, that is to say, as the number of miners who can never again look for regular employment in their trade. Again, in shipbuilding, iron and steel, and heavy engineering, they find a similar “surplus”—a soothing word for so grim a fact—of at least 100,000, and they look to “a

* Cmd. 3156, July, 1928.

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permanent contraction of their personnel" for some sections of the textile industry.

In proposing remedies for this critical situation, the Board naturally felt themselves debarred from considering the wider and deeper questions of national policy, which cannot be ignored if it is to be treated thoroughly—and nothing but very thorough treatment can offer any real prospect of success. They made no attempt, therefore, to deal with reorganisation or tariffs or subsidies as medicines for these particular industries, still less with the broader issues of financial and commercial policy, which the country will certainly be called upon to confront in the near future. They assumed the existence of this crushing "surplus" of labour as a fact, and confined themselves to proposing methods of reducing it by stimulating emigration to the Dominions, by appealing to employers, and by distributing more evenly over the country the great mass of unemployed which must still inevitably remain.

The first of these measures is no doubt sound and necessary. It should be easily possible to double the present trickle of emigration to the Dominions with great advantage both to us and to them. The multiplication of restrictions and red tape by the Dominion authorities has no doubt been partly responsible for the arrested flow of settlers since the war. The Transference Board, however, were evidently of the opinion that a far heavier load of responsibility lay with the shipping companies than with the Dominions. They found that there were a large number of excellent migrants, especially families, who were anxious to take their chance overseas, but completely prevented from doing so by prohibitive steamer fares. Neither of these hindrances is insuperable. The first can, and no doubt will, be removed by friendly negotiation. There are various ways of overcoming the second. Some would no doubt be very profitable to the shipping companies; there are others which might be equally effective without dipping so deeply into the public pocket. It is

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rather astonishing that so little energy has been displayed hitherto in either direction.

But even the most vigorous emigration policy is no more than a very partial solution of our industrial problem. Even if it succeeded in doubling the present flow, the number of migrants to the Dominions would only reach 300,000 a year, about the figure for 1913, when our population was substantially smaller. Nor can the other methods proposed by the Board contribute much towards the solution. Employers with the best will in the world cannot make employment where there is none. The unemployment statistics show clearly enough that the Prime Minister's appeal has been entirely ineffective. To break up the "frozen" masses of unemployed in the stricken areas is obviously desirable, even if they find work at the expense of others now occupied. It is better for men to obtain occasional work than to undergo the gnawing demoralisation of chronic idleness. But to reduce the average duration of unemployment is not to reduce its amount. That can only be done by increasing the demand for labour, which no redistribution of the available surplus can bring about.

This, then, is the central problem facing the country to-day. Unless our whole industrial structure, and with it our economic strength and ultimately our political power in the world, are to be gravely imperilled, some means must be found of stimulating the demand for labour. Already the counsels of pessimism are beginning to make themselves heard. The Transference Board does not think that much reliance can be placed on internal measures taken by the heavy industries themselves as a means of increasing employment. A very competent foreign observer, who happens to be particularly well informed about British economic affairs, does not hesitate to declare that the days of our industrial greatness are over.* The

* *The Passing of England's Economic Hegemony*, by André Siegfried. (*Foreign Affairs*, July, 1928.)

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reasons which lead him to this unequivocal conclusion are not negligible. The question is whether this country is capable of proving that they are not decisive. It is probably true, as he says, that our economic system still rests on a nineteenth century basis. Is it impossible to reconstruct it on a twentieth century basis? Is he right in stating that the country is in financial, but no longer in economic equilibrium? With the supremacy of coal threatened by oil and water; with manufacturing industry with the latest plant and machinery developing rapidly behind tariff walls, not only in our old rivals, Germany and the United States, but also in most European countries, in the continent of Asia, and even in our own Dominions, where before the war it was insignificant; with taxation imposing an oppressive burden, our competitive power in the world's markets is seriously diminished. In M. Siegfried's view, that power was largely derived in the last century from a fortuitous chain of causes which is now broken. He propounds the question whether "the mad industrialisation of nineteenth century England, which seemed normal and final, may not have been merely a transitory phase of British evolution," and he is disposed to answer in the affirmative. He suggests that we must seek a new equilibrium, which will mean reduced production and employment, because our manufactures can no longer find their outlets abroad, reduced population through emigration and birth control, because the country can no longer find work and food for its people, increasing reliance on our immense foreign and colonial investments to provide the income with which an attenuated Great Britain will purchase its bread and butter. He does not think that we shall get very rich under this new economic dispensation, but we may at least draw some comfort from his belief that we shall not "go to smash."

This is certainly not a cheering picture, but it would be much less depressing if it were palpably fantastic. No one can honestly deny that our present industrial and commer-

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cial position lends it an unpleasant air of verisimilitude. What are we going to do about it? As yet we have done very little. The policy followed has been to leave each industry to struggle with its own problems in its own way. The State has either ignored them in the name of the principle of individualism, which we inherited from our happier and more prosperous grandfathers, or when it has departed from that principle has intervened spasmodically and capriciously in response to considerations of momentary opportunism. At one moment it granted large and unconditional subsidies to the coal industry; then they were clumsily withdrawn. Most of the recommendations of the Royal Commission were passed over, and the whole industrial machine was thrown out of gear by a disastrous and futile dispute; now two years later the mining industry is to be subsidised once more, though in a more legitimate manner in the shape of artificially reduced railway rates. There has since the war been no sustained constructive effort to promote emigration on an adequate scale. The State has imposed protective duties, taken them off again and restored them once more. It has "safeguarded" such vital industries as gloves, lace, and watches, and is now even proposing to protect dicyandiamide, but nobody supposes that such trifling measures can seriously revive our prosperity. If the way of salvation lay in tariffs at all, about which there is widespread scepticism, it could only be found in a general tariff scientifically conceived, not in the interest of one industry at a time, but in relation to our whole industrial structure. Happily private enterprise has stepped in to promote closer co-operation between employers and workmen, without which no real reconstruction is possible. The State has done nothing to stimulate the study or application of those scientific methods of organisation and management which have unquestionably enhanced the efficiency of Germany and America. Only mildly in the furthering of electrification and more decisively in the field of taxation through the present

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rating proposals has the Government—not this Government, but any Government since the slump began in 1921—shown energy, imagination, and courage.

We have, in fact, no coherent policy. The country has never been given a resolute lead in its efforts towards finding its new equilibrium. It is not impossible to find a more stable and satisfactory equilibrium than M. Siegfried depicts for us, but it can only be found by an attempt to think out our whole economic problem afresh. There is nothing chronic or incurable about the present situation; it can be remedied, once its true causes are recognised. The solution must, of course, be mainly in the hands of industrialists themselves, but there is much that the Government could do under wise leadership to stimulate the reforming processes and to lend its aid more freely where it could really assist. As the problems of government become more and more economic, and as industry is organised on a larger and larger scale, it is inevitable that the State should have to modify its attitude towards industry, not in the direction of control or restriction, but in the direction of stimulation and coordination of effort. We must be prepared to discard in advance preconceived notions of socialism or individualism. This old nineteenth century antithesis has long lost its meaning. Everyone now knows that unlimited State action and unlimited private enterprise are alike inconceivable in the modern world. The Labour party does not preach the first any more than the Conservative party practices the second. But largely because the problem of their mutual adjustment has been obscured by political shibboleths, no real effort has been made to review it in the light of post-war conditions. The question of the direction that the effort should take must, however, be reserved for discussion in a future article.

AFRIKANDER CULTURE AND POLITICS

(From an Afrikaner Pen.)

"You think you have beaten the Dutch! But it is not so. The Dutch are not beaten; what is beaten is Krugerism. . . . No! The Dutch are as vigorous and unconquered to-day as they have ever been; the country is still as much theirs as it is yours, and you will have to live and work with them hereafter as in the past."

(Rhodes at Cape Town, October, 1900)

"Tolerance is not enough. There is something further required—understanding and an effort to reach an equal relationship."

(A. E. Zimmern: Lecture on "The Empire and Nationality.")

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DURING the last year it has been repeatedly said that, now that the status and flag questions have been settled, South African parties have ceased to differ upon fundamentals and the political development of the country can proceed upon approved lines without the alarms and animosities to which the previous divisions gave rise. Prominent politicians in all three parties have even spoken of a "re-alignment" of parties—the new principle of division to be preferably economic—though it is now certain that the old parties will continue in existence for some time yet, at any rate until the next election, which is due to take place towards the end of next year.

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The fact remains that a ripple of goodwill towards fellow South Africans and the Commonwealth has been passing over the country, which, though not so pronounced as the wave of *toenadering* that swept over it at union, is yet in many respects comparable to it. The moment is, therefore, opportune to consider in how far the present subsidence of racial animosities can be expected to last and to continue to their complete extinction in the near future. For it is the racial issue which has so far been the real crux of South African politics, which has given the so-called "fundamentals" just "settled" their importance as planks in the party platform. It was the late General Botha's aim to "conciliate" English South Africans to reassure them on the subject of Afrikander political ascendancy, continuing after union a policy which had proved necessary in the Transvaal. There is no denying the results achieved by Botha—but, in course of time he and his successor, General Smuts, lost the support of the majority of their own people. It then became evident that there were two sections to be conciliated, and that the Afrikander, if he felt the future of his culture uncertain, would turn round and question the whole dispensation under which he lived, including the position of South Africa as a member of the British Commonwealth.

The Growth of the Afrikaans Movement

What is this Afrikander culture? Why did the Afrikander feel its future precarious in the years that followed union? Under what circumstances may we expect that the cultural issue will cease dominating South African politics?

To answer the first two of these questions it is necessary to cast a glance backward into history.

The language of the Afrikander to-day, the language that he speaks as well as writes, is Afrikaans. Now Afrikaans, which had acquired all its salient characteristics by 1750, is as a written language a comparatively recent creation. No Afrikander before the year 1870 would have dreamt of

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committing his thoughts to paper in Afrikaans. If he wrote at all, he wrote either in Dutch (the language of Holland), often a very ungrammatical or at least unidiomatic Dutch, or otherwise in English (for in 1870, as again in 1895 most of the Afrikanders of the Cape Colony whom the schools could reach had become pretty thoroughly anglicised). But it was felt by the leaders of the so-called "first Afrikaans movement," which originated in the Cape Colony in the 'seventies, that the Dutch of Holland had no chance whatsoever of surviving in South Africa, for it had become a foreign language to the Afrikander. The spread of the movement was due to two events which stirred the Afrikander consciousness: the British annexation of Griqualand West (the dry diamond diggings) and the extinction of the South African Republic which resulted in the Transvaal war of independence. These events, with the rapid improvement in communications that followed the diamond and gold discoveries, brought into being for the first time an important Afrikander national spirit transcending formal State allegiances. The men of the first Afrikaans movement played an important part in fostering this spirit, though their work, considered from a literary point of view, is for the most part valueless on account of its crudity. Hence, they deserved to a certain extent the opprobrium cast on them by the "Dutch" party which had meanwhile organised its energies in the *Taalbond*, and by the Dutch churches of South Africa. But the two parties were, nevertheless, working with the same general end in view—the survival of Dutch, whether in its Netherlandish or Afrikaans form, in South Africa. In the event, it was the "Dutch" (Netherlandish) party, which at the outset had seemed so much the stronger, that was beaten in argument all along the line, and was compelled to throw up the sponge and admit that the survival value of Afrikaans in this country was greater than that of the Dutch of Holland.

That consummation came with surprising rapidity as a

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result of the Anglo-Boer War. It took some time for Afrikanerdom to recover from the shock of defeat, and for a time Lord Milner might harbour hopes for the success of his anglicising policy. The first Afrikaans movement had lost much of the *élan* with which it had started, when its leader, the Reverend S. J. du Toit, continued his political association with Rhodes after the Raid. But in 1905 signs of a revival began to appear among the Afrikaners. This Afrikaans renaissance, which is known as the "second Afrikaans movement," was a much more important phenomenon than the first. It could not but be so, since the shocks which had produced the first movement were not comparable to the cataclysm (from the Afrikaner point of view) out of which the second was born. Two powerful associations arose, one in the North and one in the South, to champion the interests of Afrikaans. At the outset these associations were content to help to get Dutch firmly established as an official language in the State and its schools, for they recognised that the rights enjoyed by Dutch must ultimately fall to Afrikaans. Hence the famous Article 137 of our Constitution established Dutch and not Afrikaans alongside of English. After union the various citadels of Dutch fell rapidly before the onslaught of the men of the second Afrikaans movement. So complete has been their triumph that the medium of the Afrikaner press is now almost exclusively Afrikaans; that in the schools Dutch medium to-day means Afrikaans medium; that even in the Dutch churches, those strongholds of conservatism, Afrikaans may be used alongside of Dutch, and an Afrikaans translation of the Bible is well on the way to completion. A large standard Afrikaans dictionary is also in process of compilation. And, finally, to quote the Union Year Book, "in May, 1925, it was resolved at a joint sitting of both Houses of Parliament to amend the language clause of the Act of Union in such a manner as to recognise Afrikaans everywhere and for all purposes as one of the official languages of the

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Union." And here it may be remarked, by way of parenthesis, that from the point of view of English-speaking South Africans the important thing about this substitution of Afrikaans for Dutch is that it has made it much more practicable for them to acquire South Africa's other language than it was in the past. For Afrikaans has two advantages over Dutch: it is a *simple* language, eschewing the complicated inflections and conjugations of Dutch, and it is what Dutch never was in South Africa, a *living* language, actually spoken as their mother tongue by over fifty per cent. of its white inhabitants.

The Literary Aspect

But the "establishment" of Afrikaans as an official language is only one of the achievements of the second Afrikaans movement. The movement had besides an important literary aspect. It is now possible to speak of an Afrikaans literature, though that literature is still in its infancy. There are some who speak and write as though Afrikaans writers had succeeded in expressing only the more homely side of experience. That is true enough of the writers of the first movement, who remind many people of Burns—they themselves admired and imitated him—though they were utterly devoid of Burns's artistry. And, no doubt, even since 1905, there have been some who have carried on the Burns tradition: among the poets some have written lyrics, amorous and other, of a simple, even homely, nature; among the prose writers some have set themselves to tell their people about the wisdom they gleaned and the humour—preferably broad—they met with on their way through the world. But the influence revealed in the work of the best of the modern Afrikaans poets is not that of Burns but rather of Shelley, Keats, Tennyson, Browning and various Dutch and French poets, to whom the epithet "homely" could not well be applied. The shock that set them writing, and often provided them with their themes, was the

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South African war and the havoc it wrought in the life of many an Afrikander—the sort of stimulus that does not generally issue in “homely” writing. Some of them wrote tearfully or indignantly about the war, but in the best poems everything ephemeral in the shape of personal or national hatreds—such as too often marred the productions of the first movement writers—has been purged away. And as their thoughts were beautiful in themselves, so they forged for themselves a beautiful medium. On other themes also Afrikaans poets have written beautifully, but rarely with the same depth and distinction, for they have been chiefly concerned with the externals of things—with the *differentia* of South African nature for example—and their work has, therefore, lacked universality. But, even so, being charged with emotion, it is far from being mere photography, and the best of it has distinct poetic value. And, finally, no one can read the Afrikaans poets without being struck by their joyous sense of new harmonies discovered, a new instrument evolved to play its distinctive part, albeit humble, in the world symphony.

Artistic prose generally comes after poetry, and the prose writers have so far failed to emulate the poets. Quite recently, however, two or three promising authors have made their appearance, men like Sangiro, who has sought to portray the life of the big game of Africa (from their own, not their hunters', standpoint) and portions of whose work have been translated into English; and J. van Bruggen, who has penetrated below the surface of the life of the South African “poor white,” and has given such a characteristic flavour to his work that any attempt at translation must fail. Of late, too, critics, mostly trained in Holland, have appeared who do not scruple to apply European standards to the infant literature.

How the Movement Became Political

It must be borne in mind, however, that the Afrikaans revival, important as it is in itself, is part of a much wider

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phenomenon, the revival of an Afrikander national consciousness. That renaissance manifested itself in every phase of the life of the Afrikander people, social, artistic (especially in the arts of painting and sculpture) and even in the comparatively recalcitrant economic sphere. But it is in the political sphere that its results have been most obvious. When the first Union Parliament met, General Botha had the Afrikanders solidly behind him, and was supported besides by not a few English-speaking South Africans. In 1924 General Hertzog led his purely Afrikander party to victory at the polls over the followers of General Smuts of whom the large majority now consisted of English-speaking South Africans. The steps by which this result was reached are sufficiently familiar to readers of *THE ROUND TABLE*. Our object here is to stress the cultural factor as the underlying cause of the rise of the Nationalist party. The racial passions stirred up by the 1914 rebellion and the great war no doubt helped that rise; but it is hardly possible to doubt that it would have taken place even had the war never broken out, although more slowly. For it is difficult for the Afrikander long to resist a challenge to fight for jeopardised cultural ideals. The ideal of sovereign independence itself is at bottom a cultural ideal masquerading in the garments of a political ideal for purposes of obvious political strategy. Otherwise it is difficult to see how the Nationalists could have overlooked the fundamental work done in 1918-19, and for many years previously, and have laid all the emphasis on the work of the 1926 Imperial Conference, which was to a large extent the mere definition of a status already attained. The fact is that Generals Botha and Smuts, who worked with Sir Robert Borden towards the consummation of Dominion status, were suspect to the majority of Afrikanders on cultural grounds. Hence their achievements were looked at askance and it was believed that the only way in which their government, and the government of people like them, could be rendered innocuous to Afrikander

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culture was by "cutting the painter"; for while the Imperial connection remained, with Botha and Smuts at the head of affairs and the position of Afrikaans not yet firmly established, that connection and the subtle "influences" which acted through it on South Africa must sooner or later prove disastrous to Afrikander culture. Hence, in the days before Hertzog came into power, when the Nationalists were still pleading for secession and a republic, the argument was often heard that there could never be peace in South Africa as long as the *imponderabilia* of the Imperial connection gave the English-speaking section of the people an unfair advantage. With General Hertzog Premier, however, his fellow Afrikanders felt that there was not now much danger for them in the Imperial connection and were thus, with the exception of a few die-hards, all the more ready to accept his assurances as to the completely satisfactory and indeed epoch-making character of the work of the 1926 Imperial Conference.

How was this Afrikander distrust of Generals Botha and Smuts generated? It is a story of ever-increasing suspicion originating as early as the peace negotiations at Vereeniging in 1902, gathering strength during Botha's premiership in the Transvaal, and culminating in the years following Hertzog's ejection from the first Union Cabinet in 1912. It is worth noting that Hertzog had been singled out for attack in the Unionist press of those days because of his policy of enforced bilingualism in the schools of the Orange Free State—a cultural issue. Botha and Smuts, on the other hand, though their home language was, like Hertzog's, Afrikaans, were *politiques*, to borrow a singularly appropriate term from the history of the French wars of religion; they conceived of themselves as political leaders of both English South Africans and Afrikanders and held that cultural ideals must look after themselves. And this was exactly what the Hertzog people denied. They believed that Afrikaans had still a long leeway to make up until it should attain to a position of real equality with

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English, that it was the duty of the Government to force the pace towards that equality, and especially to see to it that a recalcitrant civil service made a genuine effort to conform to the spirit of Article 137; that, in short, a policy of *laissez faire* on the language question was, as things stood in the years immediately following union, to stand calmly by while Afrikaans, as a vehicle of culture, went to the wall. Hence the men of the second Afrikaans movement, with one or two eminent exceptions, became ardent politicians, throwing all their weight into the scale against Botha and Smuts.

The Two South African Tongues

The fears of the Afrikander are no idle fears. That Afrikaans will cease to be spoken in South Africa, even in a future that is relatively remote, is most unlikely—it is too firmly rooted in the soil. But it is not impossible, in view of the vast resources of English, cultural as well as economic, that Afrikaans may some day cease to be the language habitually employed by the educated Afrikander, just as in days gone by, when Dutch was the Afrikander's medium in writing, the latter language maintained but a precarious existence by the side of English. There is much more vitality in Afrikaans than there ever was in Dutch. How great that vitality is will only be known when the young folk of to-day, the first Afrikanders to be educated through the medium of their mother-tongue, have grown to maturity. But even Afrikaans labours under important disadvantages as compared with English. The English South African has much closer connections with the outer world than the Afrikander. The latter also relies to a certain extent on Europe, *i.e.*, Holland, and in particular on the language and literature of Holland, as a reservoir and inspiration; but really the outlook of the average Afrikander resembles that of the Englishman much more closely than that of the Hollander. The Afrikander who visits Holland for the first time finds himself in a strange land. Again, when the

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English South African writes, he writes in a language which is read by millions of people throughout the world, while the Afrikander, if he writes in Afrikaans, is read only by a portion of the white population of South Africa—a mere handful anyhow—and by those few Hollanders who are sufficiently interested in what the Afrikanders think and feel to overcome the difficulties of the strange medium. The result is that the Afrikander uses Afrikaans when he has something to say that will appeal to a relatively large proportion of his countrymen, but that when he wishes to write on an abstruse subject he is almost compelled to write in English. And so there is a distinct possibility that the educated Afrikander, finding that Afrikaans will do for one kind of writing but not for another, may discard it for all purposes. The greatest danger, therefore, that Afrikaans has to face to-day, is not so much opposition from any external source—though such opposition still exists—as the lure which the prestige of English cannot but have for the educated Afrikander, at a time when the old battle cries are losing their strength and the party whose main object was to safeguard Afrikander culture, shows signs of developing from an Afrikander into a South African party. The fear of this happening at a time when Afrikaans is not yet strong enough to fend for itself without State aid probably accounts for the opposition which General Hertzog has for some time been experiencing from the extremists in his own party. The sort of thing that these people are saying about Hertzog and the danger of being “lulled to sleep” reminds one forcibly of what Hertzog used to say about Botha. At one stage or another all South African statesmen must become *politiques*. The republican opposition to General Hertzog probably wants the Nationalist party to adopt their motto because they conceive that that is the best way to ensure its maintenance of Afrikander ideals pure and undefiled.

And yet it would be a pity if Afrikaans were to perish as a language of culture—and a pity not merely from the

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Afrikander, but also from a broad South African point of view. No one disputes the advantages of unilingualism. Neither is it possible to deny that South Africa would be a happier, if not necessarily a better, country if Afrikaans could be entirely eliminated. But that, it has already been pointed out, is almost certainly impossible. If, then, Afrikaans is going to continue being spoken in South Africa, it is advisable that it should continue being written, because otherwise what is sure to happen is that most of the rural Afrikanders, as well as the increasing Afrikander proletariat of the towns, already separated from their more cultured brethren in so many ways, will also be cut off on the score of language. This mass of uncultured Afrikanerdom will be debarred from all uplifting influences, such as now operate on even the poorest Afrikander through the medium of his own language. We cannot afford to create additional caste barriers in this country. Another argument might be advanced. Some day the son of a rural Afrikander may desire to give utterance to an intense and valuable personal experience, for which the mother-tongue is the only possible medium, and there will be no medium for him to do it in except a miserable *patois*. No! it is better to face the inconveniences of the situation and sympathise with the efforts of the Afrikander to nourish a pride in what is his very own than to give way to the craven desire to purchase ease at the expense of vitality.

The Need of a Mutual Readjustment

But the position of Afrikaans can hardly be safeguarded without every English-speaking South African being more or less affected. For South Africa differs from most countries in which more than one European language is spoken in one very important particular. In Canada, Belgium and Switzerland there is a more or less complete race segregation. Hence Canada and Switzerland, at any rate, have succeeded in pretty well banishing the cultural issue from politics by the comparatively simple process of

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allowing each culture to prevail in its own particular area. In South Africa, on the other hand, the races live inextricably mixed up together. Even in Natal, the most English of all the provinces, there is an important Afrikaner element. And the "mixture" is becoming more and more homogeneous. Thirty years ago, outside of Natal and the Eastern Province of the Cape Colony, it used to be true to say that South Africa's rural population was Afrikaner and its city population English. It is no longer true to-day. English-speaking South Africans to-day own farms in all parts of the country, and of late there has been an important Afrikaner exodus from the rural areas to the large towns. Hence bilingualism in South Africa, even the imperfect bilingualism of to-day, means much more than the bilingualism of Canada or the trilingualism of Switzerland: for not only is the central government bilingual but *all* the provincial governments as well, and most of the smaller local authorities to a greater or lesser degree. As with the State, so with the individual. According to the last census (that of 1921), 50.71 per cent. of the European inhabitants of the Union seven years of age and over were returned as bilingual. The same returns show that bilingualism advanced to the extent of 46.7 per cent. in the urban and 11.87 per cent. in the rural areas during three years.

The fact that great progress has been made of late years and that this progress is continuing gives us ground for hoping that the racial truce which was recently declared may be the forerunner of a lasting peace. For we are gradually moving away from a state of affairs which was extremely irritating to many Afrikanders. One example must suffice, trivial perhaps in itself, but explaining a great deal. Occasions used often to arise—and sometimes still arise—when one solitary English South African will force a whole group of Afrikanders to speak English because he cannot understand Afrikaans. Many English South Africans used to accept this sort of thing as perfectly natural, if not as a right. But with the Afrikanders it rankled, often

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more acutely than the occasion warranted. For the skin of most Afrikanders is extremely thin on anything connected with their culture, which, of course, includes their language. They are quick to take offence, especially at anything which seems to them to stamp their language, and hence themselves, with the stigma of inferiority. The attitude of the average English South African towards the other official language undoubtedly made many converts to nationalism in the years that followed union.

Such conditions help to explain why it proved impossible to divorce culture from politics after the Afrikaner had reached full national self-consciousness—why the *modus vivendi* which was comparatively easily found in Canada and which brought her peace is so difficult to achieve in South Africa. A mere *modus vivendi*, in fact, will not solve our problem. What we want is a much more thorough-going mutual adjustment in which the individual must play his part as well as the State.

The Spread of Bilingualism

The rise of the Nationalist party to influence and ultimately to power has had the effect of bringing about a position of greater equality between the two white races. Most Afrikaner children are now educated either wholly or partially through the medium of their mother-tongue, except in Natal. Afrikaans teachers are to-day to be found in the vast majority of English-medium schools, and there are few English-speaking children who neglect to take Afrikaans as a subject. The university of Stellenbosch has rapidly developed into a purely Afrikaans university—and one of the grounds on which this transformation has been justified is the medium difficulty in universities, where both races are represented, resulting always in the preponderance of English. In the civil service the insistence on bilingualism has no doubt tended in practice to favour the Afrikaner candidate for appointments and promotions; but the pendulum had at various times swung so far in

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the opposite direction that the practical favouritism which has occurred has been fairly philosophically accepted as a natural rectification of the past.

The outcome of all this has been that there is a better spirit abroad in the country than there has been at any time since 1912. Already the Afrikander, feeling his position more secure, has become less bitter. Among English-speaking South Africans a public opinion in favour of thorough bilingualism is growing in strength: rarely to-day does one hear the old complaint about Afrikaans being "forced down people's throats," as if it were an intensely unpleasant draught. The day seems to be rapidly approaching when the better-educated classes of the community will be fairly thoroughly conversant with "the second language"—be it English or Afrikaans. Because of the greater prestige of English the Afrikander will no doubt continue to be better in his second language than the English South African. But that is a position which wise Afrikanders will accept with resignation, knowing it to be inevitable. As bilingualism spreads, the basis of co-operation between the races will be broadened and strengthened owing to the more sympathetic understanding of each other which will have grown up. Such an attitude, for example, as is still too often found in parts of Natal towards the Afrikander, will have become impossible. And some day, it is possible to hope, the educated English South African may come to regard Afrikaans not merely as a second language, a sort of necessary evil, but as *his* second language, as many an educated Afrikander already does in respect of English, in which he takes a pride as one of the languages of his country. Then would Afrikanders know that their language has become a permanent institution in this country, and the spectre of "racialism" would have been finally laid.

The Way of Peace

No one will deny that the consummation sketched above will continue to demand, as it has already demanded,

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a certain amount of self-sacrifice on the part of the English South African. English is a world language. The knowledge of English confers on a man unique social, economic and cultural advantages. Afrikaans has little to offer by comparison. Its value is mainly local. Hence the chief ground on which the necessity of a knowledge of Afrikaans can be urged on the English South African, beyond the obvious ground of economic self-interest which in any case applies only to certain callings, is that of an enlightened patriotism, and that of an enlightened Imperialism as well. For the Afrikander will remain wilfully blind to the advantages of membership of the British Commonwealth of Nations as long as he has to struggle hard against being overwhelmed by English influences.

In adopting a generous attitude towards Afrikaans, the English South African need have no fear that he will be doing anything to injure his own English culture. The English language and culture are in no danger of disappearing from South Africa. Their resources and attractions are too great. Against the logic of this argument Afrikanders will contend in vain, even if they wish to do so, which the majority of them do not. In the enlightened self-interest of the Afrikander lies an important guarantee of the future of English in South Africa. Every English South African who adopts the attitude outlined above will find that the majority of Afrikanders will be eager to meet him half-way, though there will always remain a small though vocal residue of permanently embittered Afrikanders whose views may be safely disregarded. In fact, if Afrikaans dies at all in South Africa as a language of culture, it is by kindness that it will have been killed. It is a fact of common occurrence that when an English South African starts addressing an Afrikander in Afrikaans, the latter will reply in English! And, as often as not, that same Afrikander will have been an excessive stickler for what the English South African regards as small matters, even to the point of discourtesy. But that is merely because he has been

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taught in the past to regard even the smallest yielding on a matter of cultural principle as a mark of cowardice. By nature, the average Afrikander is courteous and generous. His leaders, and notably the most revered among them, the late President Steyn, have often offered the hand of friendship to their English-speaking countrymen, but always with the proviso that it must be a friendship between people meeting on equal ground.

The condition has proved no easy one to fulfil. In no part of the world perhaps have cultures of unequal prestige ever been placed on an equal footing. In no part of the world has it been as necessary as in South Africa. Only thus will it be possible for the South African nation of the future to evolve. All the Dominions are striving towards nationhood. Both in Canada and in South Africa it has been felt that the securing to each of the racial groups of its rights is not so much an end in itself as the means to an end: the acceptance by both sections of common national ideals. And here, at any rate, South Africa seems to enjoy an advantage over Canada. If we do succeed in solving our white racial problem, that solution is bound to be a more vital, definitive achievement than that accomplished in Canada, where the two races live apart, largely unknown to each other. And a solution, not merely a surface but a real solution, must be found: for it would be disastrous, in face of our other problems, if the two white races were to continue warring in the bosom of the same State. In face of such problems it does not behove us to shrink from heroic remedies.

South Africa,
October, 1928.

GREAT BRITAIN: ELECTION SHADOWS

SINCE the last number of *THE ROUND TABLE* appeared the shadow of the general election has grown deeper, and, as one would expect, its appearance has had a varying effect upon the temperaments of individual politicians. Naturally enough, the Opposition parties, who have everything to gain and little to lose, look forward with pleasurable excitement to the great event. Conservatives, on the other hand, cannot conceal from themselves the certainty of considerable losses. So large a majority as they now possess must be vulnerable, and they will undoubtedly receive serious blows. The only question that cannot be answered with any sure knowledge is whether these wounds will prove mortal.

There can certainly be detected in well-informed political circles a distinct feeling that the chances of the Opposition have improved during recent months. By-elections, which during the whole life of the present Parliament have been rather surprisingly favourable to the Government, are by no means a sure indication of the fluctuations of opinion. But the result at Ashton-under-Lyne, where the Government poll fell from 8,971 to 7,161 votes, and where a former majority of 1,520 was turned into a minority of 2,406, has undoubtedly come as a cold douche to the unreasonable optimism which was till lately prevalent in the Conservative party. Tavistock and Cheltenham, however, were both favourable to the Government, and although the Liberals may derive benefit

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from a slide back, of the kind discussed below, of Liberal voters who voted Conservative in 1924 to keep Labour out, there are few signs of the immediate materialisation of the promised Liberal revival, which was believed to be stronger in the West of England than elsewhere, notwithstanding a brilliant flash in the pan the other day in the municipal election at Bethnal Green, where the Liberal party scooped the entire board. There are experienced observers, indeed, who think that there will be fewer Liberals in the next House than there are in this one.

The real lesson of the municipal elections, which took place in a large number of boroughs, including London, on November 1, is that the Labour tide is still rising, more particularly in those parts of England which have not hitherto been controlled by the Labour party. A large number of seats have been won by the Socialists and very few lost. The efficacy of the Labour machine has clearly not been seriously impeded by the legislation of 1927, and the enthusiasm and the real idealism which inspire the best elements in the movement remain undimmed. There can be no doubt that the party will achieve great progress at the general election, whatever may be the final result.

Neither by-elections nor municipal contests are, however, of supreme importance, even as indications of the way public opinion is moving. Many considerations, local and personal, come into the matter, and a low percentage of votes cast is often accounted for by simple apathy. The decision which the elector is called upon to give is, anyhow, of by no means so grave or responsible a nature as when the fate of a Government is at stake. Even those, who in the ordinary way would support the party in power at a general election, may not be sorry to see it receive the stimulus of an occasional defeat. At this particular juncture there are, however, reasons, intangible perhaps but of a weighty kind, for believing that the position of the Govern-

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ment has been considerably weakened in the last few months. Elusive and mysterious as is the force called "public opinion," there are two special factors, each of the highest importance, which are operating against the prestige of Mr. Baldwin's administration. The first is the anxiety of the public about the conduct of foreign affairs. The second is the depressing effect upon the public mind of the rising figures of unemployment, and the apparent inability of the Government to stem the tide. Each of these topics deserves a little further exploration.

The failure of the Naval Conference at Geneva and Lord Cecil's resignation from the Government in the summer of last year caused comparatively little interest at the time. Lord Cecil had the reputation, to put it frankly, of being a man somewhat partial to resignation. The circumstances surrounding the naval negotiations, too, were so obscure that the public was puzzled, rather than alarmed. The technical considerations were not understood, and the political results could scarcely be foreseen. The achievement of the Treaty of Locarno, which had brought Sir Austen Chamberlain so much credit, and the admission of Germany into the League of Nations, seemed to outweigh and more than make up for a single disappointment. Except, therefore, among that section of educated opinion which takes an active interest in foreign and League affairs, the whole matter created relatively little stir.

Lord Cecil, however, did not remain content with resignation. Through the instrumentality of the League of Nations Union, in which he holds a position of unique influence, he launched a campaign in favour of disarmament throughout the country, supported by all the vigour of his sincerity and eloquence and with the full organisation of the Union, with its 720,000 members, at his back. The Union is of course non-party, and considering the difficulties inherent in the task of furthering the aims of a body

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of this kind through an executive largely composed of party politicians, it has been singularly successful in maintaining a fair and impartial attitude. Any association, however, whose rallying ground is the enthusiasm of its members for League ideals is bound to find itself in situations in which criticism of the Government of the day is inevitable. It is the Union's object, and indeed its duty, to educate public opinion and to some extent to explore the ground ahead of public opinion. There can be no doubt, however, that this particular campaign tended in some degree to weaken the position of the Government and to cause some searchings of heart among its supporters. Still there was nothing amounting to serious embarrassment, only a certain amount of anxiety.

But there is more to tell. The later developments of the Government's foreign policy are dealt with elsewhere and it is not our intention, in this article, to discuss their merits or demerits, only their political effects. The next event which affected the Government's stock was its handling of the Kellogg Pact. Its apparently hesitating and even grudging acceptance of the renunciation of war seemed to be another symptom of the same kind. Lastly on the top of everything came the startling disclosures in the matter of the so-called Anglo-French pact. There can be no doubt at all that this episode, which is described in another article,* has deeply injured the Government's prestige.

It is perhaps worth while pursuing this subject a little further. Questions such as these, it may be said, will be forgotten in the rough and tumble of a general election. They can hardly last in the public memory with such persistence as to turn the scale next May or June. The situation is not, however, quite so simple, and it is essential to bear in mind certain features in it which are often forgotten by political partisans, if the true significance of the events which we have briefly touched upon is to be

* See page 18.

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appreciated. In the first place, it was by the moderate Liberal vote that Mr. Baldwin's Government was put into power at the general election of 1924. Under the electoral system, as we know it, a huge parliamentary majority can be obtained without a clear majority or even with a considerable minority of the votes cast. But apart from this there can be no doubt that many Liberals in their anxiety to see Mr. MacDonald out of office, decided to support Conservative candidates in the constituencies. To what extent this tendency actually operated cannot be precisely determined, but the result of the next general election may well turn upon Mr. Baldwin's ability to retain the support of these Liberals. There is, however, no class of voter which can be so confidently expected to be influenced by considerations which affect the League. They are just the people who find the Government's foreign policy most distasteful and even alarming. The Liberal then who voted Conservative last time, disquieted by the Geneva failure, restive at the way in which disarmament is hanging fire, puzzled by the apparent hesitancy over the question of the renunciation of war, may be induced by disgust at the Anglo-French proposals to rejoin the ranks of the Opposition parties. Much will doubtless depend upon the courage and dexterity which the Government shows. Sir Austen Chamberlain's absence may serve as an excuse and his return as an opportunity. A bold and, above all, a frank policy might go far towards dispelling doubts. But much also depends upon the use which is made of these matters on the hustings. For the first time since the fall of the Coalition Government after Chanak in 1922, the British people as a whole has, during the last few weeks, had its thoughts turned to questions of foreign policy, a fact from which a multitude of lessons may be drawn. The discontent of the section of opinion which we have just referred to may find fruitful ground to work upon.

Next to come to the second factor, the continued

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depression in the basic trades and the unemployment problem. There is no need to give figures as they will be found elsewhere in this number.* While most impartial critics would agree that our difficulties cannot all be put at the door of any single Government, the average elector is not addicted to nice discrimination. He goes by results ; *post hoc, propter hoc* is the invariable logic of the masses. Had the situation remained fairly constant, its political effects might be less important. But individual efforts in the direction of better co-ordination have not yet resulted in better financial results—the figures, indeed, are worse than they were in spite of these efforts—and bad trade, together with the necessity of reducing the personnel engaged in the coal trade to a figure which bears some reasonable relation to the economic facts, has had a sensational result on unemployment. Week by week a puzzled public watches a steady and seemingly malicious increase in the figures. Moreover, the state of the depressed areas is so bad as to be a source of serious alarm and even horror to all people of sensibility.

It may be true that no party can supply a quick cure for these diseases, and that, so far as politicians are to blame for our troubles, the honours are widely distributed. But it is upon the Government of the day—and the present one has been in power for just four years—that the responsibility is traditionally placed for anything amiss. The Conservative party may, therefore, stand to lose pretty heavily unless the figures show a substantial improvement before the election. Their losses will naturally be heaviest in the areas most affected by trade stagnation. In the actual coal-fields, certainly, the Opposition have little to gain, since they already hold most of the mining seats. But Lancashire, the West Riding, the North and Midlands generally, may, at the election, all reflect politically the depressed condition of cotton, textiles and iron and steel. A wide movement of resentment against the

* See page 115

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Government in these areas might put the Conservatives in a minority.

Nor can the accusation of a certain complacent inactivity be easily rebutted by the supporters of Mr. Baldwin's administration. It is true that the wide and almost revolutionary proposals for rating relief and local government reform may be claimed as an example of progressive policy and constructive foresight. But although when they are better understood and their defects removed the soundness of the underlying principle will no doubt tell in the Government's favour, the scheme has—from the electoral standpoint—the fatal objection that its benefits are delayed. Nor can it be claimed that the relief to industry which will follow de-rating will be more than substantial and important. It cannot be decisive. The details of the proposed local government reorganisation are, moreover, encountering some general and a good deal of bureaucratic opposition from local opinion. Still the scheme has, no doubt, strengthened the Conservatives' position, and it has supplied them with a reply to the charge that the Government has completely lost its vigour in its latter days.

There is, however, another question to be answered, the charge of having failed to cope with the special problems presented by individual industries. Take, for instance, the problem of unemployment in the mines. Opinions differ upon the extent to which the State should interfere in industry, but the need of trying to find employment for miners out of work is a different matter, and the question will certainly be asked why, when it must have been foreseen after the strike in 1926 that vast numbers of miners would be adrift, so few steps, in spite of warnings, were taken till last summer after the report of the Industrial Transference Board. It is impossible to go into the condition of the iron and steel and cotton industries in this article, but attention has often been drawn to their troubles in these pages, and the fact that they are still languishing, unable as yet to achieve rationalisation by

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their own efforts, will also react unfavourably on the prospects of the party in power, unless there is speedy improvement. Whatever there is to be said for or against the principle of *laissez faire*, the ordinary voter takes the situation as he finds it. For him the proof of the pudding is in the eating.

At the same time any attempt to abandon *laissez faire* for protection would, we believe, be attended with the same result as in 1923, and Mr. Baldwin's attitude towards the pressure put upon him to introduce a general tariff seems to show that he is also of this opinion, though the enigmatical character of his pronouncements on the subject has supplied his opponents with a handle which may be useful to them on the platform.

If, however, the Government must take the blame for what is amiss, there is something on the other side of the account which may redound to their credit. The peace in industry movement still flourishes. The Trades Union Congress, indeed, endorsed the proposals of the Mond Conference for a National Industrial Council early in September. The employers' organisations, however, have not even yet, at the moment of writing, come to a decision, and if it should be in the negative, the reaction upon Conservative prospects might be the reverse of favourable.

But, besides these two special handicaps, there is one of a more general kind. People find a want of character in this Administration. No one quite knows what it stands for or how it will act in a given emergency. If the country feels that the leadership which it looks for in vital matters is subordinated to the exigencies of keeping the peace between conflicting views inside the Government, it will give it short shrift next summer. It would, that is to say—and this brings us to what is possibly Mr. Baldwin's trump card—if people were sure of the alternative. The expulsion of the Communists and the defeat of their extremist element have, no doubt, abated the old suspicion of Labour.

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We shall, however, have to wait until the election to see whether enough of it still remains more than to counter-balance the adverse effect of the considerations to which we have already referred on the prospects of the Conservative party.

To sum up, although there is nothing at present to point to the imminence of a Conservative débâcle, there is abundant reason for Conservative qualms, and there is no doubt that the Opposition—certainly its Labour wing—is on the upward grade. What the position will be next summer when the contest takes place will largely depend on what happens between now and then, and to add to the difficulty of speculation there is the unknown quantity of the five million "flappers" who have been added to the roll since the last general election. But it must be remembered that if the Conservatives wish to retain the substance of power, it is not enough for them to come back the strongest of the three parties. They must have a clear majority over both their rivals. Nor can the contingency of the latter joining forces after the election any longer be dismissed as fantastic. Both have now issued programmes, and there is an interesting degree of resemblance between them in important respects. Enough has, moreover, been said by representatives of each of the two parties to show that some form of combination might in certain eventualities be considered.

This article must now be brought to a close, but first an omission must be made good in our estimate of the credit side of the Conservative account. The genial and sympathetic personality of Mr. Baldwin is still an asset of value to his party.

IRELAND : EVENTS IN THE FREE STATE

I. POLITICAL

WHILST the political stage at home has been practically vacant since the Dail rose in August, our leading politicians have been active abroad. Mr. Cosgrave in Paris, Mr. de Valera in Berlin, and Mr. Blythe and Professor O'Sullivan at Geneva have all helped to make our existence known to Europe and to cultivate those international relationships which are valuable, both spiritually and materially. We have always suffered from the fact that we were an island beyond an island, and that our communications, both political and cultural, necessarily passed through an English filter. This was bad for us and bad for England, and is now ceasing to be the case. One can now travel from Cork to Cherbourg or Bremen direct in a comfortable liner, and Mr. Cosgrave signs world treaties at the Quai d'Orsay. The signing of the Kellogg Pact gave our Government a first-class opportunity to advertise the new international status of the Free State which it nearly missed. It would tell nothing as to its attitude on the Pact until challenged in debate by Mr. de Valera, and even then its reply was perfunctory, dealing only with minor details, and not with the real principles involved. In short, it behaved as if it was caught committing some nefarious action, instead of glorying in its conduct. It may be no harm to point out that had we been a sovereign

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independent republic instead of a member State of the British Commonwealth, we should not have been asked to express our opinion on the Pact before it was signed, and would have remained out in the cold, being only permitted to adhere at a later stage to a document we had no hand or part in preparing. It must be said, however, that Mr. Cosgrave made full use of the occasion presented by Mr. Kellogg's visit to Dublin, an event which ought to be politically valuable both to him and Mr. Hoover, for in this, the year of the Presidential election, the Irish vote in America is not to be ignored. But the most interesting feature of Mr. Kellogg's visit was his direct voyage to Dublin, which, taken with the offer of an arbitration treaty to Egypt, can only be construed as a gentle hint to Downing Street that its attitude towards the Pact and the Disarmament Conference is fully appreciated in Washington. Mr. Kellogg, who was obviously charmed by the warmth and sincerity of the welcome he received, spoke with a direct simplicity and an entire lack of that spell-binding eloquence so characteristic of American political orators. Although he came to us on a warship and our guns thundered in his honour, it was obvious that he was an honest peacemaker. His visit was a timely reminder that we have a direct interest in European peace. Mr. de Valera, however, apparently still thinks in terms of war, for whilst attending the Inter-Parliamentary Congress at Berlin he complained that British troops coming from Northern Ireland could be in Dublin in a few hours. But if England were really so evilly disposed, why trouble to come from Northern Ireland when her navy and aircraft could bombard Dublin to atoms from the sea and blockade us within twenty-four hours? And why make these absurd statements in Germany, whose realist politicians, with one eye on Poland and the other on the Saar, are not likely to have much sympathy or patience with such nebulous complaints? That our Republican politicians are still suffering from reflex grievances is also

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shown by the pamphlet which some of Miss MacSwiney's followers journeyed to Paris to present to Mr. Kellogg, and which solemnly stated that his visit to Dublin would be "an endorsement of the tyranny still exercised in Ireland by England," and that "the peace and goodwill of our scattered race can be secured only on the basis of England's evacuation of our entire territory." If Mr. Kellogg read this valuable document he must have concluded that the Irish political playboy is not yet extinct.

Our delegates to the Ninth Assembly of the League of Nations at Geneva, Mr. Blythe, Minister for Finance, and Professor O'Sullivan, Minister for Education, showed more sense of responsibility. Both spoke on economic policy in relation to the recommendations of the Economic Conference. Mr. Blythe stated that although the Irish Free State had a low tariff, and admitted many important classes of manufactured goods free of tax, it did not regard itself as an indifferent member of the League of Nations, because it was likely not to reduce, but to increase, its tariffs. He did not agree that it was improper or perhaps dangerous for the League to deal in any way with the complex problem of customs tariffs, and the work which had been begun by the Economic Conference ought to be welcomed as long as it was not carried to unreasonable lengths, and so long as it was clear that it was not intended to operate so as to prevent the development of countries which historical circumstances have left economically backward. It was unfortunate, he said, that the recommendation of the Economic Conference in regard to tariffs should have been so worded as to call upon countries which have low tariffs, equally with countries which have excessively high tariffs, to move in the direction of reduction. Such a recommendation was unacceptable to the Government of the Irish Free State, in whose opinion the attention of the League ought to be directed towards the reduction of any tariffs the object of which is not solely the economic development of the countries by which they were imposed.

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They could not accept the view that tariffs should be no higher than revenue requirements demanded, that by a process of rationalisation the manufacturing industries of the world should be forced to concentrate in a few favoured countries and that other countries should be left dependent on the basic industry of agriculture, the depression of which had been deplored without the serious suggestion of any remedy. Dealing with the problem of world peace, Mr. Blythe said that there were two factors calculated to give comfort, firstly, the more optimistic feeling in the Assembly; and secondly, the virtual acceptance of the Paris Pact by all the nations of the world. It was the duty of all the Governments who had signed it to endeavour to bring about the conditions under which it could most surely achieve its object. The general Disarmament Conference had been too long postponed, a definite limit in time should be set to the work of the Preparatory Commission, and the Council should be requested to call the Disarmament Conference before the next ordinary meeting of the Assembly. Only through the publicity of a Conference would it be possible for the public opinion of the world to exercise its proper and decisive influence on such difficulties as might exist. Professor O'Sullivan spoke on the necessity for a balance between agriculture and industry in our economic life, and referred to the unfavourable difference between what the farmer paid out and what he received for his products, a matter of great concern in Ireland and other agricultural countries. The improvement in the quality of our agricultural produce is of no avail if the monetary policy of the Bank of England continues to lower prices. It may, however, be pointed out that as regards tariffs, Mr. Blythe does not exactly practise what he preaches, for the Free State has a tariff of 33½ per cent. on imported motor cars and parts as well as on all wireless apparatus. Neither of these tariffs serves any economic purpose whatever, nor do they protect a native industry. They are purely revenue producing.

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In fact, Mr. Henry Ford is in process of removing his motor car factory at Cork to Manchester, because the Free State Government have refused to comply with his repeated requests that they should conclude a reciprocal arrangement with England by which duties on motor cars would not be levied by either country against the other.* Such an agreement might easily have been arrived at had the Free State Government had the courage and ingenuity to face and provide for the loss of revenue involved. One may ask, indeed, how many of our present import duties satisfy Mr. Blythe's Geneva formula? Few countries are less fitted by nature to pursue a protectionist policy than the Free State, but the imposition of tariffs is such an obvious illustration of our new-found economic independence that no new Irish Government could resist the temptation to impose them. It is impossible to see clearly yet the full effect of what has been done. Our large and efficient industries, such as agriculture, brewing, and biscuit making, are based on their export trade and the free import of raw materials. Big business men like Mr. Ford are entirely opposed to tariffs. It is only the small and inefficient manufacturers who desire them, and it is doubtful how far even they could thrive on such a restricted market as the Free State. It would be better policy for them to specialise and secure success in the world markets by the excellence of their products. The Free State has gained more by the permanent settlement of the land question and the new policy of agricultural development than by any tariffs ever likely to be devised, even by Mr. de Valera. Mr. Ford's action ought at least to make our tariff-mongers think seriously, and even if he continues his Cork factory as a tractor-producing plant for the European market, as is stated to be possible, his experience is hardly likely to encourage other American manufacturers to follow his example.

* See THE ROUND TABLE, No. 71, June 1928, p. 601.

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Mr. Cosgrave, addressing his Cork constituents early in September, wisely refrained from discussing this unpleasant matter. He had, of course, other and more pleasant things to relate in a review of the country's progress during the last six years. He pointed out that the adverse trade balance calculated on the difference between imports for domestic consumption and exports of domestic produce for the year 1927 was 5s. 8d. per head of the population for the Free State, as against 8s. 10d. for Great Britain and Northern Ireland, and that our national debt only amounted to £7 11s. 3d. per head of population, as compared with £168 6s. in Great Britain, £61 6s. in Canada, £75 18s. in Australia, and £30 1s. in South Africa. He commented on the fact that native capital had not taken advantage of the opportunities offered by the Government, and on the neglect to develop the fishing industry.

Another interesting event during the Parliamentary recess was Mr. Blythe's speech to the Institute of Journalists, who were visiting Dublin, in which he defined with clarity and common sense our new attitude towards Northern Ireland. Speaking, as he said, both on behalf of his colleagues and the people of the Free State, he stated that we wished for the prosperity and success of our fellow-countrymen in the North. If they succeeded in any way we would rejoice, and if any misfortune came to them we would not be pleased. We were content to have them go their way, believing that in the end the people of both parts of the country would be able to do whatever was best for the country. We had no desire to interfere with them in any way whatsoever. It is pleasant to find such views being voiced with unanimous approval by one of our leading Ministers, and there is reason to believe that, even if not expressed, they are reciprocated in Ulster. Along no other path can the future happiness and prosperity of Ireland be secured. The sooner every Irish politician, including Mr. de Valera, realises that the North must be left to work out its own salvation the better for all concerned.

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Fianna Fail, Mr. de Valera's party, have at last issued the prospectus of their newspaper project, asking for a capital of £200,000. The launching of such an enterprise, amongst the directors of which are several prominent business men, can only mean that Fianna Fail has decided irrevocably to employ constitutional methods in action for otherwise it would be mere lunacy to sink so much money in a great journalistic enterprise. There is a real opening for a big national paper which would provide a forum for all parties, but although the promoters of the new paper claim that this is their intention, it may be doubted whether a paper over whose policy Mr. de Valera retains control will ever be anything more than an inflated edition of the mosquito journals which have so long dominated and sustained the Republican intellect with a mixed diet of hatred and personalities. If this proves to be the case its fate is sealed. The intention of its promoters was that at least half the capital should be raised in Ireland, and in fact it is rumoured that the prospective American subscribers wisely made this condition a *sine qua non* of their participation, but how far this aim has been achieved remains unknown. It will be interesting to see what comment the new paper will make upon such disconcerting facts as the statement of General Hertzog's Nationalist party in South Africa that the declaration of the Imperial Conference in 1926, which Kevin O'Higgins helped so much to formulate, signifies the attainment of South Africa's sovereign independence. Such interesting news items cannot be ignored by a properly informed daily newspaper.

The Oireachtas, which has just resumed its labours, has plenty of work to do. About half the annual estimates have yet to be disposed of, and a dozen Bills have remained on the Dail's agenda since before the recess, seven of them concerning the proposed changes in the constitution. It is very doubtful if all these can be passed before Christmas. The Seanad Electoral Bill,* which lays down the method

* See THE ROUND TABLE, No. 72, September 1928, pp. 819, 820.

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for nominating the panel for the Senate election next month, had been given pride of place and will probably be passed at once. Other measures of interest are the Censorship Bill, referred to later, and the Cork City Management Bill. This latter measure is an attempt to deal with municipal government on entirely new lines. It applies the principles of national government to a city by dividing the deliberative and executive functions, the former being controlled by a small city council and the latter by a city manager. Should this Bill pass in its present form it will be an interesting experiment, and if successful, one likely to be applied to the other cities of the Free State. It is a real attempt to fashion a system of city government suitable to Irish conditions. Naturally the Labour party has denounced it as undemocratic, and Mr. de Valera does not seem to be able to make up his mind to ban or to bless the project, which is not really an orthodox government measure, having been originally formulated by a committee of Cork citizens. Other Bills will probably be introduced at once for the regulation of the co-operative creamery societies and the continuation of housing grants. Bills to give effect to the findings of the Town Tenants' Commission and to amend the Betting Act are in course of preparation, but it is unlikely that they will be introduced before next year. Altogether the present session promises to be more businesslike and less controversial than the last. No doubt deputies like the unsuppressible Mr. Corry and the irrepressible Mr. Hugo Flinn will provide the necessary "copy" for our parliamentary journalists, but no one any longer takes them seriously.

The death of John Devoy in New York severs almost the last link with the Fenian movement. William O'Brien once described him as "a born conspirator, and perhaps the most dangerous enemy of England in the entire Fenian body." Whilst still a young man he suffered a term of imprisonment in Ireland and then went to America in 1871 where he took part in every anti-English movement

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of his time. During the European war he assisted German agents to foment trouble in Ireland, but in recent years he accepted the Treaty and supported the Free State Government, transferring most of his former hatred of England to Mr. de Valera, for whom he conceived an inordinate dislike. He visited Ireland once more in 1924 and received a public welcome in recognition of his past services to the cause of Irish freedom. On that occasion he realised the impossibility of coercing Northern Ireland, and publicly pleaded for a *modus vivendi* with our Northern fellow-countrymen.

II. ECONOMIC AND GENERAL

THE statistics of occupations in the Free State recently published in connection with the census of production make interesting reading. They reveal that out of a total of 1,307,662 employed persons, no less than 672,129 are engaged in agriculture, or rather more than half the population. Over 206,000 farmers' sons and daughters and 67,713 other relatives of farmers assist the farmers in their work. There are only 139,109 paid agricultural labourers. These figures show how widely our agricultural system differs from that of Great Britain. In Scotland 801 of every thousand persons engaged in agriculture are wage earners, and in England 713 out of every thousand against 207 out of every thousand in the Free State. Most of these relatives receive only board, lodging and clothing, and the system enables the small farmer to eke out an existence, but it also explains much of our emigration. It is obvious that the standard of comfort in agricultural Ireland, although much improved in recent years, is still very low, and it can only be raised by improving the quality of our agricultural products and the arrangements for their marketing, as Mr. Hogan has sought most successfully to do. The latest trade statistics show that our adverse

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trade balance has decreased by £3,287,000 and is now little more than the amount of our invisible exports, a result for which the Government's agricultural policy is directly responsible. Much could, however, still be done to improve our agricultural life by increasing the facilities for amusement and by better teaching of domestic economy, particularly as regards cooking and variety of food. In the Free State 514 per thousand occupied persons are engaged in agriculture as compared with 89 in Scotland and 73 in England and Wales, but in the industrial sphere these conditions are completely reversed, "other producers" numbering only 145 per thousand as against 462 in Scotland and 414 in England and Wales. Nevertheless, the proportion of the population engaged in productive pursuits is higher in the Free State than in Scotland or in England and Wales. The figures are : Free State, 663 ; Scotland, 581, and England and Wales 489 per thousand. Mr. Hooper, our excellent Director of Statistics, points out that these figures are not in themselves a subject for congratulation, as they probably indicate that our productive efficiency is defective and the output per man unduly low. Economic progress consists, after all, in the achievement of increasing results with decreasing effort and the fact that a large proportion of the people are engaged in production is a sign of comparatively retarded development, although it also shows we are not a nation of idlers. The classification of occupations is also interesting. There are 11,974 civil service officials and clerks, 2,939 local government officials and clerks, 7,158 civic guards, 1,076 commissioned army officers and 13,869 non-commissioned officers and men. These figures show that our army is at last reaching a normal size. The figures for a few industries have been published. The woollen industry, which is now looking for a tariff, was represented in 1926 by 41 factories employing 2,364 persons. The net output per person is smaller in the small factories than in the large factories and smaller in the Free State mills than in Great

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Britain. Nearly three-quarters of the woollen tissues, but comparatively little of the worsted tissues, made in the Free State are exported. There were 15 breweries in 1926 which employed 4,650 persons and paid £1,137,248 in salaries and wages. Four distilleries employed 397 persons and paid £88,366 in wages. The other side of the picture is shown by the emigration figures for 1927, which prove, unfortunately, that we lost 14,207 men and 12,941 women.

The new Creamery Act, which is the latest fruit of Mr. Hogan's agricultural policy, introduces some quite new features into our agricultural legislation. Its most striking provisions are those which will inevitably draw into the co-operative system those milk suppliers living in areas which the co-operative societies are now taking over from the proprietary creameries. Such a non-co-operative supplier must now join the co-operative creamery system or go out of the creamery business. Three £1 shares for each of his cows is the minimum number he must take up. But these compulsory payments are made easy and can be made by annual deductions from the money due to him by the society for milk supplied. The co-operative societies have also to make arrangements to take these new members and to repay any moneys due to the State for advances, buildings, or the goodwill of extinguished proprietary creameries. All new creameries must be licensed. The result of the recent test made by the Department of Agriculture of butter received from 210 creameries showed that 99 per cent were up to the high standard fixed for creamery butter intended for export, while 88 per cent. attained as high a standard as will eventually be required for the national mark. This proves that the policy of better farming on a co-operative basis is having excellent results. But this policy is not without critics in some of its aspects. Professor Johnston, of Trinity College, one of our leading younger economists, has recently strongly criticised the agricultural credit

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policy of the Government.* He points out that in no European country of his acquaintance has the method of chattel mortgages been an important feature of a successful system of agricultural credit, and that any expectations based on this portion of our recent Agricultural Credit Act are foredoomed to disappointment. Agricultural credit in his view should be financed through credit societies on a limited liability basis. He considers that the State has hitherto failed to perform the only duties that were really incumbent on it in this connection—namely, to provide a suitable framework of law for the operations of agricultural credit societies, or to make permanent arrangement for their organisation, instruction and supervision. Instead, it has established an Agricultural Credit Corporation to act as the roof of a building whose foundations are not well and truly laid. Incidentally it has cleared the ground for the subsequent laying of suitable foundations by legalising short-term loans to individuals and by dragging the red herring of chattel mortgages across the trail. There is substance in this criticism. The agricultural policy of the present Minister of Agriculture has on the whole been most successful. It was necessary to apply the heavy hand of the State in order to penalise inefficient producers and to level up the general standard of production and marketing of live stock, eggs, and dairy produce, etc., but these bureaucratic methods have been now extended to the problem of agricultural credit where they are least appropriate. There is too much "State" and not enough "farmer" in the Agricultural Credit Act, and the policy it applies will probably have to be reversed, for the problem can only be solved, as Professor Johnston points out, by a system in which local self-governing credit societies will be the main feature, while State institutions remain modestly in the background, leaving the ground free for the organised farmers to develop a spirit of mutual reliance, corporate

* See THE ROUND TABLE, No. 71, June 1928, p. 608.

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responsibility, and co-operative initiative. Organisation and education are necessary before State aid can be effective.

A more justifiable and necessary form of State interference has taken place during the last few weeks, when the first steps were taken to apply the provisions of the Licensing Act of 1927 for the extinction of redundant liquor licences. The trade objects not to the reduction of licences—because everyone is now agreed that there are too many—but to the provision of compensation by the remaining licence holders. But as they failed to defeat these provisions of the Act at the height of their power, they have little chance of doing so now, when Mr. de Valera has definitely refused to support them in their preposterous demands. The new Free State currency notes have been issued and are both artistic, durable, and well printed. Sir John Lavery's beautiful portrait of his wife, which is their most striking feature, will undoubtedly be among his most popular pictures, and one not easy to counterfeit. It has been estimated that the total amount of British currency notes to be displaced is in the neighbourhood of £6,000,000, but as the new Free State notes must be secured either by British Government securities, British currency notes, or gold, all that the replacement of British currency notes will, in effect, mean for the London market will be that the Free State Currency Commission will exchange a number of millions of British currency notes for the British Government securities now held against them.

The Censorship Bill* has at last been published, and is now being discussed by the Dail. It provides for a Censorship Board consisting of five members to be appointed by the Minister for Justice, and to hold office for three years. A majority of four members can on receipt of a complaint from a recognised association advise the Minister to prohibit the importation or sale of any book which is

* See THE ROUND TABLE, No. 72, September 1928, p. 830.

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indecent or obscene, or which tends to inculcate principles contrary to public morality, or is otherwise, in the opinion of the Board, subversive of public morality. It does not seem from the Bill that it is compulsory for the Minister to act on the Board's report. A periodical may similarly be banned if the Board holds that its recent issues have frequently been indecent, obscene, or subversive of public morality. The word indecent is to be construed as including anything calculated to excite sexual passion or to suggest or incite to sexual immorality, or in any other way to corrupt or deprave. Further, it is to be unlawful without a permit to print, sell, or distribute any book or periodical which might reasonably be supposed to advocate the unnatural prevention of conception. It also prohibits, in the same manner as the recent English legislation, the publication of detailed reports of divorce court or other unsavoury judicial proceedings. Newspapers which print prohibited matter of this kind will be liable to severe penalties, and attempts to circulate a suppressed book or newspaper will be punishable on summary conviction by fine or imprisonment, or both. The Bill is, in short, an attempt to steer a middle course between the quasi-intellectuals who would condemn nothing, no matter how indecent and objectionable, and the ignorant zealots who would prevent all independent thought and allow no foreign book of any kind to enter the country. It has already been violently attacked by both. If it merely aimed at the suppression of pornographic literature and contraceptive propaganda no one could object, but it goes much further and gives power to prohibit the sale of books which "tend to inculcate principles contrary to public morality"—a vague phrase which might be extended to cover social or religious literature. The recognised associations who are to have power to denounce books are not defined, and are to be selected by the Minister for Justice. The definitions contained in the Bill are so vague and far-reaching as to be dangerously open to abuse, and

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the procedure proposed is such as to render the Board liable to popular pressure of a most undesirable kind. Its definition of the word "indecent" as including anything "calculated to excite sexual passion" is merely absurd and directly contrary to Catholic philosophy. It is obviously a heresy to maintain that sexual passion *per se* is evil. The whole Bill is framed on the theory that it is the duty of the State to repress all vices. The great Catholic theologians knew better than that, and St. Thomas points out that human law is framed for a number of human beings the majority of whom are not perfect in virtue, therefore human laws do not forbid all vices from which the virtuous abstain, but only the more grievous vices, from which it is possible for the majority to abstain, and chiefly those that are to the hurt of others, without the prohibition of which human society could not be maintained, such as murder or theft. How far the Catholic hierarchy are committed to support the Bill is not yet apparent, for they have made no official declaration on the subject, but notoriety-hunting clerical extremists are, of course, clamouring for an even stricter censorship than the Bill provides. Unfortunately in Ireland the word "immoral" in ordinary speech only means sexual immorality, and other more grievous forms of immorality are forgotten or slurred over. Certain people seem to attribute all the sexual immorality in the country to the worse type of English Sunday newspaper, quite ignoring the fact that since the European war and the Sinn Fein movement there has been, here as elsewhere, a definite revolt of youth against the conventions and standards of the past, and this revolt has found its chief expression in a looser moral atmosphere. It is very doubtful whether anyone will have sufficient courage to criticise or attempt to alter the Bill in the Dail, and it is much more likely to be made more drastic during its passage through that assembly, but it will get a different reception in the Senate, and there it may be improved. Senator W. B. Yeats has already criticised it strongly. In

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his view, it will degrade us in the eyes of the modern world and be used to prevent modern thought obtaining a hearing in Ireland. "We were helots," he says, "and where you have helots there the zealot reigns unchallenged. And our zealots' idea of establishing a Kingdom of God upon earth is to make Ireland an island of moral cowards." But there is a graver danger. In spite of cleverly engineered popular clamour, educated opinion is directly and strongly opposed to the idea of a censorship of ordinary literature, and this opinion will make itself heard with increasing force as time goes on. No nation will submit to be driven in blinkers. The principles contained in this Bill will, if pursued consistently, in time make Ireland the purlieus of Catholic Europe instead of one of its dynamic thought centres. It may well lead to an anti-clerical reaction which will cause deeper and more hurtful divisions than any we have yet known. If and when this happens history will accord to those responsible for this Bill their full share of the blame.

The Irish Free State,
November 1928.

CANADA

I. POLITICS : FEDERAL AND PROVINCIAL.

THE second session of the present Federal Parliament falsified previous prophecies of brevity for it, but while it lasted a normal span of four and a half months, its record of accomplishment was unimpressive. The King Government, which could confidently rely upon the steady support of the Liberal-Progressives apart from one mutinous moment and upon the inability of the Conservative and Independent groups to present a common front upon the majority of issues, was in a very comfortable situation and was never in any serious danger of defeat. The debating strength of its front bench was sufficient for all contingencies and Mr. R. B. Bennett, the new leader of the Opposition, was obviously intent upon feeling his way cautiously and gaining the confidence of his own party before he essayed any full-dress assaults upon the Ministry. Moreover, the legislative programme which the Government sponsored was of a singularly modest character and contained few items likely to produce serious controversy.

The debate on the Address produced the usual barrage of partisan orations from members who were anxious to ventilate the grievances and aspirations of their constituents and at the same time to impress them with their own parliamentary talents, but this annual saturnalia of rhetoric has now been mercifully tempered by the introduction of new rules of parliamentary procedure which limit to forty minutes the speeches of ordinary members except when they

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move resolutions. The budget was produced at a much earlier date than usual and Mr. Robb, the Finance Minister, was able to present a very satisfactory balance-sheet for the national finances. It showed a substantial surplus which made possible a fresh alleviation of the taxpayer's burdens through reductions of the income and sales taxes. The budget also contained an extensive series of alterations in the tariff, chiefly affecting the textile and particularly the woollen schedules, but they were largely in the nature of readjustments and reclassifications designed to meet the changed conditions of the industries concerned. Representatives of the primary sections of the woollen industry engaged in spinning took the view that the Government had deliberately sacrificed their interests for the benefit both of the secondary weaving and hosiery sections of the industry in Canada and of the woollen manufacturers of Great Britain, and made strenuous efforts to secure modifications of the original proposals, but when other sections of the woollen industry accepted the budget with equanimity and the *Montreal Gazette*, which usually offers a faithful reflection of the views of the industrialists of the Montreal area, declared editorially that it made no serious inroads upon the main fabric of protectionism, opposition to it collapsed.

Yet, the very reasons which made the budget acceptable to eastern industrial interests rendered it unpalatable to representatives of the agricultural West. Indeed, the Liberal-Progressive group only voted for it with great reluctance and before doing so they served blunt notice upon the Government that the next budget must contain some real tariff reductions or it would find them voting with the Opposition. Neither of the amendments, which the Conservatives and Progressives moved, could enlist the support of the other group and both were easily defeated, but the Opposition groups managed to join forces in the vote on the main budget motion and reduce the Government's majority to a comparatively narrow margin.

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After the disposal of the budget the dissection of estimates provoked recurring controversies and gave the Opposition groups excellent opportunities for exercising their critical faculties. There was the usual crop of amending legislation, but when the Opposition took a dark view of a measure which sought to transfer the power of naturalisation from the judges to the Secretary of State and contended that the change would place tremendous temptation in the way of frail Secretaries of State to use their power for partisan purposes, the Government, realising that public opinion shared this view, discreetly withdrew their Bill.

The St. Lawrence waterway and its correlated problems had been expected to furnish material for sharp controversial debates during the session, but apart from one desultory discussion initiated by a private member's resolution, this issue was almost neglected. All parties seemed to fight shy of it and the Government had available an excuse for declining to make any declaration of policy, in the decision to submit a special reference to the Supreme Court upon the question of the relative rights of the Federal and provincial governments over water-powers on navigable rivers. Arrangements had been made for the Supreme Court to hear the arguments in this reference in May, but the formidable array of counsel, who had been briefed on both sides, found the time inadequate for the preparation of their cases and the hearing was postponed until September. But even when the verdict of the Supreme Court is available, an appeal to the Privy Council, as Premier King indicated in one speech, will inevitably follow and, since the Government has intimated that it must await a legal definition of its exact rights before it can formulate any final policy, no further progress with the solution of the waterway problem can be expected for another year. However, the Government did see fit to table the correspondence which it had been conducting with Washington on the subject and it revealed the Coolidge Administration pressing for a convention which would permit the immediate

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commencement of the waterway, and the King Government, while accepting the principle of the project, refusing to make any definite commitments until a solution of certain difficulties had been found.

The Conservatives, conscious that public opinion was becoming increasingly nervous about the population problem, bent every effort to bring the immigration issue into the foreground. Among other cases the *cause célèbre* of the McConnachie family, wherein the regulations of the Immigration Law, notoriously often relaxed under pressure of political influence, were rigidly interpreted against the child of a Scots veteran, provided them with useful ammunition for a comprehensive arraignment of the Government's immigration policy. Faced with charges that the administration of the Immigration Department was inefficient and not incorrupt and that it was unsympathetic to the encouragement of British immigration, the Government authorised the standing committee on immigration and colonisation to undertake an investigation of the immigration problem in all its aspects. This committee held numerous sittings and examined a list of authoritative witnesses, but the report which it eventually produced was generally rated a disappointing document. It gave the Immigration Department a clean bill of health in regard to charges of corruption and it suggested a number of useful administrative reforms, notably a reversal of the unpopular policy which had transferred the medical examination of prospective Canadian immigrants from British to Canadian doctors. It declined to sustain the charge that an undue preference was being shown to immigrants from the continent of Europe and it made suggestions for the better co-ordination of the work of different agencies concerned with immigration. But it signally failed to sponsor any new immigration policy of a comprehensive character which would facilitate the transfer of a larger annual contingent of Britain's surplus population to the Dominion, and this lacuna evoked sharp criticism

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However, the Conservatives had earlier in the session put before the country a constructive immigration policy, worked out by Major-General A. D. Macrae, M.P. for North Vancouver, which offered an elaborate plan for the settlement of ten million people in western Canada and suggested State expenditure for this purpose on an unprecedented scale.

Imperial and foreign affairs received as usual an attention from Parliament altogether inadequate to their importance. The Government announced its decision to establish Ministries at Paris and Tokio and, while the Paris legation aroused little criticism, sharp exception was taken to the Tokio adventure in diplomatic expansion. The Conservatives moved a reduction of the vote for this legation and took the line that it was an unnecessary, expensive and dangerous move, and that the policy of diplomatic separatism upon which the King Government had embarked was incompatible with the maintenance of a common foreign policy and must sooner or later impair fatally the solidarity of the Commonwealth. The defence of the Government was that these new developments were the inevitable corollary of the constitutional resolutions of the last Imperial Conference and that Canada's assumption of diplomatic responsibilities would strengthen instead of weaken the fabric of the Commonwealth. A resolution by Miss Macphail advocating the establishment of a special department for the promotion of international peace elicited from the Premier an exposition of the peace-making activities of his Ministry, which in his view rendered such a department superfluous, and also an explanation of the reasons which led him to refuse adhesion to the Anglo-Egyptian Treaty.

In the end the sharpest controversies of the session had their origin in two private Bills which sought authority for the duplication of the capital of two of the largest corporations in Canada, the Sun Life Insurance Company and the Bell Telephone Company. The radical elements opposed

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the Sun Life Bill on the ground that it unduly favoured the shareholders at the expense of the policy-holders and in the case of the measure of the Bell Telephone Company, which is a subsidiary of the American Telephone and Telegraph Company, a campaign by the press of Ontario against a reorganisation of its capital which might penalise telephone users and increase the profits of a great American corporation, produced opposition from different quarters of the House of Commons. The opposition forces resorted to blockading tactics and, as the time allocated to private Bills is limited, they succeeded in killing both measures.

The session, as the weeks slipped by, found the Senate in a sullen and rebellious mood. It held secret sessions, it made passionate protests at the contempt shown for its wishes in the arrangement of public business, and it adjourned in disgust for more than a month through sheer lack of business. Its members are tired of the work involved in acting as arbiters of marital differences for the provinces which do not possess divorce courts and this session the Senate passed for the second time a Bill conferring jurisdiction in divorce cases upon the law courts of Ontario. But this proposal is obnoxious to the Catholic Church and, after Mr. Lapointe, the Minister of Justice, had intimated his aversion to it, the House of Commons made no effort to deal with it. Thereafter, the Conservative members of the Senate served an ultimatum upon the Government that next session they would refuse to undertake any work in connection with divorce cases from Ontario.

No new reputations were made during the session, but the accession of strength which the admission of Colonel Ralston, Mr. Euler, and Mr. Malcolm, Ministers respectively of National Defence, National Revenue and Trade and Commerce, has brought to the Cabinet was again demonstrated. There are rumours of a reorganisation of the Ministry before another session is faced; several retirements are expected, including that of Mr. Lapointe,

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who, it is taken for granted, will take advantage of a vacancy which will occur in the Supreme Court within the next year. Mr. Bennett showed a studied moderation in his parliamentary tactics and by the end of the session had gained the respect of both his followers and opponents.

Mr. Bennett has spent part of the summer in speech-making tours which took him first to the eastern townships of Quebec and then to the maritime provinces. They provided him with his first opportunity, since he assumed the party leadership, of establishing contact with his followers and the voters at large, and everywhere he met with a cordial reception. In his speeches he maintained a steady indictment of the King Government based chiefly upon the vacillating nature of its fiscal policy, the inadequacy of its efforts to halt the southward exodus or at least to fill the gaps left by it through vigorous encouragement of British immigration, and the separatist tendencies of its constitutional and diplomatic adventures. Premier King on his part, before he sailed to fulfil his engagements in Europe, made a brief visit to western Canada and in a few speeches which he delivered in his own constituency of Prince Albert and elsewhere defended the record of his administration; he argued that the wisdom of its fiscal policy was demonstrated by the general prosperity which prevailed and that its course in Imperial affairs enhanced the political dignity of Canada and did not impair the essential unity of the Commonwealth.

Since the prorogation of Parliament, Federal politics have been sunk in peaceful torpor, and no by-elections have taken place. But there has been considerable activity in the provincial field and the result of provincial elections in British Columbia and Nova Scotia has offered an almost even measure of encouragement to both the major parties. In British Columbia a Liberal Ministry, which had been in power for twelve years and had obviously outstayed its welcome, was decisively defeated on July 18 by the Conservatives, who secured 35 seats out of the 48, and now

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possess a commanding majority in the local legislature. Dr. Simon Tolmie, the Conservative leader, has formed a Ministry whose representative character has elicited general approval. The contest in Nova Scotia, which took place on October 1, was altogether unexpected as the provincial legislature elected in 1925 had still nearly two years of its appointed term to run. At the last election the Liberals, who had been continuously in power for more than forty years, went down to defeat in a welter of scandals, and the Conservatives came back in possession of 40 out of the 43 seats. They proceeded to fulfil their pledge of abolishing the Upper Chamber or Legislative Council, and owing to the intelligible obduracy of most of its members only accomplished their object after a severe struggle. In his election manifesto Premier Rhodes defended the premature dissolution of the legislature on the ground that the abolition of the Legislative Council was a change of major importance, and that it was in conformity with sound constitutional practice and democratic principles to permit the voters to elect representatives armed with a fresh mandate to exercise the increased authority conferred upon the Assembly. The Liberals for their part denounced the dissolution as a piece of sharp political practice and arraigned the Rhodes Government for its failure to fulfil a number of its other pledges. There was even in Conservative circles little expectation that the Rhodes Ministry in a traditionally Liberal province would retain its overwhelming majority, but nobody was prepared for the actual closeness of the result. The polls revealed that the Conservatives had lost no less than 17 seats to the Liberals, and were left with a bare majority of three, the figures being 23 to 20. Moreover, four members of the Rhodes Ministry were defeated, and it finds itself in a position of considerable embarrassment. Even as things are, the election of a Speaker would reduce the Government's majority to two, but at least one of the vacancies in the Ministry must be filled before the Assembly meets

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early next year, and a defeat at the by-election, which will be necessary, would render the Government's position untenable. So the Liberals of Nova Scotia, feeling they have their opponents at their mercy, are naturally jubilant and the party generally finds consolation in the Nova Scotia result for the reverse in British Columbia.

Last month saw the arrival of Sir William Clark, the new British High Commissioner at Ottawa, and he has lost no time in actively assuming his new duties. He has received a most cordial welcome from the Canadian press and public, and the interesting experiment with which he is associated has been inaugurated under the happiest auspices. In an interview given after landing at Quebec he asserted that his status would be identical with that of Mr. Larkin, the Canadian High Commissioner in London, and his chief function would be to form an effective link of liaison between Ottawa and Downing Street. He will shortly be followed to Ottawa by M. Jean Knight, whom the French Government has appointed as its first Minister to Canada, and as a complement to this move, M. Philippe Roy, who has served for many years as Canada's High Commissioner in Paris, has been elevated to the rank of Minister. No appointment to the Tokio Ministry has been made, but the *Manitoba Free Press*, in a recent editorial, predicts that before long Canada's diplomatic service will be expanded to ensure direct diplomatic relations with more than the three countries for which Ministries have so far been sanctioned.

II. BRITISH MINERS AND THE CANADIAN HARVEST

THE last forty years have witnessed the transformation of the vast prairie plain of Canada, which stretches from the Great Lakes to the foot-hills of the Rocky Mountains, from a wilderness which had no human population save Indians and a few white traders and hunters, into one

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of the great granaries of the world and a scene of varied agricultural and industrial activity. The crops which it yields have become the chief economic buttress of the country's national economy, and every year from seed-time onwards their fortunes are watchfully followed both at home and abroad, and by none more anxiously than by the Canadian business community, which is keenly conscious that its own prosperity for another twelve months is indissolubly linked up with the fate of the western harvest. This year the normal interest in this harvest was accentuated by the fact that the experiment was being tried of utilising the muscles and intelligence of a large contingent of unemployed British miners in the grain fields of the prairies. More man-power is required to reap a crop than to sow it, and in the past every autumn has seen a powerful reinforcement of auxiliary labour brought to the assistance of the prairie farmers for their most strenuous season. Part of this reinforcement has come from the strange tribes of "hobo" labourers, who, after having helped to plant the cotton crop of the southern States, start about midsummer in the fields of Texas, follow the grain harvest northwards as it ripens in successive weeks in different latitudes, and reach the Canadian prairies about the middle of August. But the best supply of special labour reinforcements has for many years come through special harvest excursions arranged at low rates by the railway companies for the transportation of young farmers of the eastern provinces, who have finished their own harvest, and want to earn some extra money in the West. By August also, employment is often dwindling in the cities and towns, and a certain volume of casual labour drifts out to the prairie farms. But even with these reinforcements, if the crop is above the average volume, there is usually a shortage of labour in the West during September, and the farmers have then to compete for the available labour and pay very high wages.

In 1923, when a heavy harvest presaged a demand for

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additional labour, arrangements were made by the railway and steamship companies in co-operation with the British and Canadian Governments to bring out some 12,000 unemployed British workers for the western harvest. The experiment met with reasonable success, and a considerable proportion of the men who participated in this adventure, remained as permanent residents of Canada. This year again, the abundant harvest, which authoritative crop surveys, since confirmed by actual results, forecast in July, seemed to offer a good opportunity for a repetition of the experiment and negotiations entered into between Ottawa and London culminated in a scheme for the recruitment of 10,000 unemployed British miners for the western harvest. The decision was taken to restrict the experiment to miners, partly because they were the worst sufferers from the malady of unemployment and partly because, living as they do for the most part in small villages, they have more acquaintance with the elementary facts of rural life than the average British factory worker who, cooped up in large cities, is divorced from all contact with agriculture. The railway and steamship companies undertook to transport the miners for very low fares, and the British Government furnished a small subsidy by way of a maintenance fund for the journey. The Canadian Government for its part undertook to give the miner harvesters careful supervision and guidance during their journey, and to utilise all its administrative resources for the provision of satisfactory employment. No guarantee was given about wages, but hopes were held out that it would be possible to earn from \$3 to \$5 per day at harvest work in addition to board and lodging.

The labour exchanges in Britain were utilised as the places of recruitment for the expedition, and within a few days of the announcement of the scheme the officials were besieged with more applicants than could possibly be taken. A preference was given to younger men who had no dependents, and a certain number were rejected in the

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medical inspection upon which the Canadian authorities properly insisted. In the end, moreover, lack of steamship accommodation forced the curtailment of the original quota of 10,000 to 8,500 and, accordingly, it was easily filled with a very satisfactory class of recruits. Many of them had seen service during the war and their sense of military discipline was a stabilising factor at different stages of their journey. The behaviour of the miners on board the different ships was almost irreproachable, and if the propensity of groups of militant Socialists to sing the "Reg Flag" disturbed some of their fellow-voyagers in first class saloons, reassurance soon came from the fervour with which they also sang unimpeachably patriotic songs. Observers who sailed with them were impressed by their cheery demeanour and sturdy physique, and reported that Canada was receiving a very promising body of immigrants. All arrangements for their transportation to the West worked smoothly, and while a few were landed at Halifax, the great majority first set foot on Canadian soil at Quebec, where trains were waiting to take them straight through to Winnipeg. In Canada private employment agencies have been practically abolished, and the Government, through the employment service branch of the Labour Department, undertakes the task of co-ordinating supplies of labour with demand. The officials of the employment service had carefully prospected the farm employment situation beforehand, and had, awaiting the arrival of the miners, a long list of farmers who were willing to employ them. In a country of such vast distances as Canada personal interviews between harvesters and their prospective employers are usually impossible. The practice, therefore, is for the farmer to state how many extra workers he requires and what wages he will pay, and if a harvester accepts the terms offered, he is given transportation to the nearest railway station and proceeds to his job.

Comparatively few of the miners had to wait any length of time in Winnipeg before harvest work was available for

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them, and they were soon scattered over the three prairie provinces. Now, among the farmers of Canada, as of other countries, there are good and bad employers, and upon their character and temper the fate of the miner harvesters often depended. Many of them found themselves being driven from the railway station to their destination in comfortable motors, and given a cordial welcome and comfortable quarters. But others, who were assigned to struggling homesteaders, met with a less cordial reception, and thought the cottages which they had left behind in Durham and Lanarkshire comfortable havens of rest in comparison with the outhouses in which they were asked to sleep. There were cases, too, where a group of miners was, through an error of officialdom, sent out to points where all the labour demands had already been filled; for instance, the local Press of Saskatchewan reported a group of miners stranded in this plight at Rosetown, near Saskatoon, in the closing days of August. But honest attempts were immediately made to correct such mistakes once they were discovered, and by the beginning of September the number of miners who had not been given an opportunity to work at the harvest was negligible.

Sympathetic farmers gave the miners whom they employed careful instruction in the tasks allocated to them, and allowed them to get broken gradually into their new work, and under such circumstances they soon became competent harvesters. Undoubtedly many of them, especially as their muscles must have been softened during the long journey from Britain, found the long harvest day, which lasts from sunrise to sunset, a little too strenuous for physical powers which had been adjusted to an eight-hour day, and welcomed each night-fall as a relief from a trying experience. But sheer grit and the innate cheerfulness of the average British worker carried most of them through the hardening process, and enabled them within two weeks of their arrival to give complete satisfaction

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to their employers. Others, however, fared less happily, and there were, no doubt, some cases of unfair treatment. Stern taskmasters who found miners during the early stages of their harvesting career incapable of a sustained day's work, often showed scant generosity of heart and insisted that, if the full day's work for which they had agreed to pay could not be accomplished, lower wages must be accepted. In some cases, men who broke under the strain were summarily dismissed, and there were some cases of farmers ready to discharge miners who were doing their harvest work quite competently because Ukrainians or other workers of foreign extraction appeared and offered to work for lower wages. The plight of the miner who met with such treatment was indeed hard. If he refused to accept a cut in the promised wages or was discharged for other reasons, he found himself friendless and alone, far from his home and even from Winnipeg where the helpful employment officials were stationed. He had before him the alternative of hunting another job in the surrounding countryside or of trudging back across the prairie to Winnipeg, as rarely would he have any funds left for a railway ticket. Not a few of the miners, who through unfortunate circumstances were left derelict, tramped several hundred miles into the Manitoba capital begging meals at farms which they passed. *The Manitoba Free Press*, in its issue of September 6, surveying the experiment when it had been well launched, made the following observations:

The 6,000 new arrivals have not found everything to their liking. Here and there over the three provinces milk and honey have not appeared by magic; here and there in an area greater in extent than the whole of the United Kingdom, the sun has not shone at the right moment to please farmers and harvesters alike; here and there also farmers rushed off their feet and anxious for the safety of their crops have had little patience with inexperienced hands; here and there miners accustomed to the eight-hour day, have found the sun-up to sun-down hours a little too rich a mixture for their blood. But, by and large, the men have got into the collar with

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the same fine degree of tenacity which the 12,000 harvesters of 1923 have shown, as is evidenced by the large proportion which remained in the country.

There is, of course, the percentage of grouchers and ne'er-do-wells; there are also cases of genuine grievances. For the latter, every sympathy must be shewn and every effort made to help them get on their feet; for the whiners another course might be adopted. The Honourable Thomas Shaw recently said that Britain was too proud to send men to Canada who were not wanted at home. It might be suggested that Canada is also too proud and too busy to have men hanging about whose chief contribution to Canada's welfare is vocal.

However, as the days rolled by, a substantial contingent of dissatisfied miners foregathered in Winnipeg and proceeded to hold meetings and air their grievances in vociferous fashion. Their hardships lost nothing in the telling, and they were stimulated to this form of activity by local Labour leaders who had from the first viewed the influx of a large body of British workers with grave suspicion as a dangerous increment to the labour supply of the Dominion. Indeed, the Trades and Labour Congress of Canada, when it held its annual conference in Toronto in September, roundly denounced the experiment, and for its appeasement, Mr. Peter Heenan, Minister of Labour in the King Cabinet, apparently regardless of the doctrine of collective Ministerial responsibility, virtually repudiated the scheme as the product of other minds than his own, and made the charge that before the miners left Britain, they had been misled by gross misrepresentations to the effect that they could easily find employment in the Canadian coalfields, where, according to Mr. Heenan, a surplus of labour already existed. Propagandists of the Communist faith were also busy, and there was freely circulated among the disgruntled miners a pamphlet portraying the scheme as a vile conspiracy whereby the ruthless capitalists of Britain were getting rid of labour which they no longer wanted, and the equally sinful capitalists of Canada were securing a reinforcement of

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labour supply for the purpose of depressing wages. The officials of the Canadian Department of Immigration having become fearful that the publicity accruing from the complaints of the dissatisfied miners might have unfortunate reactions in Britain unless it was checked, decided that the best course was to ship home the misfits with all speed and be rid of them. The railway and steamship companies agreed to facilitate their repatriation, and several parties of malcontents were despatched homeward in quick succession. It happened that while the first party of these malcontents was being mustered in Winnipeg, they were housed in the Immigration Hall, and, as they were being fed and lodged at the expense of the State, the authorities felt justified in stationing a guard of Mounted Police over them to prevent their intercourse with local Labour agitators.

At this point there arrived in Winnipeg the party of the British Empire Parliamentary Association which had been touring Canada as the guests of the Dominion Government, and its British members were naturally interested in the fate of the miners. The British Labourites of the party were inevitably the recipient of doleful tales of woe from the miners who were awaiting repatriation, and the sympathies of Mr. Thomas Johnston, M.P., and a colleague were so worked upon that, finding the miners under guard, they issued a statement condemning the Canadian authorities for their conduct in depriving British citizens who had committed no crime of the elementary rights of freedom; another criticism offered was that blankets issued to the miners were removed during the day-time, but the immigration officials could offer the defence that this precautionary step had only been taken after a number of blankets had completely disappeared. Equally groundless was a complaint dating from an earlier stage, that an escort of two members of the Mounted Police had been attached to every train which carried miners to the West. The fact is that since trains which run through more

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than one province are under Federal and not provincial jurisdiction, and the Mounted Police is the only Federal police force in existence, it had been the custom for years to place "mounties" on every harvester train for the purpose of restraining the turbulent spirits who often join these excursions. There was no desire to place any restraint upon the miners if their behaviour was normal, and the precautions taken later at Winnipeg had reasonable justification behind them. However, the statement of so prominent a Labour leader as Mr. Johnston was bound to carry some weight, especially in Britain, where it received widespread publicity, and the Canadian Immigration Department found itself subjected to a severe arraignment both in the domestic and the British press. There were frank demands for an investigation of the treatment accorded the miners and considerable disquietude about the whole experiment began to prevail on both sides of the Atlantic. Then Mr. Ramsay MacDonald performed a very useful service in steadying public opinion in both countries by an admirable speech delivered to the Ottawa Canadian Club on September 8, in which he pleaded for the acquisition of a saner perspective about the miner harvesters, and, after pointing out that, taking all circumstances into consideration, the proportion of misfits was remarkably small, offered the verdict that the scheme had been well worth trying, and had the prospect of bearing valuable fruit. And the good work of restoring confidence about the experiment was carried on by two other Labour members of the Empire Parliamentary party, Mr. David Kirkwood and Mr. Hall, who, after making careful personal investigations respectively in the district around Saskatoon and Edmonton, were able to declare themselves satisfied that the great majority of the miners had found employment at reasonable wages, and were pleasing their employers, and that the few cases of misfits which they had encountered owed their failure to their own disabilities, mental or physical. The cumulative

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effect of these pronouncements was excellent, and the miners who had arrived home did not find such audiences as they could collect ready to credit offhand their terrible tales of the awful hardships which awaited honest British workers in the Canadian West.

In the end, however, it was deemed wise to ship home some 800 miners who had not, for different reasons, played any serious part in the rôle of harvesters. Only these got any public assistance for their repatriation, but during October other groups and individuals began drifting homeward, and at the time of writing it is estimated that almost 3,000 have gone back. Some of these were completely dissatisfied with their adventure, but others were well pleased with their experiences, and intended to return after they had settled up their affairs at home or raised enough money to bring out their families. Accordingly, there still remain in the West about 5,500 of the miners who were brought out to help in the harvest. Such of them as have had steady employment have been able to save considerable money ranging from 100 dollars upwards, and could go home if they so elected. But most of them seem determined to try to secure a permanent foothold in Canada, and for many, farm employment should be available for almost another month unless winter descends prematurely. Apparently a number of the miners who still remain in the West find that the winter wages available will not enable them to make any remittances home, and therefore they are intelligibly anxious about the fate of their wives and families during the winter. As the result of representations on this point made by its Canadian Legion, the British Empire Service League has approached the Overseas Settlement Board with the suggestion that funds should be found to tide over the winter for the families of miner harvesters who are honestly trying to make good in Canada and public money might be expended for worse purposes.

The real testing time for the experiment will come

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when the snow begins to fly, and the stern grip of King Frost shuts down all outdoor work in the fields. Farmers in the West, who, in many cases, have few livestock, will then reduce their employees, and, while some miners may be retained, a number will be compelled to find other avenues of employment. The Federal Government, through a letter written by Mr. Egan, the Deputy-Minister of Immigration, is practically pledged to see that they do not drift into the towns and glut their labour market, and for this reason the Federal Labour Department, in co-operation with the Labour department of different provincial governments, is bending every effort to get miners placed in the country for the winter. If they can only surmount their first winter in the Dominion, their future should be easy, as Canada has obviously entered upon another era of economic expansion, and work of all kinds should be plentiful in the spring. On the whole, therefore, the experiment can be rated as quite successful, in view of the difficulties that had to be faced and it affords considerable encouragement to those who believe that British industrialists can be transformed without much difficulty into Canadian farmers, and that it is foolish to restrict British immigration to trained agriculturists and domestic servants. Whether, however, the prairies could absorb each autumn a similar contingent of British unemployed is a doubtful matter. This year has seen an enormous advance in the popularity of the new machine known as the "combine" which reaps and threshes grain by an almost simultaneous process. It is perhaps more suitable for regions where weather conditions permit the uniform ripening of grain, as its best results are only obtained when grain is dead ripe, but the machine has so many advantages that it has obviously come to stay. Its general adoption will eliminate the necessity for a great deal of manual labour at harvest time, and there will probably be a steady diminution of the demand for auxiliary labour supplies for the western harvest.

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But, perhaps, the general trend of Canadian opinion about the experiment can be best appraised through editorial quotations from two papers with a completely divergent outlook. *Toronto Saturday Night*, a weekly of conservative tendencies, offered the following comments in its issue of October 13 :

The experiment has obviously succeeded beyond the expectations of Canadians who had knowledge of the difficulties to be faced, and perhaps better than it deserved, in view of the haste and inadequacy of organisation which preceded the excursion. Another year, with better preliminary work, which would forestall men ignorant of Canadian conditions being sent to places where no work was available, as happened in some instances this year, we may hope for even better results.

And almost simultaneously the *Graingrowers' Guide* of Winnipeg, which voices western agrarian opinion and had enjoyed special opportunities for following the fortunes of the miners, delivered the following verdict :

We have had only two experiments with British harvesters, and considering everything, the results have been highly favourable. The railway companies, the governments and the farmers who have employed them should have learned enough as a result of these two experiments to make it an annual event with ever-increasing success. Those who have gone back to England, because they are failures, are naturally going to be pretty loud in their complaints. That is human nature the world over. But the British people are accustomed to that sort of thing, and it is contrary to British tradition and British spirit to accept at its face value the evidence of men who are admittedly failures. The British people are not failures. The whole history of the British race indicates and demonstrates that there is no better people on earth to tackle a hard job. The harvesters should be given the facts and nothing but the facts before they are recruited, and as far as possible, every one physically unfit should be eliminated. Those who do not want to work should be left at home. The balance of them will make good and most of them will remain in Canada and establish homes for themselves and their families, and become the very type of citizen that Canada requires and is seeking.

Canada,

October 27, 1928.

AUSTRALIA

I. THE FINANCIAL AGREEMENT

THE 1927 financial agreement between the States and the Commonwealth has now been ratified by all the States, and as far as the Constitution permits, by the Commonwealth also, which has passed an Act providing for the agreed payments to be made for the two-year period ending June 1929. The constitutional power to make the agreement secure is being sought by referendum, and the prospects of success are unusually bright. In the last twelve months, however, some significant changes have taken place which throw new light on the situation, and the inevitable delay has been on the side of doubt. The most important of these developments have been the appointment of a Royal Commission to inquire into, and report upon, the workings of the Constitution, and the occurrence of a substantial Commonwealth deficit for the year ending June 30, 1928. The acceptance of the agreement as a permanent measure must be authorised by a majority of the States and a majority of the electors of the Commonwealth, voting at a referendum and the present Government must be returned to power at the general election to be held on November 17 simultaneously with the referendum. If the Bruce Government is again returned to power and the constitutional amendment is carried, Parliament may then reconsider the agreement in the light of any proposals of the Royal Commission now sitting, which may involve the Commonwealth in increased expenditure, and in view of

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the financial outlook of the Commonwealth for the next few years.

The action taken by the Commonwealth Government last year in challenging a section of its own supporters has worn the appearance of heroic statesmanship, for it brought matters to a head and forced a settlement. The generous offers to the States which followed, and formed the basis of the agreement, the waiving of previous arguments against such payments, and the ingenuity with which it has sought to kill two birds with one stone, have crowned the achievement with a good deal of glory. There is heartfelt relief at the hope of a settlement after eight years of apparently endless wrangling, and twenty years of uncertainty before that. If it had been possible to arrive at a final decision by the consent of the State Parliaments, achievement might have been carried through on the full tide of popular acclamation. Opposition then seemed to be based on petulance and chagrin that the wrong party had the good fortune to hold office at the appropriate time, and within the dominant parties opposition was based upon obsolete and impossible views about State rights.

The obligations to be accepted by the Commonwealth are that it shall contribute towards the payment of interest on State debts an amount equivalent to the per capita payments made in 1926-27 until such time as the State debts then owing have all been redeemed. In addition the Commonwealth is to pay towards a sinking fund 2s. 6d. per annum for every £100 of State debt owing on June 30, 1926, and 5s. per annum for every £100 of State debt incurred after that date in pursuance of the agreement, the States in each instance contributing the balance of a sum of 10s. per £100 towards the sinking fund. The Commonwealth shall also increase the interest paid on properties transferred at federation from $3\frac{1}{2}$ per cent. to 5 per cent., a rate corresponding to the present rate of interest. The interest payments have now been made to the States under the authority of a temporary Act which leaves the control of

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the debts to the States themselves. The sinking fund contributions are to be paid to the Commonwealth National Debt Commission, which is required to purchase and cancel the appropriate State securities. The total payments in respect of interest for 1927-28 were £984,139 in excess of the per capita payments for the previous year, and about £830,000 more than the payments would have been if the per capita basis had been continued.

The obligations of the States and the principles of the Loan Council have been described in these pages.* For some States the sinking fund contributions will be reduced, but the total contributions for all the States will be larger than at present and special provision is made for loans raised to meet floating deficits for which a special sinking fund is provided, to be raised solely by the State concerned and at a much higher rate per cent.

The agreement is based upon the assumption that the present high rate of increase in the growth of population (2 per cent. per annum, of which about one quarter is by immigration) will be maintained, and also the income per head. The effects on the parties will depend on the variations in this increase, if the rate goes up in any particular State the Commonwealth will benefit; if it goes down the State will benefit. If the increase for Australia is maintained at the present rate, the States will benefit for about the first twenty years, and the Commonwealth later, as the proportions of the fixed payments to the increasing total revenues decline. The agreement meets the more urgent present needs of the States and temporarily gains for them the practical point of their insistence on per capita payments. Twenty years is a long time for any such agreement to last. It provides the funds they need, at a price which they are willing to pay, the abandonment of their so-called moral rights to share in customs revenues, and of their sole control over their loan policy. The agreement limits the financial capacity of the Commonwealth in the

* See THE ROUND TABLE, No. 69, December 1927, pp. 181-190.

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immediate future, including its capacity to make special grants to necessitous States, to assist in "development," and at the same time to proceed with its programme of general welfare through social provisions of various kinds. When the constitutional amendment is made, the Commonwealth will become responsible for the State debts. The effect of this may be to place the financially weaker States in a stronger position, for their creditor will be the Commonwealth and their claims for assistance may become claims to cancel part of their liabilities.

From some points of view one of the most important aspects is the constitutional one. It is necessary to amend the Constitution to give effective power over the management of Australia's public borrowing, and the proposal is virtually to incorporate the agreement in the Constitution. The terms of the proposed amendment are part of the agreement, and they provide that the Commonwealth may make agreements, which may be varied only by the unanimous consent of the parties. This makes the present agreement virtually a constitutional amendment. As the Attorney-General said in his speech on the Bill for the temporary measure on March 15: "We shall wait long before another proposal unanimously approved by the seven governing authorities of Australia is brought before this Parliament for ratification."

The special circumstances which brought about this agreement are not likely to recur. There may be proposals for a reduction all round in the sinking fund contributions, but the publicity associated with such a change, and its effects abroad, make this improbable, so that the agreement to be presented to the electors in November is to be virtually a constitutional limitation to operate for the next half century. The temporary measure was introduced in the House of Representatives on December 14, 1927, by the Prime Minister. Three months elapsed before the Opposition was called upon to make its reply. On March 7, 1928, Mr. Charlton, the then Leader of the Opposition

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moved for a postponement, "until Parliament has had an opportunity to discuss a comprehensive scheme of constitutional reform, including the evidence taken before the Royal Commission now sitting and its proposals when made."

The Labour objectors concentrated on the immediate cost to the Commonwealth. In his speeches on March 7 and 16, Mr. Charlton stated the Opposition objection in the following words :—

I pay a tribute to the State Premiers, who are very clever men. The Commonwealth Government took the first trick in the game by repealing existing legislation and holding a bludgeon over the States; but the States took the next trick and compelled the Commonwealth Government to grant something much better than was originally offered. . . . We are giving too much away. . . . We have to rely chiefly on the customs and excise for our revenue. If we are to have an effective protective policy, the revenue from these sources will fall year by year. Revenue has gone down considerably during the last eight months. . . . If we take over child endowment, the payment of widows' pensions, any scheme of unemployment insurance, or the whole system of industrial arbitration, it is quite clear that we shall be committed to a far heavier expenditure than that which we have to meet at present. . . . The Commonwealth must in the future take over considerable obligations from the States. . . . It would be illogical and unsound to allow the States to draw more money after being relieved of many of their obligations.

The measure passed into law in the face of this opposition and also all opposition from "State's righters." In the course of the debate, the new Leader of the Opposition, Mr. Scullin, went so far as to say "this Parliament should not surrender any portion of its control over the national finance." The Labour view is that the Constitution should be reconsidered with a view to giving increased powers to the Commonwealth and that in the meantime payments to the States should continue to be made on a per capita basis.

When Parliament reassembled for its final session in

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September, the Bill for the referendum unexpectedly passed through all stages in the House of Representatives in one day—the Prime Minister's introductory speech had been delivered previously. The Leader of the Opposition declared that they would not oppose a provision that agreements can be made, but they would oppose the particular agreement in the new Parliament. The referendum is therefore likely to be passed, but its effectiveness will depend upon the new Parliament. The agreement provides for permanent ratification before July 1, 1929, but it is quite possible that the opposition will be strong enough to effect some postponement. A further agreement may then become necessary. If, for instance, this year's shrinkage in customs duties continues, the Commonwealth may no longer be able to count on its present high proportion of revenue from customs. In that event the Government may feel itself unable to carry out the terms of the present agreement even though it originally proposed them.

The referendum itself is reminiscent of the proposal brought forward in 1926 for the transfer of powers from the Parliaments of the States and the Commonwealth to an independent authority. This idea is quite in fashion at the moment, and in this case the authority is to be the Conferences between Commonwealth and State Governments. One of the most important tasks of the next Parliament will be to determine how far this principle may be extended. There is not likely to be any organised opposition to the referendum, except in Western Australia, which was the last State to ratify the agreement, and which did so with considerable reluctance. The opposition fastened upon the agreement itself, and passed over the immediate benefits to the States. The more militant Western Australian members in both the Federal and the State Parliaments are sure that in the long run their State will lose, because they are convinced that Western Australia is going to increase its population very rapidly. South

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Australia may prefer that the settlement should wait until her own grievances have been attended to. The official answer is that special payments to necessitous States must be considered separately and that even in the long run, the States cannot lose. It is claimed that the benefits from lower interest through the control of State debts will exceed £1,500,000 a year as soon as the new conditions become effective. The expected compensations are an appreciation in credit, lower interest rates, and greater security and stability in State finance. How far these benefits may actually materialise is very difficult to say. They are probably exaggerated. The habit of overseas investors of spreading investments as though the Australian States were quite separate entities may be overcome, but the London loan market is already well organised. More substantial benefits may accrue from the better organisation of the Australian loan market. The sinking fund provisions are the best part of the new scheme, for they require taxation to march with borrowing. There is always some danger that a sinking fund which soothes creditors may also soothe debtors, but if the agreement is made constitutional, it will be difficult to alter it, and the attention of Australians will be focussed as never before upon their loan policy, through the operations of the Loan Council and of the sinking funds.

II. THE FEDERAL CHRONICLE

THE amending Arbitration Act discussed in previous numbers of *THE ROUND TABLE** was duly proclaimed on August 13. Unionists are hopelessly divided as to what should now be done. They unite in regarding the recent amendments as "a hit below the belt" at the power and position of the unions. But while some would like to

**THE ROUND TABLE*, No. 71, June 1928, p. 632 and No. 72, September 1928, p. 870.

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sweep away or ignore the existing machinery altogether, and have recourse either to round table conferences or to direct industrial action, the majority would apparently be content with the arbitration system so long as no attempt were made to make compulsory the observance of a distasteful award. The All-Australian Trade Union Congress in Melbourne in July agreed to take a referendum among its members on the question of withdrawal from the Court, but large sections of workers are entirely opposed to such a step. The Congress, however, accepted the invitation of the Associated Chamber of Manufacturers of Australia to join in a conference on unemployment and industrial disputes, and the arbitration system will of course be discussed. Among certain employers there has been renewed talk of abolishing the Court and substituting a system of round table conferences, as likely to achieve greater flexibility with less friction. It has been pointed out with a good deal of justice that both employers and unionists have missed one central feature in the new Act. "We do not want you to have recourse to the Court if you can settle your differences by the method of conference," say its framers "and we offer you machinery to facilitate conciliation. But if you do decide after all to come to the Court, you must be taught to obey its awards." The efficacy of conciliation thus tied to compulsory arbitration may perhaps be questioned on general grounds, and the efficacy of the penal sections is already being put to a severe test. At the date of writing the Waterside Workers' Federation has "struck" against a new award, and overseas shipping is again disorganised.

In days when the principal activity of governments is economic, a political chronicle is apt to be indistinguishable from an economic record. This is certainly the case with the period under review, for public discussions have centred upon unemployment and migration. In spite of renewed efforts under the £34,000,000 agreement, the volume of migration from Britain to Australia has not reached any-

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thing like the agreed quota of 45,000. In 1926, it seemed on the increase, but it waned again in 1927, and the 1928 figures are appreciably smaller than the 1927, the assisted migrants for the first half years numbering 12,143 and 14,662 respectively. At the same time unemployment has reached a height exceeded only in 1915 and in 1921. In these circumstances, the report of the British Industrial Transference Board in July touched Australia in rather a tender spot. Only in migration, either within Britain or within the Empire, the Board concluded, could any ready solution of Britain's unemployment be found. But Empire migration was disappointingly slow. It was clear enough that the number of British migrants received in 1927 did not represent the maximum absorption capacity of the Dominions, since Australia also received many (11,726) alien migrants. The real difficulty lay in the migration policies of the Dominions. The Australian migration machinery threatened intending migrants like barbed wire entanglements. A radical simplification was necessary. To these criticisms were added strictures in the British press. Wide publicity, for instance, was given in Australia to the suggestion that the only proper inference to be drawn from the numbers of aliens admitted was that the Dominions really preferred them to British migrants.

This latter suggestion would seem to be based upon a misunderstanding, and, after the trouble the Commonwealth Government has been at to reach by agreement with Southern European Governments something of an informal quota system to limit the number of Southern European migrants, it is a particularly galling misunderstanding. Within the limits of those agreements the alien does come in freely. But he is not an *assisted* migrant. He pays his own passage. Apart from passport and quarantine regulations which apply to all comers, there is no restriction at all upon British migration of a like kind. But the Commonwealth takes the view that if migrants are definitely to be assisted, the conditions of their selection shall be such as to

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make them as far as possible the most satisfactory kind of Australian citizen. The suggestion that the alien is being encouraged at the expense of the Briton is thus quite the reverse of the truth, and it was not made by the Board itself, which cited the migration of aliens merely to show that the British migration did not exhaust the absorptive capacity of the Dominions.

To the main contention of the Board, however, the Australian Government was prompt to reply, with an asperity attributable perhaps to the imminence of a general election. The Prime Minister reiterated Australia's desire to receive British migrants in increasing numbers. But he urged, as he had done in 1923, that there could be no great flow of migration until "moneys were available to accelerate the development of our resources, and markets were available to absorb our increased production." Both government and private capital, he said, will be necessary—government moneys for the necessary railways, roads, and harbours, and then private moneys for developing the resources thus made available. Steps to provide government moneys had indeed been taken as under the £34,000,000 agreement. But Mr. Bruce suggested that that sum might be greatly extended and that the terms might be still more generous. By contrast with the forty to fifty millions spent annually on unemployment relief in Britain, the money would be spent productively.

There is thus in this reply more than a mere re-statement of the necessity for development as a condition precedent of increased migration. There is a definite plea for a revision of the terms of the £34,000,000 agreement. The propriety of this mendicancy apart, however, it may be doubted whether any immediate acceleration of development would result, for though the Development and Migration Commission has been working at high pressure since its inception, works to the extent of only some £7,000,000 have as yet been authorised under the agreement, and the Commission is thoroughly alive to the danger

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of careless and hasty expenditure on ill-considered projects. It must not, as the Vice-Chairman said recently, "go round the country scattering millions to the wind." It cannot risk even a single failure. There remain the British Industrial Transference Board's strictures on Australian migration machinery. This matter will be discussed with Lord Lovat during his visit to Australia in October. It is also expected that discussion will take place on development projects. In this connection it may be observed that previous experience of development work is not altogether encouraging. Nor has the Development and Migration Commission been embarrassed by a plethora of development schemes with charms of a kind to stand the test of dispassionate analysis.

The other great subject of the day is unemployment. Recorded figures relate in Australia to only about one-fifth of the wage-earners, but it is probable that it is a characteristic fifth. The figures for the second quarter of 1928 show an unemployment (from causes other than industrial disputes) of 11·2 per cent. Marches of unemployed are of frequent occurrence in State capitals. Relief measures or sustenance allowances are a preoccupation of State Governments. There were suggestions from the Opposition that the Commonwealth immigration policy was largely to blame and accordingly the Government requested the Development and Migration Commission to make an enquiry into certain aspects of the subject. A detailed review of the Commission's report is outside the scope of this chronicle, but some general observations may be made. In the first place, the report is a reminder that unemployment is a phenomenon common to all countries, old and new, agricultural and manufacturing. The present high rate of unemployment in Australia is paralleled both in Britain and in the United States. Secondly, the Commission points out that the rise and fall of unemployment is only one of the indications of the trade or business cycle, a rhythmic "ebb and flow of economic life and activity

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taking several years to complete," and being observable in all modern communities. The Commission makes some suggestions for lessening the severity of the business cycle, but it is sufficient to note that the present high rate of unemployment should not be taken as a permanent feature of Australian economic life. It is a phenomenon merely of a stage of depression which should in the next few months merge in a stage of recovery, and if the Commission's suggestions bear fruit, future fluctuations need not be so severe.

As regards the bearing of migration on unemployment, the Commission shows clearly enough that the conditions of employment in the country of destination have a powerful influence on the volume of migration, and that a period of depression in Australia is accompanied by low migration, and *vice versa*—a fact which has generally been overlooked in estimating the causes of the present migration position. It further points out that the effects of migration depend largely on the type of migrant: settlers "under a land settlement scheme should increase rather than decrease the scope of employment. On the other hand, a large flow of artisans and labourers would intensify any unemployment already existing among those classes." The Commission had not sufficient statistical evidence to pursue this question to a conclusion. But it is clear, as the report itself admits, that the flow of migration is apt to lag at least one stage behind the business cycle, so that migration is likely to continue at boom level on into the period of recession, and this would tend to accentuate the period of depression. The real moral of the report—none the less real because it has not been explicitly pointed out—is that unless migration is to accentuate the unemployment problem in Australia it must, as Mr. Bruce has said, go hand in hand with, or better still be preceded by, development work.

The "business cycle" is the basis of the 1928-9 budget, presented to Parliament on August 30. The preceding year had closed—for the first time since federation—with a

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deficit, due largely to a shrinkage in customs and excise receipts. The deficit amounted to £2,630,634, in spite of revenue from direct taxation some £1,500,000 in excess of estimates. But the Treasurer breathes boundless optimism. He nearly balances an expected decrease in land tax and estate duties by including income tax on the investment income of insurance companies. He budgets for an increase of £1,853,270 in customs and excise receipts, for a total revenue of £63,610,000 (an increase of £2,777,539) and for a small surplus. The 1927-28 deficit he carries over in expectation of future surpluses. The whole depends upon the probability of a trade recovery, and gives no hint of retrenchment. The "trust to luck budget," a former Treasurer (Mr. Watt) has called it.

In matters strictly political the centre of interest is the general election on November 17. The House of Representatives is due to expire in January, 1929. But December, January and February, owing to harvesting operations, are unsatisfactory months for an electoral campaign, while October and November are regarded as the best in the year. The choice could not have fallen more opportunely for the Ministerialist parties. For the result of the All-Australian Trade Union Congress in July has been to widen the split between the right and left wings of Labour's industrial organisations (represented by the Australian Workers' Union and the Australian Council of Trade Unions, respectively) and to transfer to the federal sphere the antagonism which has distracted New South Wales in recent years. The latter organisations are dominated by an energetic Communist party—a problem of course, which is not at all purely Australian. Indeed, the Miners' Federation in Britain was dramatically ejecting its Communists on the very day that the Congress faced a similar situation in Melbourne. The Congress began with moderation. It first condemned the marine cooks' strike chronicled in the last number of *THE ROUND TABLE*,* and then

* *THE ROUND TABLE*, No. 72, September 1928, p. 869.

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accepted the industrial peace proposals already referred to. But by a three to one majority, it went on to ratify the affiliation of the Australasian Council of Trade Unions with the Pan-Pacific Secretariat, a workers' international, founded by the Soviet Government, with its headquarters at Shanghai. The methods by which its objects are to be achieved follow familiar Communist lines. The Australian worker is advised to beware of all constitutional methods which sap his fighting spirit, and especially of Labour Governments, which will betray him. *Toujours en vedette!* This is common to the left wing of all Labour parties, and so is the policy graphically described as "white-anting" by which the unions are to be won over from leanings towards industrial peace.

Of the objects of the secretariat itself, the majority seem unexceptionable; it is to secure international peace in the Pacific, and to improve working conditions in the member countries. But it is also to "break down all racial barriers." The storm which this has aroused in Australia, already a little apprehensive about Southern European migration may readily be imagined. "Official Labour betrays White Australia" is the cry of the anti-Labour press, and it will scare many votes from Labour. But it cannot be supposed that this plank in the platform of the Pan Pacific secretariat will have any other effect whatever in Australia. "Coolie welly ni" by no means represents the mind of the Australian worker. The real significance of the Congress lies in the apparent growth in the power of the Communist section and in the further disruption of the Labour ranks. The importance of both these factors however, can easily be exaggerated. In the first place there is evidence of a moderate trend in Australian Labour. The Australian Workers' Union, representing some 84,000 workers, is implacably hostile to the Communist section. The action of the Congress has since met with strong opposition in its own constituency. Again, Mr. Tom Walsh, the erstwhile intransigent disturber of the water

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front, has publicly ranged himself with the advocates of industrial peace, and has since been returned by a large majority to the general secretaryship of the Seamen's Union. In the second place, Labour dissensions must for political purposes be largely discounted. The Labour party's political organisation is a coherent and disciplined one, and Labour leaders claim that the election will find the party's voting strength solid and unimpaired. The narrowness of the Nationalist victory last year in New South Wales suggests that the boast is by no means an empty one. The result of the election will be known before this review is published. It may, however, be of interest to record that the Ministerialist leaders appear supremely confident of success. It is an odd thing, on the eve of an election, to find the Prime Minister playfully rallying the business men of Sydney on their ignorance of public finance, and the Treasurer warning Western Australian farmers that they must not expect radical alterations in the tariff. A recent election in Tasmania must certainly have given Ministerialists added confidence, for a Labour majority of one in the House of Assembly was quite unexpectedly turned into a Nationalist majority of one, and a Nationalist Ministry has now taken office under Mr. J. C. McPhee.

III. THE CRISIS IN THE COAL INDUSTRY

AN antipodean isolation has excluded the Australian coal industry from the major engagements that have taken place since 1919 in the world war in coal. But we have at last been caught up in the cycle of coal crises which have spread east and west from the European storm centre. The past twelve months have produced the acutest coal depression that we have yet experienced. Australia's share in the world's production of coal is still extremely modest. Yet it has increased from 1·2 per cent. in 1913 to 1·9 per cent. in 1926. In this period our absolute annual tonnage out-

The Crisis in the Coal Industry

put of black coal grew from 12,417,566 to 13,751,500 tons in 1924 (a record year) and declined to 13,276,700 tons in 1926. The 1927 and 1928 figures are not yet fully available, but all evidence points to further decline. One significant fact is that even the registered increase has not been proportionate to the growth of our secondary and transport industries. The coal consuming capacity of these industries, it is true, has expanded, but not in the measure of the growth of the industries themselves. Invading substitutes have ensconced themselves in Australia as elsewhere. In response to the stimulus that has been provided by the country's ability to consume coal, the capacity of Australian collieries to produce it has grown too fast. In short, the industry in Australia has, as in other countries, been steadily building up an over-capacity. In 1926, 276 collieries, big and little, throughout the Commonwealth, with outputs ranging from under 100 to upwards of 500,000 tons, produced the year's total of 13,276,000 tons. Yet it is not improbable that less than one-third of this number, if it were composed of the largest, and given the opportunity, could have adequately met the whole of the existing demand and the normal annual increase. The demand in Australia is thus contracting relatively to the industry's capacity to produce. Had the 78 principal collieries in New South Wales, for instance, worked a conservative maximum of only 250 days instead of, on the average, only 188½ days in 1926, they could presumably have coped with both the home and export demand. For the year ending June 30, 1928, 24 collieries alone, out of 98 in the northern field, were responsible for 80 per cent. of the northern output. Given a full working year, these 24 mines could easily have produced the total tonnage which buyers demanded of the whole field.

It is not this aspect of the problem, however, which is engaging public attention, but the absolute losses in our overseas coal trade. Practically all exported coal comes from New South Wales. This State itself normally con-

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sumes $52\frac{1}{2}$ per cent. of its total output, sends 26 per cent. to other Commonwealth States, and exports $21\frac{1}{2}$ per cent. to New Zealand and other overseas countries. New Zealand alone absorbs between one quarter and one third of the overseas shipments of cargo and bunker coal. The disturbing fact is the irregular but undeniable fall in all overseas shipments from 2,771,949 tons in 1921 to 1,687,716 tons in 1927. In the northern field of New South Wales alone 10,000 mine employees depend for their livelihood on the inter-state, overseas and bunker trade which in the first half of 1928 fell by 25 per cent., resulting in the loss of full time employment for over 1,000 workers.

The high prices which have lasted so long (since 1920) and the vexation caused both in Australia and overseas by stoppages in the coal fields of New South Wales and on the water-fronts, have unquestionably been the major factors in the decline. In June, Mr. Butler, the Premier of South Australia, dramatically voiced the revolt of the consumer by ordering for the State railways large quantities of British coal at a landed cost in Adelaide said to be 7s. below the landed cost of the Newcastle product, and he threatened to place further orders abroad unless the price of New South Wales coal were drastically reduced. South Australia, which itself produces no coal, has always been painfully aware of its dependence upon New South Wales. It is Mr. Butler's action which has set people comparing prices. But, as far as our overseas exports are concerned, it is clear from an analysis of the recent history of coal consumption in the markets to which we send coal that the rebuffs which our vendors have met with cannot be explained on the score of price alone. Australia has suffered in common with other sellers of coal from contracting consumption in her markets, mainly in the far East and in the islands of the Pacific. The fluctuations of our coal export trade have further kept pace with the variations of industrial conditions in those countries. Moreover, with the development of native coal in the East Indies, China and South

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America, coupled with the aggressive bounty-subsidised export policy of South Africa, some displacement of our coal was inevitable.

As a result, there have been several abortive conferences among the interests most directly affected, and much fruitless controversy. In February the initiative was taken by Mr. Farrar, the New South Wales Minister for Labour and Industry, who convened the representatives of the coal proprietors and the mine-workers to a week's conference in Sydney. Unfortunately, there was more recrimination than sober examination of the basic economic problem at this conference. Arrangements were made to follow it up with sectional conferences in the three main coal fields for the purpose of arriving at joint recommendations to be submitted at a subsequent general conference. So far, however, the coal-owners and miners have not been able to agree upon mutual concessions in the interests of the industry, notwithstanding the usual joint appeal to State and Federal Governments for help. It was pointed out to the New South Wales Government, for instance, that relief could be given in railway rates; in crane, wharfage and harbourage charges; in the State royalties and rents, and in taxation. The action of the British Government in recently lifting a burden of £4,000,000 off the railways, provided they carried coal, iron and steel at commensurately reduced rates, was quoted with approval. To the Commonwealth Government subventions and subsidies which the State gives in Japan, Spain, Portugal, France, Germany, Peru, Chili, and South Africa were suggested as examples of the highest practical patriotism. It has even been proposed that an import duty should be levied on all foreign coal in the bunkers of incoming vessels. Meanwhile, the consuming public is wondering why any such inroads should be made upon their purse, and why their already heavy coal bill should be further swollen to satisfy an industry which was never noted for its sensitiveness to their complaints.

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The Governments' response to these suggestions has been sympathetic concern for the plight of the industry, combined with reasonable caution in action. Mr. Bavin, the New South Wales Premier, stated in July that "in so far as charges by the Government and the Railway Commissioners have helped to create the present problem, the Government is quite prepared to consider the reduction of railway freights or other charges on coal," but he was equally emphatic in insisting that such help must be contingent upon all the parties co-operating to make such measures effective. After considerable investigation into the question of costs and profits, and protracted negotiations with the Federal Government, the coal proprietors and the miners' organisations, the Premier in September announced the Government's plan. Briefly, it was that the price should be brought down immediately by 4s. a ton for sales in New South Wales and by 5s. for sales in other States and overseas. This was to be achieved first of all in the northern field. The owners were to give up 1s. per ton on their profits; 1s. was to come off the wages cost; 2s. was to be remitted by the State; and a further 1s. in respect of all coal sold in other States or overseas to be given by the Federal Government. The scheme was to operate for twelve months only. The State Government emphasised its anxiety that the employees' concession should fall as lightly as possible on those whose actual earnings (not rate of earnings) were lowest, and to this end they invited the seven trade unions concerned to collaborate with them in devising an equitable way of applying the concession. It was promised also that the Federal and State Governments would join in setting up an authority clothed with the most complete powers to investigate the main causes of the long-standing disorder in the industry.

It is too early, at the moment of writing, to predict either what the reaction of the mine-workers and owners will be to these proposals or their ultimate effect in arrest-

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ing the decline. But, in the absence of any likely counter proposals, the scheme will probably be given a trial. The sincerity of the State and Federal Governments is nowhere questioned, and fortunately neither is under any illusion about the limitations of their scheme. It is clear that no remedy which fails to strike at the root of over-capacity will do much to restore health to the industry and no conceivable Government action in the way of reduced service charges or indiscriminate bounties can be expected to prolong the industrial existence of some 5,000 miners and over 100 collieries which are incapable of offering full employment for years to come. A painful reorganisation of the whole industry is bound to come; but the throes of the re-adjustment period have scarcely yet begun.

Australia,

September 25, 1928.

NOTE.—The proposed constitutional amendment referred to in Section I is as follows:

105A. (1) The Commonwealth may make agreements with the States with respect to the public debts of the States, including—

- (a) the taking over of such debts by the Commonwealth;
- (b) the management of such debts;
- (c) the payment of interest and the provision and management of sinking funds in respect of such debts;
- (d) the consolidation, renewal, conversion, and redemption of such debts;
- (e) the indemnification of the Commonwealth by the States in respect of debts taken over by the Commonwealth; and
- (f) the borrowing of money by the States or by the Commonwealth or by the Commonwealth for the States.

(2) The Parliament may make laws for validating any such agreement made before the commencement of this section.

(3) The Parliament may make laws for the carrying out by the parties thereto of any such agreement.

(4) Any such agreement may be varied or rescinded by the parties thereto.

(5) Every such agreement and any such variation thereof shall be binding upon the Commonwealth and the States parties thereto, notwithstanding anything contained in this Constitution or the Constitution of the several States or in any law of the Parliament of the Commonwealth or of any State.

(6) The powers conferred by this section shall not be construed as being limited in any way by the provisions of section 105 of this Constitution.

SOUTH AFRICA

I. THE PROVINCIAL EXPERIMENT (ADDENDUM)

IN the last issue of *THE ROUND TABLE* the long and chequered story of the provincial experiment was brought down to date. We noted the refusal of the Cape Provincial Council to accept the financial proposals of the Administration for the year 1928-9, involving, as they did, some fresh taxation, and its resolution to approach the Union Government once more in order to secure a rate of subsidy as favourable as that which the northern provinces enjoy. We noted also the explicit declaration of the Administrator of the Transvaal (Mr. J. H. Hofmeyr) that, in his opinion, "the time will come when the provincial system will no longer form a part of the administrative fabric of this country."

The story is now carried a little further as the result of a conference of Administrators held in August at Pretoria, and there have also been significant declarations on policy by the Administrator of the Cape, by the Union Minister of Finance, and by the Prime Minister himself. The last of these declarations may best be referred to here as it came, ominously enough, just before the conference of Administrators opened at which the Cape representatives were to endeavour to secure a resolution in favour of uniform rates of subsidy. Never before has General Hertzog spoken of the matter in such decisive terms, and his statement, taken along with that of the Minister of

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Finance, must be regarded as expressing the considered view of the Cabinet. In answer to a question at a meeting, he is reported to have declared roundly that the days of the Provincial Councils were numbered. (This, in the Orange Free State of all places, was received with applause!) He added :—

When they come to us with another request to tax for them, we may tell them that if we can tax we can also administer. The time is coming when Provincial Councils will be no more.

The Minister of Finance was equally emphatic in addressing the Administrators themselves. He expressed frank disappointment, declaring that after such generous rates of subsidy had been agreed upon at the Durban Conference of 1924, he had hoped that the difficulties were solved. But some of "our good friends" had again become impecunious and were again turning to the Treasury. He added :—

If Councils are to have power they must learn to face the position when they get into difficulties, and to do their duty. We cannot afford to ignore the very definite finding that the Provincial Finances Commission came to in 1913, namely, that it is one of the most salutary conditions that a body spending public money should also share the responsibility of raising the funds necessary.

There can be no doubt that the principle thus clearly enunciated has been flouted by some at least of the provincial Administrations and that the Union Government may count upon widespread support in maintaining it. The Administrators themselves know this very well. But their dual position as, on the one hand, officers appointed by the Union Government, and on the other hand, executive agents limited by the scope of the financial provision which their Councils are prepared to make, imports a radical contradiction into all that they do. Moreover, they are not removable by Provincial Councils and they must carry on the administration within the limits which a dominant majority may impose. In short, they have to

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work a system in which party methods, though rampant in the Legislature, stop short at the executive. To carry party methods right through would be to resort to a federalism which would be the negation of union, and which, quite clearly, the country does not want.

It was under such inauspicious omens that the Conference opened. The Cape representatives won a hollow victory by securing the formal adoption (by a majority) of the principle of uniform rates of subsidy. But as both the Transvaal and Orange Free State were opposed, and refused to be committed by the resolution, and as the Union Government had already revealed its own opposition, nothing can come of it. The remaining resolutions of Conference reveal a spirit which, to the unprejudiced observer, must be held to justify completely the attitude which the Union Government has taken up. For their general tendency is to ask at one and the same time both for more powers and for more money. "We are prepared to discharge such and such functions if the Union Government will pay": such is the general attitude. Thus the Union Government is to provide funds for road-making, for the whole cost of native education, and for the relief of any acute distress or unemployment occurring in any province beyond normal expectation. Exception is taken to the imposition upon provinces of liabilities in respect of public health without corresponding control. (Union mote and provincial beam here, surely!) On the other hand, the provinces ask for restrictions on the activities of technical colleges and other vocational institutions (*i.e.*, operating under the Union Department of Education), for free right of appointment of provincial officers, and for power to rate government property.

The general tendency of the resolutions is clear beyond all doubt, and the conclusion seems irresistible that the only logical course would be for the Union Government to assume the whole responsibility for administration. The Administrators and the executive machinery that they

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operate might still remain; the Councils would disappear. Their demise would be not very widely regretted for, except spasmodically and in limited ways, they have not proved genuine responsible organs of popular government. Lack of a real sense of responsibility and excess of party spirit have been, in the two larger provinces at least, fatal weaknesses.

Yet their disappearance would not, of itself, solve the real problem. We should still have to devise a workable system of local government for a country four times the size of Great Britain and marked by wide diversities of population and local conditions. There is no real ground for believing that in smaller administrative areas we should evoke that spirit of self-help and willingness to assume burdens that has been so conspicuously absent from the working of the provincial system. The Administrator of the Cape has emphasized this unpleasant truth, and there can be no doubt that, in doing so, he has touched the real difficulty. The larger municipalities show vigour and independence enough. It is in the rural areas, especially the sparsely populated districts, that the creation of really vital institutions of popular and efficient local government seems so impossibly difficult. Only in the Cape has any sort of attempt ever been made and the Divisional Councils there are not very strong bodies, while the control of the Administration over them is close and rigorous. Hence arises the fear of bureaucratic administration from Pretoria and it is the presence of this fear which gives to Provincial Councils an adventitious strength and enables them so often to play fast and loose without suffering the consequences. To every threat of extinction they can reply, like Charles II to his brother James: "They will never kill me to make *you* King."

Indeed, to a discerning eye, this continuing inability of South Africa to evolve, outside of the municipalities, genuine organs of local self-government is a most disquieting sign. For it links up with too many other indica-

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tions that it is just in this weakening of the fibres of self-help that the peculiar social and economic conditions of a parti-coloured country will reveal their effects most conspicuously in the long run.

II. THE MOZAMBIQUE CONVENTION

IN September* an account was given of the agreement arrived at between the Union and the Portuguese Governments at Lisbon last May. A further conference was held at Pretoria early in September to draft the convention. The draft treaty was signed on September 11, and has still to be ratified by Parliament.

The convention is in three parts, and it deals with native labour, railways and customs and commercial intercourse.

Recruiting is to be confined to a single organisation, which, in effect, means the Native Labour Organisation of the Chamber of Mines. The total number of labourers is to be reduced by 1933 to 80,000; the present number is about 112,000. The contract period is restricted to twelve months, with a possible extension of a further six. On its expiration the labourer must return to Mozambique for at least six months before he can be re-engaged. After nine months half his wages must be retained by the employer, to be paid to him by the recruiting organisation after he has crossed into Portuguese territory. Employers must render monthly returns to the Curator of Portuguese natives, and the natives must hold a Portuguese passport, costing 10s., which will be valid for a year, and may be extended for six months for another fee of 5s.; the employer must pay a registration fee on engagement or re-engagement of 1s., and a monthly fee of 2s. The Portuguese Government will, therefore, receive an annual revenue of 35s. for each labourer on the mines. The

* THE ROUND TABLE, No. 72, September 1928, p. 883.

The Mozambique Convention

Union Government will not demand hut tax. In order to prevent migration into its territory the Union Government undertakes to deport all Portuguese natives who have no passport. Moreover, passports will be refused to women. The effect will be to exclude all Portuguese natives from the Union except mine labourers.

The Portuguese railways are to get between 50 and 55 per cent. of the tonnage imported into the Union for the "competitive area," which is roughly the Witwatersrand and Pretoria, and there is to be a periodical readjustment of rates, if necessary, every six months. Goods sent to Lourenço Marques for export will be carried by the South African railways at the same rates as if they were going to a Union port, and agricultural products from Mozambique are to be carried in the Union at the same rate as Union produce. In return, the port dues at Lourenço Marques will not exceed those of Union harbours. A joint advisory board is to develop the export trade through Lourenço Marques.

Under the customs agreement no customs will be levied on imports for the Union, or exports from it, through Lourenço Marques. Mozambique is to receive most-favoured nation treatment. Imperial preference and the right to impose duties against dumping are excepted. Lists of articles—mostly agricultural produce—in which there is to be reciprocal free trade, have been drawn up. Sugar is not included, so Natal sugar will continue to enjoy its virtual monopoly inside the Union.

Disputes are to be settled by arbitration before a Court consisting of the Chief Justices of the Union and of Mozambique. In case of disagreement the President of the International Court at the Hague is to nominate an umpire. The convention is to remain in force for ten years, and thereafter to be subject to twelve months' notice by either side. After five years, however, either party may call for modification and, if no agreement is reached, the treaty will lapse after six months' notice.

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When the convention comes before Parliament next year keen exception will probably be taken to native labour for the mines being reduced. The question of Portuguese labour has been a subject of controversy for years. Advocates of restriction urge that more Union natives and white men could be employed. Their opponents reply that the mines need all the natives they can get, and that the number of whites bears a definite ratio to the number of natives. Consequently any restriction of recruiting must mean a reduction of white employees, and unemployment. The only place where Mozambique natives can find employment on a large scale is the Transvaal mines, and under existing conditions they are obliged to find work to supplement their crops. As each mine labourer, moreover, means a substantial revenue to the Portuguese authorities, the restriction is not likely to be rigidly enforced if the Union is prepared to take a larger number.

South Africa,
October 1928.

NEW ZEALAND

I. PARLIAMENT IN SESSION

AFTER a very dull recess, Parliament was opened by the Governor-General on June 28 with an equally dull speech, but neither the speech nor the recess was duller than the session which is drawing to a close. In Seddon's day, even the most formal occasion was apt to be enlivened by the robust and turgid rhetoric which he loved, but his successors have since gone to the opposite extreme. The flamboyant has been replaced by the drab. Even important Imperial events were touched upon in a tame and perfunctory fashion, and the forecast of business was singularly devoid of either interest or information. Of what possible use, for instance, was the following record of an outstanding incident?

A notable event during the year was the visit of the Right Hon. L. S. Amery, Secretary of State for the Dominions. His discussions with Ministers on various matters of importance and his personal contact with all sections of the community gave his visit a special value.

The "special value" was, however, only considered sufficient to entitle this event to a trifle more than half the space assigned to the announcement that, in view of the increase of motor traffic and the number of accidents, insurance against third party risks was to be made compulsory. Motor car insurance was, as a matter of fact, one of the only three legislative issues of any importance

New Zealand

about which any definite information was given. The other two were the registration of local charges on land and the alteration of the nationalisation law. The bulk of the Government's legislative proposals were given in true telegraphic style :—

Bills will also be submitted to you dealing with municipal corporations, companies, property law, police force, State fire insurance, licensing cinematograph films, land for settlements, New Zealand University, and other matters.

The absence of any issue of capital importance except in the case of the Licensing Bill, which, as usual, was not a party measure at all, naturally resulted in a session devoid of achievement as well as of interest. In both respects, however, it is only a more exaggerated instance of the rule that the third session of a New Zealand Parliament is more remarkable for talk than work. The limitation of the Parliamentary term to three years effected in 1879 has certainly succeeded in keeping the House of Representatives in close touch with the constituencies, and it is a remarkable fact that since that date every Parliament but one has lasted for its full term. Whether the common opinion which credits the triennial system with this stability is correct may, perhaps, be open to doubt, but it seems to be beyond dispute that it is rightly debited with a strong tendency to render one-third of each Parliamentary term relatively unproductive. The first of the three sessions is handicapped by the unfamiliarity with their work of a large number of the new members. By the second they have settled down to business and do their best work. The third is overshadowed by the approaching dissolution, and during it, too many talk to the electors of "Buncombe," instead of sticking to their job. Country members especially ones with long distances to cover, who naturally object to being kept in Wellington while rival candidates are sowing tares in their fields, particularly dislike a long third session. Yet on the

Parliament in Session

present occasion it was Mr. Holland, Leader of the Labour party, an almost entirely urban Opposition, who amused the House on the very first day of the session by questioning the Prime Minister (Mr. Coates) about its probable length, and the date of the general election.

The most exciting incidents in the session were the debates and divisions on two Bills which dealt with questions of too burning a kind to be made party matters of—the Religious Exercises in Schools Bill, and the Licensing Bill. In the early days, the educational system commonly made some provision for religious instruction in the provinces, but a year after their abolition a system of primary schools was instituted throughout the country, and Parliament decided for the sake of peace to leave religious teaching to private effort. The cardinal features of the State schools which the Education Act of 1877 established, fall under three heads: "free, compulsory and secular." There were intermittent demands for the elimination of the word "secular" from the Act which reached their climax in 1914 in one of the most imposing agitations that this country has ever seen; but since the crushing defeat of the Bible in Schools League at the general election in that year, all three parties have been pledged to maintain "free, compulsory and secular education." It was, however, suggested a few years ago that it would be in no way inconsistent with the secularity of either the Act or the pledge, if State schools were to open with the Lord's Prayer and a hymn, and if there were to be Bible lessons from an approved manual devoid of comments on anything except grammar, and a conscience clause both for parents and teachers.

This contention has found favour with a large majority of the party in power, with the singular result that its members, though formally pledged to maintain secular education, considered themselves free to vote for a Bill which is frankly described as a "Religious Exercises in Schools Bill," and they proved nearly strong enough to

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carry it. The Government's position was also peculiar. The Prime Minister and one or two of his colleagues stuck to what may be called the rigorous interpretation of their pledge, and voted against the Bill; the rest of the Ministers voted the other way, but, unlike British Ministers in the Prayer-book debates, none of them sought to give the House a lead. Each preferred to give a silent vote, although, apart altogether from the question of the pledge, the problem is one of the most momentous with which any Parliament has ever had to deal. The interest of this probably unique position was heightened by the narrowness of the margin in each of the critical divisions. The Bill was first introduced in the Legislative Council in 1926, and on August 18, after a stormy though not a dangerous passage through all its other stages, it was rejected on its third reading by 14 votes to 12. In the House of Representatives a second reading was refused on November 2, 1927, by 36 votes to 31, and again on August, 1928, by 31 votes to 29. It is, however, possible that the fate of the Bill may be determined in the opposite direction by an equally narrow margin in a Parliament whose election had as little to do with its merits or demerits as the present one.

A still more contentious issue than the Bible in schools, and one for which there seems to be no close season, is the licensing question. It is one which every Government is thankful to leave alone, yet the present Prime Minister is believed to have established a "record" by introducing three licensing Bills in three consecutive sessions and failing with all of them. But neither the Government nor either of the opposition parties made any of these Bills a party question. In response to the demand for legislation, especially from the New Zealand Alliance on behalf of the prohibitionists, the Prime Minister undertook to introduce a Bill embodying his own views which might serve as a basis for compromise between the extremists on both sides. Last year, however, this

Parliament in Session

Bill, after being so amended by the House as substantially to conform to the desires of the Alliance, was rejected by the Legislative Council, and this year a measure of the same kind was expected to meet with the same fate.

The elimination of the question of State control, which, being no longer a living one, would only have served to confuse the issue between licence and prohibition, was the one point in the Alliance's programme which was conceded in the Prime Minister's Bill. But, by way of compensation, he proposed that a 55 per cent. instead of a bare majority should be necessary to carry prohibition. He would also have extended the interval between the polls from three to six years, and have enlarged the privileges of the trade in other less material respects. The House passed the elimination of the State control issue by 51 votes to 22, but it struck out the proposed 55 per cent. majority by 43 votes to 30, and it refused by 47 votes to 26 to increase the interval between the polls. Finally, it threw out the Bill on the third reading by 34 votes to 33.

Thus, by a majority of two in one case and a bare majority in the other, were two of the most contentious measures of the session disposed of, and in the second case there was, unfortunately, a disputed pair. The licensing question will certainly be to the fore again at the general election.

Next, to take the budget, "a clear, concise and business-like document" containing "no surprises, no flowers of speech, not even a peroration," such was the description given in *THE ROUND TABLE** of Mr. Downie Stewart's first financial statement, and it might be repeated verbatim of the third, which he delivered on August 7.

It is (said *The Evening Post*) a plain, straightforward statement of the financial position, with no exaggeration, very little that is open to argument, no promises for the present, and only the most guarded anticipations for the early future.

* *THE ROUND TABLE*, No. 65, December 1926, p. 210.

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Its one disappointment hardly came as a surprise. The readjustment of the income tax scales last year was not effected in the way foreshadowed by the Minister, and as an increase was involved it was highly unpopular, coming as it did in a time of depression. Mr. Downie Stewart maintained that the readjustment was necessary in order to provide an equitable basis for a subsequent reduction of the tax, and hinted that if the circumstances continued favourable, a reduction might not be long delayed. But though the circumstances have continued favourable, they have not been favourable enough. The improved condition of trade is, as the Finance Minister points out, not yet reflected in the public revenues, which are burdened by the cost of unemployment and other results of the depression. The Minister's contention that the present is not a time for reducing taxation is disappointing, but it is unanswerable.

The charge against the Government of deliberately aiming at a large surplus by under-estimating revenue and over-estimating expenditure receives no support from the figures for 1927-28. The revenue which had been estimated as £24,676,900 realised £25,123,980; the corresponding figures for expenditure were £24,465,100 and £24,944,900.

The prospect presented by the difficult economic conditions at the beginning of the financial year was a falling revenue and added financial burdens for the State. A decrease in the two principal sources of revenue, customs and income tax, was inevitable. But the extent of the drop, complicated as it was by changes in the rates, was difficult to estimate, and this uncertainty made necessary a careful supervision of that part of the expenditure which was under the control of the Government. The expenditure for the year was accordingly kept £240,000 below the amount appropriated—i.e., about £10,000,000—which the Minister is certainly justified in describing as satisfactory.

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The total expenditure (he says) under both permanent and annual appropriations fell short of the budget estimate by about £90,000 (after excluding certain changes arising out of legislation passed last session), while the revenue for the year slightly exceeded the estimate. The deviation from the budget estimate, however, was less than $\frac{1}{2}$ per cent. either way, and the result was a surplus of approximately £180,000, which is as close to a balance as could be hoped for, considering the magnitude of the figures dealt with and the many uncertain factors involved.

For the current year the revenue is estimated at £23,868,250 and the expenditure at £23,608,100, leaving a balance of £260,150 for supplementary estimates and contingencies.

The most cheerful paragraph in the whole statement is the one which tells of the success of our Public Works London Loan of £5,000,000 this year. It reads as follows:—

A further loan of £5,000,000 to be expended on public works during the current year was successfully floated in London on May 1 last. The issue price was £94 10s. per cent., with interest at $4\frac{1}{2}$ per cent. per annum, which, with a full half-year's interest payment on November 1, gave a return to investors of £4 19s. 8d. per cent as compared with £5 0s. 10d. from last year's loan, which was 5 per cent. at £99 10s. The cost of the new loan to the State, allowing for redemption of the discount and expenses over the period of 19 $\frac{1}{2}$ years, is £5 3s. 5d. per cent. as compared with £5 4s. 7d. for the 1927 loan.

The loan was subscribed nearly sixfold; and this, in conjunction with the fact that the issue at $4\frac{1}{2}$ per cent. inaugurated a definite break from the 5 per cent. rate which had obtained in London for some time, was a striking indication of our financial reputation in that great money-market. The comment on the issue in the London financial papers was very favourable.

In accordance with the conditions laid down by Parliament, the loan money has been allocated as follows:—

Public Works Fund, for railway construction, telegraph and telephone extension, etc.	£
Hydro-electric power works	3,000,000
Railway improvement	1,000,000
	1,000,000
	£5,000,000
	219

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As in 1926, the Minister of Finance supplied a statement showing, per head of mean population, the net charges on taxation provided out of the Consolidated Fund for the various services last year as compared with the charges in the year before the war. The figures for 1913-14 were adjusted so as to get a comparable basis. The comparison is as follows :—

	1913-14	1927-28
	£ s. d.	£ s. d.
War pensions and war debt charges	—	3 7 10
Other debt charges	1 17 3	1 7 8
Social services (health and hospitals, pensions, and education)	2 16 6	4 2 8
Defence (land, sea, and air)	0 14 5	0 14 8
Other charges (general and administrative) ..	2 3 7	1 13 1
Surplus for year	0 10 9	0 2 6
	£ 8 2 6	£ 11 8 5

With regard to these figures, the Minister makes three points which, to put them in a slightly condensed form, are as follows :—

(1) War pensions and war debt charges absorb about a third of the present taxation receipts, and account for the whole of the increase in the taxation burden since 1914.

(2) Social services, including health and hospitals, pensions, and education, absorb at least another one-third of the State's annual revenue from taxation.

(3) The remaining third of the taxation receipts is expended on ordinary debt charges, defence, and general administrative charges. The relative burden of these items has decreased by £1 per head in comparison with 1914.

While the demand for social services remains so insistent, Mr. Stewart is reluctant to promise any great economies. "It is not the extravagance of the Government that is at fault," he says, "but the almost universal belief that the resources of the Treasury are bottomless."

A New Party

II. A NEW PARTY

THE attempt to effect a fusion of the Reform and the Liberal parties after Mr. Massey's death in 1925 was described in *THE ROUND TABLE** at the time. The Reform party got nothing out of the deal; the Liberals got a new name. Within a week of his declaration Mr. Coates, who had succeeded Mr. Massey as Premier and Leader of the Reform party, had "banged, bolted, and barred the door to the creation of that national party which we believe the country requires"; Mr. Wilford, the Liberal leader, in order to save something from the wreck, announced that his party would itself adopt that name. No more pointless change was ever made. Although it had recently fallen on evil days, the Liberal party had a long and distinguished tradition behind it, and the name had the additional advantage of being associated with the achievements of Liberalism in other lands. But the term "national," though properly applicable to the Reform-Liberal Cabinet formed by Mr. Massey and Sir Joseph Ward for the purposes of the war, and almost equally applicable to the similar combination which Mr. Wilford had tried to bring about, had not a vestige of meaning in its new application. There was no broadening of the party's basis, no change of its spirit, programme, or personnel to justify any alteration. The party dropped the oldest and most familiar name known to our political life for one that was entirely devoid of meaning.

At the general election in November, 1925, the Nationalists faithfully continued the downhill course which the Liberals had for some time pursued. With only 10 seats to their credit against 55 Reform and 13 Labour, they ceased to be the official Opposition, and during the present

* See *THE ROUND TABLE*, No. 60, September, 1925, p. 849 and No. 61, December, 1925, pp. 206-12.

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Parliament they have failed to make up for their numerical weakness by any special energy or ability. In the recess of 1926-27 some progress was made by leading Nationalists, especially Mr. W. A. Veitch, with a movement for the reconstitution of the party under its old name. There was more mystery about the propaganda of the "United party" this year, but the secret was partly let out when 51 of the party's 60 candidates assembled in Wellington on September 14 to choose a policy and a leader. By two unanimous resolutions it was decided to go to the polls as the "United party" under the leadership of Sir Joseph Ward. If it could not resume the old name the party was at least glad to revert to its old leader. The old Liberal leader had lost his seat at the general election of 1919, and a subsequent period of ill-health kept him out of politics for some years. When he was returned for Invercargill in 1925 he was still the Liberal leader, but his party had vanished. The Liberals had, as already mentioned, turned into Nationalists, and Sir Joseph Ward was the only member of the old party who had carried its colours to victory. But in the present Parliament this, the one and only Liberal left, has co-operated with the Nationalists, who are now prepared to co-operate with and under him, as was made clear by the presence of their leader, Mr. G. W. Forbes, at the United party's conference and the generous terms in which he accepted its decision.

The conference (he said) was called to bring about unanimity; and I think in the decision you have come to there will be a better chance of unanimity than there would have been under any other selection. I agree, as I have said, with your decision. Speaking as an old footballer, I accept the decision of the referee.

The National party is therefore superseded, but its official obsequies are apparently postponed till after the session. The United party remains in being and has found a leader, but whether it has found a policy has not yet been disclosed. That it will be Liberal may be taken

A New Party

for granted. Although the irony of party evolution has eliminated the name from our politics, we are all Liberals in these days, and how is Sir Joseph Ward to differentiate his policy from that of a Reform party which has stolen so much of the Liberal thunder, unless he trespasses on the socialism of the Labour party, which is far less to his liking? The press as a whole takes an unfavourable view of the prospects of the new party, but there was a sympathetic article in the *Auckland Star* from the standpoint of a Liberal organ which has remained true through its darkest days to the old party and the old name. It reads as follows :—

The one member of the House who, with a political wisdom that others should have shown, has continued to call himself a Liberal, has accepted the leadership of the United party. To undertake such a task at his age is an act of courage on Sir Joseph Ward's part that will be widely appreciated. It would be absurd to suggest that Sir Joseph is as vigorous as he was, but he is still active in mind and body, and there is no one in the House whose experience of public affairs approaches his. His supporters are as staunch as ever, and many of his political enemies must be ashamed of his treatment by political opponents after years of devoted service to the State.

The choice of Sir Joseph as leader means that, whatever the United party calls itself, it will be Liberal in sentiment and will receive the support of those who have never lost their enthusiasm for the Liberal cause. That the time is ripe for a change of Government is as plain as can be. No political remark has been made more often in the past year or two than that if there was an alternative to Reform other than Labour the Government would be doomed. Numbers of Reform supporters are thoroughly disgusted with the Government's incompetence and opportunism. It has neither policy nor political principles. Its bankruptcy of ideas is not more striking than the individual mediocrity of Ministers and members. On the one hand, it has failed miserably to meet the land needs of a new and difficult time; on the other hand, it has interfered with trade and industry to an extent that would fill the Conservative of a former generation with horror.

There is a good deal in what the *Auckland Star* says about the dissatisfaction with the Government, and twelve or eighteen months ago, had there been any practicable alter-

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native other than Labour it would have had a good chance. But the indignation excited by the collapse of the dairy produce control experiment has passed away and with the lifting of depression the Government has recovered much of its strength. Nor is it likely that the United party will make a good enough show in the few weeks which remain to impress the electorate with its eligibility as a practicable alternative. The party will need a great accession of strength before it can convince the country that the effect of casting votes for its candidates will not be to the detriment of Labour at the expense of the Government. The United party's dilemma is exactly that of the British Liberals in the rise of Labour.

III. GENEVA AND SAMOA

ALTHOUGH there had been forecasts of the report of the Mandates Commission on the petitions lodged by Mr. Nelson and others from Western Samoa, the publication on August 18 of the full text made a deep impression. It confirmed with emphasis and detail all that we had previously heard, while at the same time it showed that the petitioners had found in the Anti-slavery and Aborigines Protection Society disinterested support at Geneva, which had been previously lacking. The crucial point is contained in the following passage:—

It is the considered opinion of the Commission that none of the charges of any importance against the Administration which have been made in the various petitions have been substantiated, and that none contains any evidence of policy or action contrary to the Mandate. On the contrary, the local administration seems to have made every effort to improve the conditions of life of the native population, notably in regard to public health and education, as well as in regard to agricultural production and commerce.

The Commission cannot too strongly condemn the action of Mr. Nelson and those associated with him, who seem to have been inspired less by a desire for the public welfare than by personal ambition and interests. By unworthy means they have worked

Geneva and Samoa

upon the minds of an impressionable people, who prior to their propaganda showed no disquieting signs of discontent. The Commission is satisfied that the Administrator acted with great patience, if not perhaps always with sufficient psychological insight, and showed a forbearance and confidence in people which may have been misunderstood and so to some extent may have undermined his authority. The lamentable absence of sufficient means to enforce the laws which it was his duty to uphold placed him in an extremely difficult situation, and this situation was made all the more delicate by the uncertain attitude of the Government.

These findings were even more satisfactory from the New Zealand Government's standpoint, if not from the Administrator's, than those of the Royal Commission. The Commission had left no room for doubt in any impartial mind about the benevolence and forbearance of the Administrator, the purely selfish and mischievous character of Mr. Nelson's agitation, and the transparent absurdity of supposing that the action of the natives whom he had deluded and inflamed was prompted by genuine grievances or spontaneous resentment. But although deportation was the obvious and inevitable corollary of the Royal Commission's Report the point was not before it because no action had then been taken under the Samoa Amendment Act of 1927, which conferred the power. The report was dated November 29; Mr. Nelson and two of his colleagues were served with notice to quit on December 23. The unwise reticence of the Government led some not unfriendly newspapers to express a doubt whether men who had not been convicted of any offence had been given a sufficient opportunity of putting themselves right before this drastic step was taken. Whatever doubt may have lingered on this score—and there certainly was never much—has been dispelled by the Mandates Commission. It takes up the review of the administration of the islands at the point where it was left by the Royal Commission (October 27, 1927) and carries it on up to the date of General Richardson's retirement (March 31, 1928). It is equally emphatic in finding "that none of the charges of any

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importance made against the Administration . . . has been substantiated"; it is far more emphatic than the Royal Commission in its condemnation of Mr. Nelson.

With regard to the one point on which the Mandates Commission has found against the late Administrator, there is probably no one in New Zealand who would venture to dissent. He was never harsh or severe; he was not, indeed, prompt enough to see the point at which forbearance would be construed as weakness. This is exactly what Sir James Allen and others who knew Sir George Richardson well said when his rule was first attacked from the humanitarian standpoint—that if he erred at all, it would be on the side of carrying kindness too far. It was, too, exactly what Sir George Richardson himself said in one of his last interviews with the Mau insurgents:—"The only fault that you can attribute to New Zealand is its delay, kindness and patience."

If, as the Royal Commission found, one object of the Mau was "to frustrate and render ineffective the functioning of the Administration," it was clearly the duty of the Administrator to suppress it, but in its early stages he evidently under-estimated the danger and allowed it to gather strength, though some part of the interval of more than a year between the foundation of the Mau and the deportations must doubtless be ascribed to what the Mandates Commission called "the uncertain attitude of the Government" and to the need for legislation. But the comical thing about this obviously just finding is that it hits the late Administrator's critics much harder than it hits him, since it blames him for indulging to excess a virtue which they accused him of lacking. Militarism, "Moscow methods," and the violation of Magna Charta have been the charges persistently and vindictively urged by our Labour party against a man whose only fault is that he has been too mild.

Under the new Administrator, Colonel S. S. Allen, C.M.G., D.S.O., who took charge on May 4, the detach-

Geneva and Samoa

ment of 74 military police which replaced the marines left by the warships appears to have been sufficient to maintain order, except for a faction fight on August 31, in which one native was killed and another seriously wounded. But the gravity of the position is indicated by the following passage in the statement enclosed by the Prime Minister in his letter of July 10 to the Secretary-General of the League of Nations, covering the eighth annual report of the Administration.

At the conclusion of the period covered by this report [March 31], the Mau movement was still, apparently of considerable strength. The picketing of the streets has of course ceased, and apart from isolated cases of larrikinism, there has not at any time been any resort to force either on the part of the Administration or the disaffected natives. The movement is now one of passive resistance and non-co-operation, carried out to such an extent that the Administration is, to an appreciable degree, ineffective, and much of what the Government are confident is the excellent work performed to further the moral and material progress of the Samoans is in danger of destruction. Indeed, to a great extent it has already been very seriously affected, as a perusal of this report must clearly indicate.

Among the grave symptoms mentioned in the Report are the way the High Court was crippled through the difficulty of securing the execution of warrants and other processes against members of the Mau; the almost total failure of the inspectors to induce natives to obey the law about the cleaning of plantations, searching for rhinoceros beetles,* the decrease of 80 per cent. in the production of native copra, and the almost complete loss of sanitary control in the villages. The ban of the Mau has extended even to the registration of births and deaths and to the women's committees which were an essential part of the child welfare scheme. The one gleam of sanity which relieves

* This beetle, which feeds on the fronds of the coconut palm, is the greatest scourge of Western Samoa. It is now rapidly increasing through the neglect of the native plantations. The number of beetles, etc., collected from these plantations during 1927-28 is as follows, the figures for the previous year appear in brackets:—Beetles, 103,466 [139,900]; larvae, 3,330,982 [4,417,254]; eggs, 577,181 [495,797].

New Zealand

this gloomy record is the reversal of a decision which had closed some of the schools.

Answering a question in the House of Representatives on September 14, the Prime Minister said that of native taxes totalling £17,000 a balance of £15,000 was still unpaid. The shortage is being met by a loan of £30,000 from the New Zealand Government, in addition to the usual subsidy of £20,000, and by an increase of customs duties. In the same statement Mr. Coates said that there were already "definite signs of improvement," but our latest report, dated September 6, from the Press Association's correspondent at Apia was not encouraging:—

The Samoan Mau is still recalcitrant. At a meeting yesterday it was reported that it had been decided to take no notice of the Mandates Commission's report and relieve from office the original Samoan members of the Mau committee and reinstitute a boycott of stores by Mau members, but no picketing by Mau police. It demanded the London Missionary Society to withdraw the white missionaries and appoint Samoan pastors to run the churches. Failing this the Mau will institute a pan-Samoan church.

New Zealand,
October 9, 1928.

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

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THE BRITISH COMMONWEALTH, FREEDOM AND THE SEAS

THE Australian Government recently suggested that the next Imperial Conference should take place in the autumn of this year, and though the date has not yet been decided it is probable that the Conference will assemble some time within the next twelve months. It seems worth while, therefore, to attempt some general estimate of the problems which confront the British Commonwealth in the present age.

I. THE NATURE OF THE COMMONWEALTH

THE British Commonwealth of Nations, as the British Empire has now been officially renamed, is a system of human government resting upon certain moral ideas. It is a political system whereby the laws which govern the personal, social, economic and political relations between some 450,000,000 people, belonging to almost every known race, colour, civilisation and religion, who collectively number more than a quarter of the human race and inhabit about a quarter of the land surface of the globe, are promulgated, altered and enforced by constitutional and not by arbitrary means.

General Smuts has recently observed that the modern British Commonwealth is the greatest instrument for good which exists in the world. Certainly no other political institution unites so many varied peoples, of such differing

British Commonwealth, Freedom and the Seas

civilisations and engaged in such diverse pursuits, in an organic whole, in which they are morally bound not to think of themselves alone, but to live together as a community, having responsibilities to one another and for the justice and reasonableness of the laws and institutions under which they jointly live. It is certainly true that the peoples of which the Commonwealth is composed would be morally poorer and that the world itself would move back towards chaos and tyranny and war if the Commonwealth were destroyed.

Though the Commonwealth is extraordinarily flexible and continually changing in the outward forms of its organisation, it now rests upon four main unchanging moral ideas—the reign of law constitutionally defined, sometimes called peace; individual liberty; nationality; and responsible government.

Peace. The Commonwealth is a political system within which it is illegal to try to settle any personal or social problem by violence instead of by an appeal to the law courts, the legislatures, or to other pacific means established under the constitution. People may criticise the justice of certain judicial decisions or the wisdom of the laws passed by certain legislatures, or they may contest the title of certain constitutional authorities to exercise their powers, because of the way in which they are composed. But no sensible person will deny that the *Pax Britannica* is a fact and that it substitutes for the reign of violence a reign of law, whereby disputes of every kind can be and are settled by an appeal to legal or political tribunals which endeavour to apply good-will and common-sense, justice and reason to the problem before them, and the use of force is limited to police purposes only. The primary basis of the British Commonwealth is the absolute outlawry of war within its boundaries.

Personal Liberty. The second foundation of the British Commonwealth is the liberty of the individual. This immortal idea, the most precious and important of all social

The Nature of the Commonwealth

rights, legally established in England by the long struggle which lasted from Magna Charta in 1215 to the Bill of Rights in 1688, and protected by countless enactments and judicial decisions, is the basis of law everywhere in the British Commonwealth. This is not always perfectly realised. Liberty may be denied to individuals by fraud or corruption or ignorance here and there. It may for short periods be temporarily suspended in cases of civil emergency or foreign war. But nowhere in the British Empire can it be constitutionally destroyed, nor has it ever, even in times of emergency, been long suspended.

What this means may be realised by considering the consequences in other countries of extravagant idealisms, communistic, nationalist, racial or religious, which have recently triumphed at the expense of the older and far more important ideal of personal liberty. In Russia, in Italy, in many other countries of Europe, and in most parts of Asia outside the British Commonwealth, the liberty of the individual is at the mercy of the caprice of government, whether constitutional or revolutionary. The right of assembly, the freedom of the press, the right of asylum, the integrity of the courts, the immunity of the individual from unlawful arrest, even the right of private judgment, are all habitually denied. The people may enjoy national independence; they may be able to try various experiments such as socialism, or some new but arbitrary form of law and order after a period of chaos; but they have not the most precious of all rights, security that the law and the courts will secure to them as individuals the advantages of liberty and justice, whatever government may be in power.

Nationality. The third foundation of the British Commonwealth is nationality. This has been a plant of slow and recent growth. Even to-day it is difficult for many English people to realise the passionate determination of other peoples to develop their language, culture and individuality on independent lines of their own, and that the world would be a poorer place if everything were levelled

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to the dead uniformity of British culture. The main reason for this lack of sympathy with the sentiment of independent nationality is easy to discern. In the course of her five desperate struggles against autocracy, against Philip II. of Spain and the Counter-Reformation, against Louis XIV. and the Stuart reaction, against the attempt of the *ancien régime* in France to dominate both Europe and the New World, against Napoleon, and finally against William II. of Germany, Great Britain developed a constitution and a spirit which, though it enabled her to save political liberty for the world, made her unresponsive to movements which seemed to weaken her own internal unity and strength. While from the world point of view, the British have been the principal champions of freedom, from the domestic standpoint their aristocratic traditions have made them slow to recognise the claims of democracy, social equality and national independence. It was this lack of sympathy which produced the American war of independence and half the difficulties of the fifty years which ended in the world war, when her oversea settlements were changing from Crown colonies into nations or self-governing colonies. Even to-day it is a factor which contributes to the reluctance of the Dutch in South Africa and the French in Canada, and of Indians, Arabs and other inhabitants of Asia and Africa to accept loyally membership of the Commonwealth. But the principle of full freedom for nationality within the Commonwealth is now fully acknowledged. It was established once and for all in the Anglo-Irish treaty.

To-day it is this very recognition of the place of independent nationality within the Commonwealth which gives it its unique character and makes it the most fateful experiment in government which has been tried in history. For never before has it been possible to combine independent nations within a larger unity. The Greeks discovered how to apply self-government to a city State; the British, through the discovery of the representative system, extended

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self-government to a whole nation. The Americans, through the federal system, included an area as large as Europe within the boundaries of a single self-governing State. The peoples of the British Commonwealth have now laid the foundations of a commonwealth of many nations and so are establishing the principle upon which alone it will be possible eventually to unite all nations within a world-wide commonwealth.

Responsible Government. The fourth foundation of the Commonwealth is responsible government. This is not quite the same as democracy in the sense in which that overworked word is generally used. Responsible government must be democratic, but it is not synonymous with the crude idea which interprets democracy as the substitution of the blind will of the people for the blind will of an autocrat or an oligarchy, as the basis of government. Responsible government is more than "government of the people, by the people, for the people." It is a system under which government is responsible to the people, who, in turn, instead of being merely selfish or irresponsible, recognise their duty to be responsive to moral principle and public right.

The split between Great Britain and the American colonies was in great measure due, on the one side to the desire of the aristocracy of Great Britain to exercise irresponsible power and on the other side to the desire of the American colonists to enjoy irresponsible freedom. To-day not only have Ireland, Canada, Australia, South Africa and New Zealand assumed responsibility for their own internal affairs, but they share with Great Britain the responsibility for foreign policy and for helping to maintain the peace of the world—a responsibility which the United States still finds it difficult to assume.

In 1917 a decisive step forward was taken when the British Government announced that the purpose of British rule in India was "the gradual development of self-governing institutions with a view to the progressive

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realisation of responsible government in India as an integral part of the British Empire." Since then the declared purpose of the whole Commonwealth has been to entrust the responsibility for their own government to all the races and peoples within its borders as rapidly as possible—as soon, that is to say, as they show that they possess that sense of public responsibility without which true democratic government is impossible. Hence the reformed constitutions of India in 1920, of Ceylon in 1923, of Jamaica in 1925, of Malta in 1921 and so on.

Within the British Commonwealth to-day one quarter of the inhabitants of the globe comprising every known race, religion, colour and civilisation, some in immense groups like India, others in smaller groups such as the colonies of Africa or the islands of the West Indies, are struggling, by constitutional and not by revolutionary means, to transform the old traditional benevolent autocracy into that form of responsible democracy which is best suited to their needs. The task is beset with extraordinary difficulties. Those who have exercised power so long find it difficult to let it go, especially as they realise that their own withdrawal involves an increase, at least for a time, in corruption and inefficiency. The local politicians, intoxicated by their first taste of nationality or freedom, are apt to consider that all that responsible government implies is the transfer of political power to party leaders of their own race, or colour, or religion, forgetting that the essence of the Commonwealth is not to substitute domination by one group for domination by another, or to dissolve unity into an anarchy of nations or races, but to maintain a constitutional system which will give peace, unity, freedom, opportunity, justice and responsibility to every individual and nationality within it. Slowly, yet on the whole peacefully, the extension of responsible government is going on. Racialism, colour prejudice, ignorance, pride, class and caste make difficulties on every side. But all the time the real difficulties which have to be surmounted are becoming

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clearer, the power of theory and passion and prejudice is growing less, and the moral foundations upon which true responsible government must rest are being discerned.

II. PROBLEMS AHEAD

SO much for the fundamental principles upon which the Commonwealth rests. What are the problems which lie ahead and which the Imperial Conference will have to consider?

The first is the international problem: how, in co-operation with other civilised nations, to end a system under which every State relies primarily upon armaments for its security—a system of international anarchy which always has ended and always must end in war—and to substitute for it a constitutional method whereby all international problems can be settled by an appeal to reason and justice, and not by an appeal to force.

The second is the problem of the internal organisation of the Empire arising out of the decisions of the last Imperial Conference, and of the gradual extension of responsible government to the Asiatic and African members of the Commonwealth.

The third is the economic problem, which involves the reconsideration of the economic relations of the units of the Empire *inter se* and with the rest of the world, and the elimination of the chronic poverty which still affects Great Britain and has always been the chief bane of the native peoples of Asia and Africa.

III. INTERNATIONAL PEACE

IF there is one lesson which stands out clearly from the events and discussions of the last fifteen years, it is that no nation can now preserve peace for itself by isolation. The world is shrinking daily through the discoveries of natural

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science. Every State is becoming more and more dependent for its prosperity on international trade. War anywhere, not only means the impoverishment of international markets and the interruption of trade routes, but it is liable, like a prairie fire, to spread in all directions, as it did in 1914. Not only is the policy of trying to obtain peace for oneself and not for mankind an impossible policy, it is an immoral policy. Just as it is the primary obligation of the citizen within the State to co-operate in the maintenance of peace by upholding the reign of law by paying taxes and other forms of public service, so it is a primary obligation of nationhood to co-operate in the maintenance of peace by helping to establish a reign of law throughout the world.

Since 1918 two main international instruments have been created with this object. Under the first, the Covenant of the League of Nations, its members undertake not only to meet one another regularly round a common table at Geneva for the discussion of world affairs, but to submit any dispute, of whatever kind, in which they may be engaged, either to judicial or arbitral settlement, or to investigation by the Council of the League for a period not exceeding six months, and to refrain from going to war for a further period of three months.* They further undertake to sever commercial and financial relations with—that is, to apply “sanctions” against—any State which goes to war in violation of this undertaking. But the Covenant does not forbid, or “outlaw,” or “delegalise” war. On the contrary, it regards it as the legitimate *ultima ratio* of independent State sovereignty. The United States, Russia and Brazil, moreover, are not members of the League.

Under the second instrument, the Peace Pact, signed at Paris in August 1928, the nations undertake to renounce war altogether as an instrument of national policy, and not to settle their disputes except by pacific means. Every

* If the report of the Council is unanimous and accepted by either party, the other party has no right to go to war.

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nation, however, has reserved the right of “self-defence” (the British Government extending it to include certain vital, but unspecified regions). The Peace Pact, too, sets up no international machinery whereby international disputes can be investigated or settled, and it imposes on its signatories no obligation to take action against an “outlaw” State which violates the Pact. It has been signed, however, by all the chief nations of the world.

It must be obvious to any thinking person that the road which leads to peace is a combination of the ideas and methods of the Covenant and the Peace Pact. No real advance will be made so long as war is regarded as a lawful ultimate resort in international disputes, as is largely proved by the fact that every effort of the League to promote disarmament since 1920 has failed. While war remains lawful, nations will still rely upon armaments for their security, and that will inevitably spell suspicion and competition, for no nation can obtain security for itself by means of armaments without making its neighbours insecure. Moreover, as all experience shows, when a real crisis arises, large armaments run away with the situation. Nor will any real advance be made as long as the United States and other non-members of the League refuse to join some international organisation—not necessarily the League—which will have the right to investigate disputes, and assume some obligation for trying to prevent the outbreak of war, or to deal with a nation which has violated the Pact.

The basis for the organisation of peace is quite clear. In principle it is exactly the same for the world as a whole as it is for the peoples of the British Commonwealth. It is that the nations should renounce and prohibit war altogether among themselves and undertake to use their utmost endeavours to prevent it from breaking out anywhere; that they should create the necessary judicial and political machinery for bringing reason and justice to bear upon disputes, and agree to submit their own

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disputes to it ; and that they should be ready to discharge the policeman's function of making it impossible for anybody to take the law into his own hands by an appeal to war. This is the basis of peace in every civilised country in the world. Peace has never been maintained on any other basis anywhere or at any time. It is also the basis of the outlawry of war within the British Commonwealth. No progress will be made towards world peace until it is accepted as common ground by all the great Powers.

But there is still a wide gulf between theory and practice in this matter. How far-reaching are the changes which will have to be made in the national outlook everywhere before the great Powers genuinely unite to prevent war, to accept the pacific settlement of all kinds of international disputes and compel the would-be law-breaker to desist, will be clear from a consideration of the present-day position.

The United States is still "double-minded." She wants on the one hand to prevent war, and she wants on the other hand to retain her right to be neutral in the event of war and to assume no obligations for maintaining world peace. Hence the curious contradiction between Senator Borah's passionate enthusiasm for the Peace Pact and the "outlawry of war," and his fervent enthusiasm for the codification of sea law on the assumption that "private" wars will go on as before. The United States still clearly thinks of her navy as an instrument for protecting her interests as a neutral, and not as the power behind the Peace Pact and "public right." Hence her reluctance to co-operate with other nations to secure world peace and her difficulties in organising Pan-America as an American peace system. The first step towards effective co-operation between the United States and the rest of the world for the maintenance of world peace will be the recognition by the United States that as a world Power she has both a moral duty and an economic and political interest in preventing war everywhere, and that, although she may not be willing to assume

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the European obligations involved in membership of the League, she ought to be willing to meet and co-operate with her fellow signatories in trying to prevent the violation of the Peace Pact, and to pave the way for the settlement of international disputes by pacific means.

Great Britain is still "pre-war minded" so far as naval affairs are concerned. Though she has bound herself under the Covenant not to use force without submitting her disputes to investigation by the League, she still clings to the right to use high belligerent rights as against neutral trade, whenever she gets into a war. These rights were greatly extended during the world war, so that Great Britain's attitude is tantamount to a claim on her part, as far the greatest naval Power apart from the United States, to be the sole judge of the occasions on which she may exercise drastic belligerent rights against neutral trade. This question will be further considered in the next section.

In Europe there is a still more complex situation. Though all its States save Russia are members of the League, and though Germany and all her neighbours have entirely renounced war under the Locarno Pacts, the stability of Europe rests not upon a system whereby war is renounced, every dispute is settled by League machinery, and effective means exist for dealing with an outlaw State, but upon the military preponderance of France and her allies which is primarily dedicated to the prevention of any reconsideration of the Treaties of Versailles, Trianon, etc. Italy, on the other hand, is steadily expanding her armaments and makes no secret of her militarist ambitions. Russia, though she professes a desire for universal disarmament, refuses to join the League and would probably be refused admission because her international programme is revolutionary and not pacific. Europe may be said to be stabilised by a combination of French hegemony and the League of Nations, but it is not yet pacified. It will not have a true peace system until its leading Powers, and especially

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France, Germany and Great Britain agree to renounce war altogether, to allow any problem—including the revision of the treaties—to be discussed and settled by pacific means, and to prevent any outlaw State from attaining its ends by warlike means.

In the Far East the problem at the moment is simple. War between the three great Pacific Powers, the United States, the British Commonwealth and Japan, has been "outlawed" by the non-fortification provisions of the Washington treaties, and an agreement that China is to have a free hand to reorganise herself on lines of her own choosing.

Looking to the future, it would seem possible that four main peace systems may be developed, the European system primarily centering at Geneva, the British Commonwealth system, the Pan-American system, and the Washington Treaty Pacific system. Each would be responsible for "outlawing" war, for securing the pacific settlement of disputes, and for dealing with turbulence within its own limits. Many nations would be members of more than one system. Police action lawfully taken in one peace region would be respected by members of the others. In addition there would be a world League system, which would only come into play when there was a threat of serious war, or when one of the regional systems seemed incapable of maintaining the peace within its own boundaries. Then the world Powers would come into conference, which brings us to the question of sea power—the police force of the world.

IV. THE FREEDOM OF THE SEAS

THE history of the Washington and Geneva naval conferences has been recounted several times in this review,* and need not be repeated, because the

* See THE ROUND TABLE, No. 68, September, 1927; and No. 70, March, 1928.

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nature of the problem has now largely changed. Whereas at both Washington and Geneva the difficulty centred round the application of the general idea of "parity"—an idea accepted in principle by both sides—to the widely differing cruiser needs of a world-wide Commonwealth of Nations and of a compact national State, to-day the core of the difficulty relates to what is often called the freedom of the seas.

There would be little difficulty in arriving at an agreement about parity if a prior understanding could be reached about the rights of neutrals and belligerents in time of war or as to the conditions under which naval power can be vigorously used as the police force behind international peace. As a result of the controversy of the last eighteen months each side has begun to recognise that it cannot obtain security for its oversea trade in time of war merely by building cruisers and other warships. On the one hand, complete security would only be possible by obtaining an absolute command of the sea. This command Great Britain was able to maintain so long as her only rivals were territorial European States, but it is clearly now beyond the reach of either Great Britain or the United States. On the other hand, it is exceedingly doubtful whether any attempt to protect trade by cruisers alone would be effective in a modern war. The aeroplane and the submarine have lessened the importance of "surface control"; one belligerent is not likely in any future war to be denied direct access to all the oceans of the world or even to the Mediterranean, as was Germany in the last one; embargoes, the control of exports at the source and other forms of boycott are now more important than any technical "blockade" or "visit and search"; no country can be effectively deprived of supplies unless practically all its neighbours are ranged against it; all nations have now assumed obligations under the Covenant of the League of Nations or the Peace Pact which profoundly affect the "right" to use war; all these factors are slowly bringing

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home to people on both sides of the Atlantic that the naval methods and traditional controversies of the pre-war days have become to a large extent unreal.

The fundamental reason for the breakdown of the Geneva Naval Conference was that neither Government had realised the position which its country occupied in the post-war world. The United States was still hankering after the rights and privileges of a neutral disinterested in world affairs. Great Britain was still hankering after the perpetuation of the right to put her naval power to its full use whenever she decides to go to war. Both have now receded a little from the Geneva position. The acceptance of the Peace Pact by the Senate is a tacit admission that the United States cannot enforce the right of neutrals to trade with a manifest violator of the Pact or the Covenant. The acceptance of the Covenant and the Peace Pact by the British Commonwealth is an admission that the use it makes of naval power is, to some extent at any rate, a matter of legitimate concern to the rest of the world.

The first step towards a solution of the naval controversy would seem to be an understanding that no nation can acquire belligerent rights as against neutral trade when acting in violation of the Covenant or the Peace Pact, and that no nation can claim the right to trade with such a violator in defiance of economic sanctions lawfully proclaimed against it.

There does not seem to be any escape from the conclusion that morally and probably legally the signature of the Peace Pact has altered the character of belligerent and neutral rights. If the nations have by universal treaty, renounced the right to use war as an instrument of national policy, it can hardly be contended that merely by declaring war they acquire a right to interfere with neutral trade irrespective of the character of the "war." Similarly it can hardly be contended that any signatory Power has the right to assist a violator by supplying it with arms, food, raw materials, or other commodities, or to complain if

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nations which are trying to restrain it from taking the law into its own hands intercept such supplies.

It is clear, indeed, that the ratification of the Peace Pact will make it imperative to draw a distinction between "war" and police action. War ought to be defined as the use of military, naval or air forces to enforce a national policy. Police operations ought to be defined as the use of these forces to prevent recourse to war, or to bring pressure on belligerents to stop fighting and have recourse to pacific means of settlement, or to preserve life and property.

In fact, it is becoming clearer every day that the whole attempt which has hitherto been made to prevent war by defining the "aggressor" or "outlaw State," and requiring members to take sanctions against such aggressor or outlaw is on the wrong lines. The obligation which the Peace Pact or the Covenant ought to impose is that of taking economic or other sanctions impartially against all belligerents or intending belligerents. Just as the policeman disinterests himself in the merits of a quarrel in the streets, simply "arresting" combatants on the ground that physical conflict is forbidden, and that disputes must be settled in court, so the true basis of the modern peace movement ought to be a common undertaking by all the nations of the world to take common action against all would-be violators of the peace, leaving it to the courts or other pacific machinery to arrive subsequently at a just and wise verdict on the matter in dispute. This, indeed, is exactly what M. Briand, on behalf of the League, said to Greece and Bulgaria a year or two ago. He refused to discuss the merits of the case until hostilities had ceased.

In so far, therefore, as naval power is the most effective and far-reaching kind of world power, the second step towards a solution of the freedom of the seas controversy would be an understanding that whenever a breach of international peace is threatened or fighting breaks out, the naval Powers will meet in conference to consider how pressure can be brought to bear on both sides to make them

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refrain from war and to have recourse to some pacific mode of settlement.

There remains the question of belligerent and neutral rights. If the nations are really going to live up to the ideals of the Covenant and the Peace Pact, and act promptly as policemen, this question will never arise. Nobody will be entitled to use belligerent rights against a neutral in a private war of his own, because other nations will prevent the war and will exercise unlimited belligerent rights for this sole purpose. It is, however, by no means certain that the nations are ready to take action of this kind. The United States herself clearly is not, for she is still thinking of her rights as a neutral and not of her responsibility as a great Power for the prevention of war, as the resolution passed by the Senate as a rider to the Cruiser Bill clearly shows.* Most other nations are probably just as reluctant, except when their own vital interests are engaged. The determination to prevent war by prompt action is likely to be a plant of slow growth.

In practice, for some time, we are therefore likely to be confronted by a situation in which either the great Powers will not all be prepared to take adequate action to prevent war, or in which there will be no agreement, either by the Council of the League or otherwise, as to which side is in the wrong. What is to happen in cases such as these?

Senator Borah's solution is a re-definition of belligerent and neutral rights by international agreement. The chief case for this proposal is that, unless there is some agreement about belligerent and neutral rights on the high seas, every time war breaks out in spite of all efforts to prevent it, the dispute will at once expand into a world-wide controversy

* The resolution reads as follows: The Congress favours a treaty or treaties with all principal maritime nations regulating the conduct of belligerents and neutrals in war at sea, including the inviolability of private property thereon. Such treaties shall be negotiated if practically possible prior to the meeting of the Conference on the Limitation of Armaments in 1931.

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between the belligerents and neutrals. If the law upon the subject were to be defined, the grounds of international quarrel would at least be *pro tanto* reduced. Moreover, the difference of view on the subject between the United States and Great Britain is now much less than it used to be. When the United States had almost no navy and the British navy was supreme, the United States stood for maximum neutral rights, just as Great Britain stood for maximum belligerent rights. But to-day the United States possesses a navy equal to that of Great Britain. It is unlikely, especially now that she is building a really powerful cruiser fleet, that she will wish to tie the hands of that fleet unduly, when using it either for the defence of the Monroe doctrine, or in "self-defence," or in the Pacific. On examination it will probably be found that the views of the British and American Governments are not nearly so far apart as is often supposed.

None the less, the case against a conference about belligerent versus neutral rights seems to be far more powerful than the case for it. There is no chance of an agreement to return to the old rule of the sea that enemy goods are liable to seizure in neutral vessels and that neutral goods are free in enemy vessels, for that system was abandoned in the Declaration of Paris. Nor is there any chance of an agreement on the rule of "free ships, free goods," or on the principle that trade on the seas should be entirely free in war no less than in peace, for that makes impossible the use of the ultimate world police power—namely, sea power—either in accordance with the Covenant or the Peace Pact, or in defence of "public right," in cases where these treaties fail to prevent war. Nor is progress possible by attempting to reach a new agreement on the lines of the Declaration of London, for the late war proved that the attempt to define contraband was futile, because in modern national wars there is practically nothing that a nation does not use to help it to prosecute hostilities; that submarines have made the old definition of a blockade an absurdity; and

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that the doctrine of continuous voyage is common sense if interference with trade is permissible at all.

The truth is that the United States and Great Britain are being driven inexorably to realise that all attempts to "regulate" war on the high seas, or neutralise the seas altogether are foredoomed to failure, and that the question they can no longer refuse to face is how sea power—the ultimate police power of the world which effects its object mainly without bloodshed—is to be used to preserve the peace of the world. Great Britain can no longer retain the right arbitrarily to decide when she can use her naval power to interrupt neutral trade at sea. Her engagements under the Covenant and the Peace Pact, and her recognition that the United States is entitled to an equal navy have ended the exceptional position she occupied before the war. The United States can no longer regard the enforcement of her rights as a neutral, irrespective of the merits of the international issue in dispute, as being a noble or a sufficient policy for the most powerful State in the world. That she will be forced to take some responsibility for the freedom and the peace of the world was proved by the contrast between her attitude in 1914-17 and 1917-18. It will be proved again if ever Fascist Italy breaks out in accordance with the logic of its own doctrines, if Communist Russia attempts to foment world revolution by force, or if some Asiatic people fronting on the Pacific falls under the domination of a militarist party dictatorship.

The freedom of the seas, like the peace of the seas, is inseparable from the freedom and the peace of the world. President Wilson saw this when he defined the freedom of the seas as follows:—

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.

The Anglo-American dispute will be solved, the formula required to cover "parity" will appear, the new difficulties

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which threaten to arise from the rapid expansion of the French and the Italian navies will disappear, when Great Britain recognises that the use of sea power is no longer a matter which she can decide arbitrarily on her own judgment, and when the United States is willing to share responsibility with the other naval Powers for deciding when and how sea power is to be used internationally for the prevention of war.

V. IMPERIAL ORGANISATION

THE constitutional basis of the post-war relations between the self-governing nations of the Commonwealth was authoritatively defined at the last Imperial Conference in the well-known Balfour Report. The system has worked without friction since that date. The speeches of the Secretary of State, Mr. Amery, during his world tour of 1926-27* have admirably expressed the spirit of this new era. The next Imperial Conference will have no task of first-class importance to undertake in this sphere, though it has still to perfect the details of the new system.

The most important internal task which confronts the Commonwealth is the development of responsible government in those parts of the Empire which are not yet self-governing, and the readjustment of the central machinery of government to this process. The basis upon which responsible government must grow has been discussed on an earlier page. Progress must be constitutional and not through war or revolution. It must not involve the establishment of any kind of dictatorship, personal or party. It must deprive no citizen of the right of individual liberty as that term is understood under British law. It must find full place for nationality.

The first and most important country in which the

* Published by Edward Arnold & Co., under the title, *The Empire in the New Era*.

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experiment in responsible government is being made in India. Pending the report of the Simon Commission, however, judgment as to the next stage must be suspended. A second country is Ceylon where a recent Commission has reported adversely to dyarchy and the system of communal representation, and has recommended a new constitution of a municipal type. An article criticising the practical proposals of this report appears elsewhere. Another Commission has just reported on the problem of promoting civilised standards of life and introducing representative institutions in yet another part of the Empire—East Africa. There has been no time since the issue of the report to prepare an article dealing adequately with its proposals. It is clear, however, that the Commission has made the best and most profound survey of the fundamental issues of the problem which has yet appeared and that the basis for a decision, after many years of vacillation and indecision, now exists. It is clearly the duty of the Government to make up its mind what ought to be done, and, after consulting British and local opinion, to carry its final decisions into effect without delay.

In most of the other countries which are ready for responsible government the experiment is already being tried, for instance, in Malta and the West Indies. We should like to suggest, however, that there is room for yet another category of self-governing communities within the all-embracing constitution of the Empire—and that is for Free Cities of the Commonwealth. We see no reason why Hongkong, Singapore and other places should not eventually achieve this status.

An inevitable consequence of the development of responsible government throughout the Commonwealth deserves more consideration than it has yet received. The transfer of responsibility to local bodies is clearly going to render it impossible for Downing Street to continue to exercise the unifying and over-ruling Imperial power in the arbitrary manner which has been inevitable hither-

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to. The corollary to local responsibility must be the right to influence directly the manner in which Imperial power is used from London. The East African Commission has recognised the importance of affording the Colonial Office technical and financial advice from people of independence and importance in the outside world. We would go further. We think that the over-ruling Imperial power, in the case of territories where the representative system has been introduced should only be exercised as against local advice, after consultation with an advisory colonial council, before which the representatives of the locality should have the right to appear and urge their case in person.

The details of this proposal clearly require consideration. But the principle behind it seems irrefutable. The present system under which the Imperial power is exercised on the sole decision of the Colonial Office, with the Treasury in the background, is already breaking down. It probably only works to-day because Mr. Amery and Mr. Ormsby-Gore are exceptionally widely travelled and well-informed about colonial affairs. When they are succeeded by some eminent politician promoted for party reasons, we shall revert to that system of dictatorship by well-meaning but untravelled and unknown civil servants—checked by questions in Parliament, often ignorant and sometimes interested—which almost broke up the self-governing Empire and which will break up the Colonial Empire unless it is reformed. The way forward seems clearly to be to constitute a standing Colonial Council, with the Secretary of State as Chairman, and composed of persons of exceptional eminence in public affairs, business or administration, some of whom at least should have long personal experience of oversea conditions, before which any colony or territory may appear and argue its views, privately or in public, when it considers that circumstances require such a step. Such a Council would probably humanise and energise the work of the Colonial Office everywhere. Its establishment

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seems to be the only way in which the principle of representation can be combined with the exercise of the Imperial prerogative. From time to time colonial representatives and the Council might even sit together as an Imperial Conference, or as a Conference on African or Pacific affairs.

VI. THE ECONOMIC PROBLEM

THE economic problems of the Commonwealth fall into two classes. The first is concerned with trade relations between the units of which it is composed and also between these units and the rest of the world; the second with the problem of poverty and the distribution of wealth between its classes and peoples.

In the early nineteenth century the economic problem of the Empire was simple. Great Britain had become an industrial and manufacturing nation. She exported her surplus population and capital to the new world and helped to build up new nations, which supported themselves and paid interest on their borrowings by exporting to Great Britain the food-stuffs and raw materials which they raised. It was a beneficial arrangement for both sides, resting upon free trade. In the later Victorian era, however, a new phase set in. The Dominions began to wish to diversify their life and to manufacture for themselves, and erected protective tariffs mitigated by a system of Imperial preference. Foreign countries, which had competed with the new world in borrowing British surplus capital, came into competition with Great Britain in their capacity as manufacturing and exporting countries, while they also protected their own home markets by high tariffs. The world war intensified these processes by increasing the nationalist desire for economic self-sufficiency and high protection, while it lessened the amount of British capital available for export, and changed the United States from a debtor into a creditor nation.

The Economic Problem

To-day a slight reaction has set in. The deliberations of the World Economic Conference summoned by the League of Nations have brought it home to everybody that the division of the world into some sixty communities, each, with few exceptions, developing its economic life on an artificial basis behind high tariffs, hinders world development and the prosperity of all nations. In every country, too, those who suffer from the consequences of the protectionist system, the producers of food-stuffs or raw material and consumers generally, are beginning to protest against the special benefits conferred in this way on the industrial classes. There is also another aspect of the question coming to the fore. The correlatives to protection have been subsidies and discrimination to help domestic traders to compete in foreign markets. France treats practically the whole of her oversea Empire as a private preserve for her own financiers, manufacturers, traders and shippers. Great Britain maintains an "open door" to the trade of all nations in her Colonial Empire, save for occasional temporary aberrations such as the Rubber Restriction Act in the Malay States, and the palm kernels export regulations in West Africa. But the British Commonwealth maintains a system of preference which gives Empire produce advantages as against foreign produce among all its self-governing peoples. The United States in the same way reserves all coastal shipping to her own nationals, includes the Philippines within her own tariff boundaries, and since 1918 has expended over £50,000,000 of public money in subsidising uneconomic shipping lines, in order to build up a mercantile marine of her own.

It is clear that international discussion during the next few years is going to turn more and more on whether world prosperity and world peace are compatible with these watertight economic departments and these constantly growing subsidies and discrimination. Maximum tariffs all round must make national life lop-sided and poor, except where the internal area is as large and diversified as the

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United States. Universal subsidies and discrimination will mean the transfer of the cost of manufacturing for competitive markets and the cost of maritime transportation to the tax-payers' backs coupled with bitter international recrimination. The protests against France treating her dependencies as private trade preserves will grow louder. The protests against preference within the Commonwealth as incompatible with most-favoured nation treatment will increase. The protests that American government subsidised shipping cannot expect equal treatment in the ports of the world are sure to become stronger.

The basis of both British and world prosperity must clearly be the efficient development of the natural resources and the manufactures which are natural to the territory and the genius of the different peoples concerned by the use of power and machinery, and the freest practicable interchange of commodities and food-stuffs between all parts of the world. As the fear of war diminishes and the organisation of peace becomes more effective, economic discussion all over the world will mainly turn on whether it will not pay the nations better to reduce tariffs and discrimination to the minimum and to try to stabilise world prices in order to promote a far greater volume of world trade and more peaceful international relations.

The other main problem of Imperial economics is the abolition of poverty. Poverty exists in Great Britain and Ireland. Another article in this issue discusses how efficiency could be restored to British production and business. But poverty is also found in almost every British possession in Asia and Africa. When M. Clemenceau returned from a visit to India after the war, he complimented Great Britain on the wisdom and justice of her political rule, but said that it had failed to relieve the poverty of the people. That is true. The ending of war, the lessening of famine and distress, have increased the population of India by 100,000,000 in little more than a century. Though great irrigation works and a considerable

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railway system have been built, it is often authoritatively stated that the average economic standard of life of the people is no higher than, if it is as high as, it was a century ago, because the methods of cultivation and manufacture are substantially the same, while the number of people who depend upon them for their sustenance has increased.

Whatever may be the truth about the comparison, it is certainly true that the really urgent problem before India, like most of the countries of Asia and Africa, is to raise the economic standard of living of the people. This is a far more pressing and far more important problem than the development of political democracy, for effective democracy is impossible without some measure of economic independence, universal education and the leisure to enable people to read and think. It is clear that the basis of progress is the spread of agricultural and technical and other forms of education by the Government; the investment of capital, sometimes by Government in "public utilities," more often by private enterprise; and the development of economic initiative and business activity by the people themselves.*

It will not be easy to secure the rapid economic development of Asia and Africa which is essential if the standard of living is to be raised and the growth of world prosperity promoted without "exploitation" of the people, without undue dislocation of their ancient habits, and without the growth of international financial and business "trusts" which will be outside the control of any government. The process, too, in itself, will involve an increase in the number of *rentiers* in Great Britain, Western Europe and the United States, who will be able to lend their money to economically backward communities overseas and live upon the proceeds. None the less, despite the protests of Mahatma Gandhi, economic development, partly by public and partly by private means, is the only way of diminishing the age-old curse of both Africa and

* For some practical suggestions as to ways of reducing poverty in India, see page 342.

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the Orient—poverty. The way forward is not to try to return to the “charka” and “other worldliness.” It is to discover how to master and control the new forces and appetites which economic progress creates.

These problems, however, can only be solved through thought and consultation. It is no less important for the British Commonwealth of Nations than for the League of Nations to consider its economic problems collectively and with the aid of the best financial and scientific advice. The distribution of capital reserves throughout the Empire, the problems created by foreign borrowing, defence against exploitation, the application of the standards of the International Labour Office, the effect of tariffs, preferences, embargoes, and so forth, all are subjects which require scientific investigation and collective discussion. Much has been done by the Empire Marketing Board and by the Institute for Civil Research created by the British Government. We would suggest that a really well prepared Commonwealth economic conference should assemble at or about the same time as the Imperial Conference in 1930.

TOWARDS INDUSTRIAL RENAISSANCE

IN the last issue of this Review an attempt was made to survey our present industrial situation and to voice some of the profound misgivings which it inevitably suggests.* It was pointed out that the optimistic forecasts for 1928 had been sadly falsified by the actual course of events; that unemployment, so far from diminishing, had seriously increased, not only in the four great staple industries—coal, iron and steel, cotton, and shipbuilding—which were admittedly in a bad way, but in almost every other industrial group; that other indications all pointed towards accentuated depression rather than recovery. These signs were interpreted as the more disquieting inasmuch as the temporary factors flowing from the war and the coal stoppage could no longer be saddled with the responsibility, which implied that the true explanation must be sought in more deep-seated causes. Finally, it was suggested that unless the central problem of stimulating employment could be successfully solved, the future prosperity and stability of the country must be gravely jeopardised, and that for its solution nothing less than a constructive effort to review and to readjust our whole national economy was imperative.

During the three months which have since elapsed nothing has really occurred to justify a more cheerful estimate of the position. Though the trade and shipping returns showed some improvement, the unemployment figures grew steadily worse until December 31, when the total reached 1,565,000, a point never yet reached since the black year 1922. And even this figure hardly represents

* See THE ROUND TABLE, No. 73, December, 1928, p. 113.

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the whole truth, since owing to the restriction of the right to insurance benefit and the general tightening up of its administration the number of those out of work but unable to claim benefit is certainly much larger than it was six years ago. A glance at the reports on employment for November shows an almost unrelieved record of depression. In wool employment was "bad," in engineering "very slack," in boots and shoes "considerably worse than in November 1927 (16·1 per cent. as against 6·4 per cent.) and unusually slack for the time of year," in iron and steel "bad," in shipbuilding "very bad," and though there was a slight improvement in cotton, it only amounted to 0·1 per cent. as against the gloomy position of twelve months before.* As for the coalfields, the unparalleled distress which now prevails as the result of the progressive exhaustion of the resources of the unemployment fund and the poor law has at last been brought painfully home to the country by the hardships of winter, which have made it impossible to ignore the critical condition of the mining population in South Wales and on the north-east coast. Their worst sufferings will no doubt be alleviated by public generosity assisted by government grants, but such measures provide no remedy. A considerable section of the population cannot continue to live on charity, and yet there is no alternative in sight, unless a serious attempt is made on a national scale to find a remedy not for the ills of the coal trade alone, but for the general paralysis which seems to have beset our industrial activity, of which they are only one symptom.

I. THE POSITION OF GREAT BRITAIN

THE first essential is to visualise our own position in the world through uncoloured spectacles. It is useless to delude ourselves by such reflections as that we

* *Ministry of Labour Gazette*, December, 1928, pp. 442 seq.

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still export more manufactured articles than any other country. If one-tenth of our workpeople still remain unprovided with bread and work, our position is none the less precarious. It is quite irrelevant to claim that there are more persons actually employed to-day than in 1914 or in any other year. If our industrial expansion cannot absorb the normal growth of the population, we are none the less going down hill, not up. In judging our international standing there are two capital facts which may be taken as a point of departure: first, that our productive and commercial power is relatively considerably smaller than before the war; secondly, that the year 1928, which has been one of marked depression for Great Britain, has on the whole been one of reasonable prosperity not only for the United States, but for Germany, France and indeed most continental countries.

To prove the first of these two facts as fully as it deserves would require much more than the space of an article. All that can be attempted here is to give a few salient figures relating to the principal trades. Beginning with the iron and steel industry, the following table* shows that our output has distinctly shrunk, that of the United States and France has substantially increased, while Germany, despite the loss of Alsace-Lorraine, part of Upper Silesia and the Saar, has nevertheless almost regained her pre-war production, a very remarkable feat:

*Monthly Averages of Production in metric tons (ooo's omitted).
Pig Iron.*

	France.	Germany.	Great Britain.	United States.
1913	434	1,397†	869	2,601
1927	777‡	1,092†	617	3,068
1928 (10 months) ..	837‡	1,064†	561	3,166
Increase or decrease%	+92·9	-23·8	-35·4	+21·7

* Taken from *Monthly Bulletin of Statistics*, League of Nations, December, 1928.

† Excluding Alsace-Lorraine, the Saar and Polish Upper Silesia.

‡ Including Alsace-Lorraine.

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Steel Ingots and Castings.

	France.	Germany.	Great Britain.	United States.
1913	391	1,467†	649	2,564
1927	692†	1,359*	770	3,675
1928 (10 months) ..	775†	1,305*	719	4,224
Increase or decrease%	+98.2	-11.0	+10.8	+64.7

As further proof of the relative decline of the heavy metal industries in Great Britain it is rather disconcerting to find that there were actually more furnaces in blast in France last year than in this country, still more that "the average monthly output per British unit was 4,080 tons and per French unit 5,370 tons. The German and American averages were far higher still in 1927; about 9,000 and 18,000 tons per unit per month."† Even before the war exports from the United Kingdom formed a diminishing proportion of the total exports from the five principal countries, and even in the home market the British manufacturer was losing ground. Since the war the position has been further aggravated.

In engineering products the position, though somewhat better, suggests that we have not fully held our own with foreign developments. Our exports of machinery have declined proportionately, while those of the United States and France have risen and Germany will soon recover her place, if she has not already done so. We have not secured the hold on the new automobile industry which our industrial capacity and experience might reasonably have entitled us to expect. In 1926, the best year up to that date, the number of motor vehicles exported from the United Kingdom was about one-tenth of the American figure, and considerably smaller than the Canadian and French.§ In the motor-cycle trade, on the other hand, we have main-

* Excluding Alsace-Lorraine, the Saar and Polish Upper Silesia.

† Including Alsace-Lorraine.

‡ *Report on Economic Conditions in France in 1928*, by J. R. Cahill, C.M.G., Commercial Counsellor, H.M. Embassy, Paris, p. 117.

§ The American total was 305,744; the British 32,388. In 1927 it rose to 35,692, but fell again to 32,847 in 1928.

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tained a marked supremacy, a contrast which throws our comparative failure in the case of the heavier branches into a relief requiring some explanation. In another more or less new industry, however, that of electrical manufacturing, we have done remarkably well, and now stand at the head of the list of exporting countries, whereas in 1913 we were a poor second to Germany.*

If we turn to the textile trades, the intensification of foreign cotton production not only in Europe and America, but also in Asia, is now so generally recognised as to need no lengthy demonstration. Lancashire has lost the virtual monopoly which she long enjoyed in all grades of cotton cloth. In 1924 production had fallen to 5,426 million yards as against 7,088 millions in 1907. Although exports to Europe have been maintained, for the rest of the world they have been practically halved, mainly on account of the loss of the Eastern markets due to the expansion of cotton manufacture in Japan, China and India. The principal features in this decline may be succinctly seen in the following table:—

Exports of piece goods (millions of linear yards).

To	1913.	1927.
British India	3,057	1,546
China, Japan, etc.	773	128
Dutch East Indies, Straits Settlements, etc.	539	326
South America	582	378
Central America	167	76
North America	157	93
Europe (excluding Balkans) ..	388	412
All countries	7,075	4,220

Two further points may be noted: first, that the depression in the British industry is not a reflection of general conditions affecting the cotton trade of the whole world, inasmuch as the total production is substantially greater than in pre-war times; secondly, that in the finer grades

* *Survey of Metal Industries, 1928*, Committee on Industry and Trade, pp. 77, 205, 242, 337.

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of cloth the supremacy of Lancashire is not yet seriously threatened.

The case of the woollen industry is very similar. Total production and home consumption are alike considerably smaller than in the pre-war years. Our exports in tops, yarns and manufactures all show a considerable falling off, while France and Italy have improved their position. There are signs, too, of coming competition from countries like Japan, which have recently entered the field, and of renewed competition from Germany, which has not yet recovered her previous position.*

As for the coal industry, its troubles have been so repeatedly analysed that few words need be said about them. Owing to the development of foreign competition, to more economical utilisation of fuel, to the growing use of oil and water-power, the quantity of British coal shipped abroad has shrunk from 98,340,000 tons in the year 1913 to 71,970,000 in 1927, while the home demand has also declined.† As an asset in our international trade coal has fallen from its old pride of place, and under present conditions is unlikely to be restored to it.

Finally, one other factor, perhaps more important than all others, must not be overlooked. Much of our industrial growth in the nineteenth century was due to the lavish exportation of British capital for the development of overseas countries, from which the British manufacturer reaped a rich harvest in orders. Until 1914 we were the great lending nation, and through our investments abroad we created new markets for British goods. Much of that capital has been definitely lost through the war. Not only have we been shorn of a vast income from overseas, but, burdened with a national debt of £7,000 million instead of a few hundreds, we can no longer hope to stimulate our

* The foregoing figures and facts are taken from the *Survey of Textile Industries* by the Committee on Industry and Trade, pp. 51-7, 69, 209, 217 et seq.

† *Report of the Secretary for Mines for 1927*, p. 114.

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export trade on the same scale as of old. The rôle of creditor and lender has passed to the United States, which has simultaneously developed into the greatest manufacturing country in the world. As yet the needs of its own people are so great that the surplus of American production remaining for export is still relatively insignificant. Even so, the United States already stands at the head of all exporting countries. For eight years Mr. Hoover, as Secretary of Commerce, has been actively promoting the efficiency of American industry and laying the foundations of a great foreign commerce. There is every probability that he has eight more years before him as President in which to pursue his policy with even greater power and effect. It is therefore only prudent to reckon with far more formidable competition from the United States in the future than any we have yet been called upon to meet, buttressed by a financial strength which we cannot under existing circumstances hope to match.

There is no real doubt possible that our position as an industrial and commercial power is not what it was before the war. To some extent this was inevitable. That we should have continued to maintain the almost monopolistic supremacy which we enjoyed in the nineteenth century would have been incredible. The first decade of the twentieth already saw the United States and Germany challenging us in certain directions, but the redressing of the balance which was so heavily in our favour would certainly have been more gradual but for the effects of the war in two vital respects. Of these, the profound modification in the distribution of the world's capital has already been mentioned. The second change which the war produced was hardly less far-reaching, though more difficult to estimate. Even before 1914 there were various symptoms of a new industrial revolution. The reign of coal was beginning to be threatened by oil and water-power. Industries were springing up in countries which had hitherto been content to buy their manufactured goods in the

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cheapest market abroad. Trusts and combinations were beginning to provoke protests from the small producer in the sacred name of individualism. In other words, three of the basic conditions upon which England's industrial system had been developed showed signs of transformation. The war gave a tremendous impetus to all these tendencies. The shortage of coal forced industry to economise its use to the utmost and to develop alternative sources of power to the maximum. The inability of the old industrial countries, preoccupied in destroying each other, to supply their customers led many of them to try the experiment of satisfying their own needs, with gratifying success. Finally, the experience of conducting industries practically on a national scale for war-production suggested to the far-sighted the possibility of economies, which would have remained long undreamt of under the old regime of unlimited competition. Hence at the time of the Armistice the stage was already set for extensive changes in the industrial and commercial world. On the whole these changes were bound to react to our disadvantage. As holding the predominant position under the old dispensation, we naturally had most to lose by its overthrow. Such general considerations hardly account, however, for the startling contrast between the substantial industrial prosperity which is to be found in America, France, Germany, and elsewhere and our own continued depression. An analysis of this contrast may perhaps suggest some of our mistakes and the means to remedy them.

II. THE PROSPERITY OF OUR RIVALS

TO dilate on American prosperity would be superfluous. That it rests on a capital wealth, an enormous home-market and resources in raw materials which are not available in this country is a commonplace, but it is not a complete explanation of the disparity in the industrial

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well-being of Great Britain and the United States. The advantages on our side are far too commonly ignored. Our geographical position means that we pay cheap shipping freights for receiving our raw materials and despatching our goods instead of the heavy railway charges that constitute such a large element in American costs. Our goodwill, gradually built up over generations in every part of the world, is still an enormous asset in international competition. The sentimental preference for British goods in the Empire and the world-wide activity of British shipping are further very substantial compensations for a comparatively limited internal market. Though capital is no doubt much less abundant in London than in New York, there is no sign of its not being forthcoming for any deserving enterprise.* There is, in fact, no *a priori* factor which sufficiently accounts for our failure to keep pace with American development. The latter has been essentially characterised, however, by three qualities, which we seem momentarily to have lost, namely, imagination, energy and organisation. The American has been planning for the future, while we have spent a lot of valuable time in looking back regretfully towards the past, hoping that the halcyon Victorian days would somehow come back. He has been creating new needs, while in most trades we have been thinking only about supplying old ones, even though they were dwindling before our eyes. He has mastered the ultimate cheapness of large production and high wages, while we have been attempting to compete with a small scale production with little hope of expansion in the home market, which must in most cases be its foundation, as long as the purchasing power of the British consumer is progressively diminished by wage-reductions and unemployment. When one reads that in 1926 the United States produced 4,259,627 motor vehicles as against 198,700 in

* In 1928 capital was raised in London for private purposes in the United Kingdom to the extent of £179 million as against £35 million in 1913. (*The Economist*, December 29, 1928.)

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the United Kingdom,* the figures seem almost miraculous—even more so when one remembers that the average wage of the American mechanic is more than double that of his British rival. Yet it is just because there are 8,000 workmen's cars outside Mr. Ford's works every shift that he can produce his thousands per diem against the paltry hundreds of our largest manufacturers. But when one discovers that from 80 to 90 per cent. of this huge American output is produced by ten concerns, whereas there were no less than 88 separate firms engaged in putting forth the tiny British aggregate, the seeming miracle becomes still more intelligible. The motor industry with us is unorganised, and this is only one instance of a general disregard for one of the most self-evident lessons of the present industrial revolution—that a strongly organised, well-integrated industry will defeat any incoherent collection of manufacturers producing the same article, just as surely as a well-trained club football side will defeat eleven haphazard individual players. The success of the great American industries is largely due to the application of this simple lesson. They have adopted the principles of "rationalisation" within the industry and of "scientific management" within the plant, while both are, with us, still usually looked on as the catch-words of crazy busy-bodies, because our grandfathers got on without them.

Finally, these results have been achieved as part of a conscious national effort. They would certainly not have attained their present dimensions, unless public opinion had realised the importance of enhanced efficiency as the only source of higher profits, better wages and with them greater welfare for the whole community. Mr. Hoover, by his personal inspiration, was able to give a lead which lifted the country out of the dismay caused by the slump of 1921, restored confidence once more, and by pointing out the right road to prosperity swept hesitant employers and doubtful trade unions along it on a wave of popular

* *Survey of Metal Industries*, p. 238.

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enthusiasm. It is curious that the American business community, which is probably the most individualistic in the world, has been so largely guided by the State in recent years, not by the exercise of any official powers or prerogatives, but simply by the stimulation of thought through precept and propaganda and, of course, by placing all the resources of government at the disposal of the manufacturer or trader who was anxious to help himself. Anyone who seriously analyses American prosperity is bound to agree with Lord Weir that it is a matter "first, of a consuming population of 120,000,000 without customs barriers, and secondarily, of confidence, organisation, appreciation of scale manufacture, remuneration largely based on results, with correspondingly high purchasing and consuming power, thus keeping the industrial machine spinning at a great pace."† The first of these conditions we cannot reproduce, but, as has been suggested, we have other compensatory advantages. The second we can reproduce by the application of energy and intelligence, which are certainly at our command.

A glance at the astonishing recovery of Germany points to the same moral. In spite of the chaos produced by the occupation of the Ruhr followed by the collapse of the mark which brought German industry to the edge of the abyss, the last two years have actually seen a boom in the home market. We read that "striking evidence of the intense activity which prevailed throughout the country is furnished by all sections of industry."‡ The output of coal and lignite was greater in 1927 than in any previous year within the present frontiers. The same was true of pig iron and steel. Shipbuilding, engineering and textiles have all been pretty prosperous. The number of unemployed in receipt of benefit fell from nearly 2,000,000 at the beginning of 1926 to about 600,000 in the autumn of last

* *The Times*, January 1, 1929.

† *Economic and Financial Conditions in Germany to June, 1928*, by J. W. C. Thelwall, M.C., H.M. Counsellor, Berlin, p. 5.

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year.* At the same time real wages have steadily risen and have now attained their pre-war level. Moreover, all this has been accomplished in spite of the loss of immense industrial resources in the ceded territories, the payment of heavy taxation, direct and indirect, to meet the reparation charges under the Dawes plan, and the widespread destruction of capital during the inflation period.

How has this remarkable renaissance been achieved? The answer is, broadly speaking, by ruthlessly scrapping all methods, machinery and management which did not come up to the most modern standards. That is the real meaning of the German term "rationalisation," which has been a national slogan for the past three years. It must suffice here to pick out a few of the primary features of this process and to illustrate a few of its most striking consequences. The first and fundamental requisite is co-operation. To quote from a very valuable and suggestive study of the reformation of German industry,†

An essential condition for full rationalisation is the organisation of a whole industry, either by unification or co-operation, so that a common policy can be adopted by all engaged in it. Output is regulated with sufficient elasticity to meet fluctuations of demand without delay, so that price levels may be kept stable. . . Within this system of regulation, low production costs are aimed at by concentrating production in the most suitable works to reduce short-time working to the lowest possible limit; by the prevention of waste, either of material, labour, or mechanical energy; by closing down inefficient or unremunerative works or departments . . . and by the extension of the most efficient works where necessary, and the installation of the best cost-saving plant available at all the works kept in production.

These last words indicate the second indispensable feature—the replacement of out-of-date machinery by the

* In the last three months of the year there has been a set-back with a very sharp rise in the unemployment figure, due partly to seasonal causes intensified by the hard weather, partly to the effects of the big lock-out in the Ruhr, but partly to a general decline of business.

† *The New Industrial Revolution*, by W. Meakin, 1928, p. 20. (Victor Gollancz).

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latest and best available. This not merely requires great capital outlay, but is hardly feasible in many cases until the production of the whole industry has been systematically planned to correspond to the demand. Indiscriminate renewal of plant which resulted in a production far exceeding the absorbing powers of the market would have been even more uneconomic than the continued working of obsolescent machinery, as the overhead charges incurred could only be met by running the new plant to full capacity, a condition which can only be guaranteed by a single policy governing the whole or at least the major part of the production of an industry. The third prominent feature of "rationalisation" is the general improvement of management, by the elimination of redundant officials, the concentration of purchasing and selling organisation and the uniform application of the best technical and administrative methods to a whole industry.

These drastic reforms have been put into thorough execution through the coal, metal and chemical industries in Germany with surprising results. The output of coal per man per shift increased in the Ruhr from 18.6 cwts. in 1925 to 22.65 cwts. in 1927 *without any increase in hours*, while in Great Britain, by adding a whole hour to the working time, output was only increased from 17.70 cwts. to 20.82 cwts., or 3.1 per cent. less.* At the same time wages rose by about 1s. 6d. a shift, while with us they have steadily declined. As to employment, the introduction of labour-saving machinery meant a transition period, during which many men temporarily lost their jobs, though against this must be set the more regular employment and higher earnings of the great majority who remained at work. The renewed industrial activity promoted by reduced costs, however, soon created fresh demand and with it fresh employment. Last year there were more workers employed by the steel and the chemical trusts than in 1926, when rationalisation was carried out. The

* *The New Industrial Revolution*, p. 62.

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German experience bears out the American that improved methods, so far from reducing employment, increase it as soon as their full effect is felt. Of this the rapid fall in the number of unemployed quoted above is sufficient evidence.

One last point must be briefly touched upon—the rôle of the German Government in this industrial recovery. As might be expected, it has framed its economic and financial policy in such a way as to give the utmost assistance to the industrialist. Export credit schemes, special railway rates for export, and large expenditure to aid the workman temporarily out of employment have all contributed to overcoming the crisis; but more interesting and more original is the institution of the *Reichskuratorium für Wirtschaftlichkeit* (National Institute for Business Organisation). This institution, though costing some £60,000 a year to the State, is not responsible to any Minister, but to a board consisting of industrialists, civil servants and trade union leaders. Its sole purpose is to promote the adoption of improved methods throughout industry, whether in better management, avoidance of waste, standardisation, simplification of processes, use of by-products, or vocational training and adaptation. Almost every industry has appointed its own committee to work out its own salvation, but the whole movement is stimulated and coordinated by the central Board, which remains nevertheless a purely advisory body. It is, in fact, very much the Hoover principle adapted to German conditions. In Germany as in America the State has taken an active part in industrial reconstruction, not by driving or directing so much as by counselling and coordinating.

In France, which is making immense strides as an industrial country, the same processes may be seen at work. Here too industrial concentration has been proceeding rapidly. All the principal trades are now highly organised with a view to eliminating wasteful competition and ensuring more efficient production.* Rationalisation is being

* *Economic Conditions in France*, pp. 19-20.

Hopeful Signs

carried out as energetically and thoroughly as in Germany and the United States, and is being powerfully aided by the ambitious programme of national equipment, which is being executed by the Government with the assistance of the National Economic Council. The utilisation of water-power is making electricity increasingly available to the railways, to industry, to agriculture and to the general public. Roads, ports, canals, telephones are being systematically overhauled and brought up to date. In every department of French economic life intense activity prevails. The result may be given in a single sentence. Despite the stabilisation of the franc,

the year 1928 has witnessed a fresh outburst of prosperity; the indices of production available for the summer months as regards some great branches of activity showed record levels, and in September the total number of persons in receipt of unemployment benefit was only seven to eight hundred.*

III. HOPEFUL SIGNS

TO those who wish to read them the signs of the times are not obscure. The foregoing analysis shows two things which are beyond dispute; first, that our economic position viewed internationally is declining, secondly, that although this was to some extent the inevitable consequence of the world's economic development, much accelerated by the war, it has been accentuated by the remarkable efforts of our three principal rivals, to which we can offer nothing comparable either in magnitude or intensity. Neither industry as a whole nor the State can claim to have shown energy, courage or imagination in facing a great crisis, of which there has been overwhelming evidence for seven years. The Ministry of Reconstruction and its work were thrown overboard before reconstruction had been begun. Buoyed up by the illusions of an ephemeral boom, industry

* *Economic Conditions in France*, p. 7.

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for the most part rejected all new-fangled ideas and concentrated its attention on getting back into the good old ruts. Save in a few notable instances, it was not realised that the ways of the last generation were already out of date; that steady work along the familiar lines would no longer suffice; that in order to make headway in the new world new methods, vigorous initiative and hard thinking were required. Seven precious years were thus largely lost. But to retrieve them is not yet impossible, if we are prepared to face the position squarely, to discard treasured principles if they have lost their virtue under modern conditions, to revise ancient practices if they no longer work, to adopt strange methods if they promise good results.

There are indeed welcome indications that such a spiritual revolution, which is the first condition of industrial renaissance, is already stirring, if as yet slowly and spasmodically. The example of industries, not only abroad but even at home, which have marched with the age is beginning to produce its effect. In the chemical industry, which has been completely reorganised, employment has been steadily maintained and we are holding our own with the rest of the world. Lord Melchett has proved that rationalisation is not less practicable and not less profitable in Great Britain than in other countries. Within the electrical industry, which as pointed out above has a highly successful record, co-operation has largely replaced competition. By means of internal reorganisation the tinplate trade has recovered its foreign markets and in 1928 considerably exceeded its pre-war exports. In the chemical and electrical trades it has been possible to stimulate invention by research carried out on a large scale with the result that they have been able to keep pace with foreign manufacturers. Given the necessary money and organisation, there is no reason to doubt British ability to compete with the brains of other countries, but without them they must suffer under an impossible handicap. Other instances could be quoted to

Hopeful Signs

prove the truth of Lord Weir's dictum that "like honesty, co-operation will be the best policy." But what has been hitherto accomplished is slight in comparison with what yet remains to do. After summarily rejecting the measures of co-operation recommended by the Royal Commission three years ago, the coal-owners are still painfully groping towards daylight. In three districts schemes providing for partial unification of production and distribution have been launched, but their inadequacy is already plain and negotiations for a national selling organisation are said to be on foot. The bitter teachings of necessity are compelling the industry to complete rationalisation, but how much time will be lost and how much avoidable hardship suffered before it is fully re-equipped and re-organised, and thus able to play its proper part in the country's economy? In the iron and steel industry the same evolution is at work. Two great mergers have been announced in the last few weeks. Others will follow in time, but how long will be the delay before British plants can boast a mechanical efficiency equivalent to that of the German, French and American? Many of our works are carrying high labour costs, because they still rely on human toil instead of labour-saving and health-saving machinery. If it is a question of exchanging exhausting physical labour for monotony, which is the American tendency, there is little doubt that the average workman would welcome the exchange.

The cry for safeguarding comes chiefly from those whose inefficient plants and poor management cannot stand the pace which is set by the modernised plants at home and abroad. To prolong the life of second-rate firms and thus to postpone the complete reorganisation of the industry indefinitely by means of a tariff would probably condemn the heavy trades to permanent stagnation, while handicapping every other manufacturing industry in the country which makes extensive use of steel. Nothing could be more dangerous for the economic future of Great Britain

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than a policy of piecemeal protection. If, on balance, the interests of our export trades are out-weighed by those which depend on the home market, let us have a general tariff and agree to sacrifice a part of our foreign markets. But do not let us delude ourselves into imagining that any great industry can be granted protection without serious repercussions on many others. If there is to be protection, let it at least be reasoned and intelligent protection, based not on a view of one murky corner of the industrial picture but of the whole canvas with all its lights and shades.

Finally, in the cotton trade schemes of co-operation are maturing. One great amalgamation has been launched under the title of the Combined (American) Spinners, Limited, another of even greater importance to be known as the Lancashire Textile Corporation, Limited, is now under way. It has been recognised that the troubles of the industry can only be cured by writing off dead capital, by concentration of buying, production and selling, by modernisation of management and machinery, and that these results can only be achieved by large-scale enterprise. These reforms aim at restoring and preserving the manufacturing power of Lancashire by energetic reconstruction instead of allowing it to drift to decay. They are drastic and late, but if they are drastic enough, they will not be too late.

But although there are happily signs of a new spirit in industry, its workings are still partial and uncoordinated. It is far from having become national in its extent and outlook. The Government has done nothing to suggest that it realises the need for more effective action than occasional exhortation. Although the Balfour Committee has published a series of invaluable reports during the last four years exposing many of our industrial weaknesses, little or no official action has been taken. The Iron and Steel Trades Confederation, in demanding a Royal Commission on their industry, rightly contends that "no Government, whatever its political complexion, can justifi-

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ably ignore conditions which bear upon the welfare and stability of a great basic industry."* But what is true of iron and steel, is even more true of the country's industry as a whole. Much more is needed than an inquiry into this or that industry. Nothing less than a coherent policy of national reconstruction will meet the present situation.

IV. SOME SUGGESTIONS

TO expound a policy of national reconstruction in a few pages is clearly out of the question. It can only be worked out as the result of a sustained and systematic survey covering a vast field, but it may be useful to suggest a few of the points which such a survey should comprehend. In the first place, the machinery of government, like the machinery of industry, is largely out of date. It was designed to meet economic conditions which have passed away. The Board of Trade was built up on *laissez-faire* traditions. Though recently its mental processes have been confused by the infusion of protectionist ideas, it still proceeds on the assumption that industry can and should take care of itself and that the primary business of Government is to leave it alone. It is true that the Department of Overseas Trade has done excellent work by diffusing ample and trustworthy information as to conditions affecting competition abroad; but its value was considered so negligible in official circles that it was narrowly saved from extinction two years ago by the unexpected intercession of the business community, with whose affairs it was presumably supposed to be an unnecessary interference. Certainly no one could fairly claim that the Board of Trade had done anything to stimulate a rationalisation movement in Great Britain or to suggest the need for a great constructive effort to cope with the existing industrial depression. The occupations of the Board are many and variegated. It deals with mines,

* *The Times*, January 9, 1929.

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bankruptcy, merchandise marks, the mercantile marine, commercial treaties, company law, patents and a host of minor matters. But it has neither the time nor the means to deal with economic policy as a whole. No one department and no one Minister could possibly devote sufficient time and thought to such an overwhelming question in addition to other and multifarious duties. Economic policy necessarily embraces questions affecting almost every department of government. Agriculture, labour, transport, taxation and currency, colonial development, foreign relations, oversea settlement, are all matters which it touches vitally. But to leave its elaboration to an overworked Cabinet without any *ad hoc* machinery is to condemn it in advance to the incoherent opportunism of the past seven years. Such a survey as is here suggested could only be profitably undertaken by an economic general staff directed by a whole-time responsible Minister with sufficient authority to command the complete collaboration of every department of the administration. But departmental machinery is not enough. Some kind of advisory body is needed, preferably selected not on representational but on individual lines, from the men most competent by their knowledge and experience of industry and finance to review the country's economic problems. Under the leadership of a Minister of vision and ability such an organisation might furnish the elements of a constructive policy.

Supposing such a machine to have been created, what are the primary tasks to which it would have to address itself? In the first place, it would have to consider finance. It may well be that our banking and currency policy has been beyond reproach, but it is disturbing to find that Lord Melchett and his colleagues in the industrial conference do not think it has been helpful to industry. Are the interests of the City irreconcilable with those of the manufacturer, or are they not ultimately identical? This is a first question which needs some attention, if only to convince industrialists that there is nothing better that can be done.

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The same applies to taxation. The present Government has taken a commendable step in revising the whole system of local taxation. Does not national taxation merit equal consideration? Is it impossible to give some further stimulus to industry in general, or even to particular industries, by readjusting the burden? For instance, the high taxation of motor cars enormously reduces the number of purchasers. As the Americans know, an automobile is made up not only of steel, but of glass, leather, wood and other materials, and its use involves roads, garages, pumping stations, country hotels and tea shops. It provides a great quantity of widespread employment. If a lower tax would give a great impetus to the industry, it might well yield as large a revenue as the present high rate levied on a smaller number of cars. Incidentally, it should be considered whether our present system of rating handicaps the British manufacturer in foreign markets by giving preference to the low-powered car unsuitable for continental or colonial conditions.

The second set of questions which suggests itself as of vital importance is that of national equipment. It is no longer simply a matter of individual concern whether our ports, docks, waterways, roads, railways, electric supply, telegraphs and telephones are efficient or inefficient. Unfortunately, on these questions too judgment is frequently based on political pass-words and slogans, rather than on a dispassionate consideration of the facts. The existence of State telegraphs and telephones is not deemed repugnant to conservative principles. The nationalisation of broadcasting was effected almost without a murmur. On the other hand, to have nationalised the power-supply altogether would have been unthinkable to many people in England, though perfectly natural in Canada. The province of Ontario supplies its citizens with the cheapest electricity in the world, and not even the most ferocious individualist grumbles at its prices. As for the railways, to run them in the public interest is usually condemned as socialistic in

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Great Britain, though it is done with considerable success by non-socialist Governments in Canada, Australia and South Africa.

There is no doubt that many of our public services are capable of great improvement. The question how they can best be improved is an economic, not a political question, but it clearly concerns the nation as a whole. It may be that in some services State-ownership is preferable, in others private operation. The decision in each case should be taken strictly on merits, not prejudiced in the light of some abstract principle. In any event a complete overhaul from a purely business standpoint is a necessary element in any thorough-going economic reconstruction.

In connection with this overhaul and as part of this reconstruction is there really no productive work on which the workless can be employed? At best the restoration of industrial activity can only make itself gradually felt in the labour market. In the meanwhile are the hundreds of thousands of miners and others now out of work to be left in hopeless and continual idleness, dependent for their daily bread on unemployment benefit, the poor law or charity? Rather than spend unproductive millions through these channels, is there not work to be done which, if not entirely remunerative, would at least show some return for the expenditure, and would save the workless from progressive physical and moral deterioration? We are told by a Royal Commission that there are 1,279,000 acres of workable land more or less waterlogged, but that "until the State is prepared to accept due financial obligations . . . very little progress can be made" towards efficient drainage.* There are large areas which might be reclaimed from the sea, but, unlike the Dutch, who are turning the whole Zuyder Zee into farm land, we have done nothing to bring them under cultivation. Many of our ports are antiquated in their lay-out and equipment for want of money. Our telephone system is notoriously inferior to many foreign

* *Royal Commission on Drainage*, 1927, pp. 22 and 44.

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systems. The problem of the slums is still largely unsolved. There is, in fact, an enormous programme of work which would increase our national efficiency. It only awaits the necessary capital and labour for its execution. In America an inter-State conference is proposed to draw up a huge schedule of public works to be put in hand in bad times. Surely an enterprising Government would spend its money better on such objects than on barren subsidies to the unemployed.

Thirdly, there is the whole vast field of Imperial development and organisation. The Imperial Economic Committee and the Empire Marketing Board have already performed very valuable service, and it is gratifying that the Government has at length taken steps to facilitate emigration to Canada by reducing the ordinary steamship fare. There are signs, too, of a more active policy being adopted by the Overseas Settlement Committee and some of the Dominion Governments to encourage British settlers to try their fortune in the Dominions. All this is to the good, but the commercial possibilities of the Empire are still far from being exhausted.

Lastly, there is the influence which the State can exert on industry itself. Here it is not control that is needed but stimulation. No doubt there are many industrial reforms which can only be started from within, especially those that involve discarding ingrained habit and tradition. In England, for instance, it is more common than in the United States or Germany to exclude the technical man with first-hand knowledge from boards of directors and to appoint the latter for their social rather than their practical qualifications. It is more common to see technical men resist new departures, such as the substitution of electricity for steam, with success, because they are ignorant of the new technique and there is no one on the board who knows enough to demonstrate its advantages. It is less common to find men who have risen from the ranks, because social inhibitions are stronger. It is less common to find

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initiative and innovation prevailing over caution and conservatism.

Such self-imposed handicaps can only be removed by the teachings of failure. There are, however, other ways in which a Government can materially assist, as the United States Department of Commerce and the Reichskuratorium have shown. They have rendered incalculable service by analysing the position and practice of each industry, revealing shortcomings, calling attention to methods which have given satisfactory results, and finally getting the representative men in the industry together to work out its reformation themselves. In this direction there is scope for a great deal of discreet and discriminating encouragement, while carefully avoiding any taint of interference. Again, on the financial side, the State can also lend a helping hand.

It is worth examining, for instance, whether much greater facilities could not be afforded for providing the capital necessary for re-equipping plants in cases where the fundamental conditions were satisfactory. State credit for such purposes at low rates of interest might well prove a good investment by increasing the taxable capacity of industry and reducing the dead weight of unemployment. In other words, the principle of the Trade Facilities Act is probably capable of considerable extension. Of the industries which most need help and encouragement agriculture stands in the first rank. None is more depressed or has been longer neglected. For the last eighty years all the dice have been loaded against it, with the result that we have developed a top-heavy national economy. In agriculture the introduction of up-to-date methods and the improvement of organisation are at least as imperative as in industry. Without a higher yield per acre and better marketing arrangements there can be no recovery of rural prosperity. That an intelligent Government can do much to produce these results has been proved by many foreign examples, and is on the way to being proved again in Ireland.

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During the war, grave situations were retrieved often enough by courageous and energetic leadership. It is not less needed now. It is a time for new men and new measures, when it is better to make a few mistakes in attempting much than to play for safety with the certainty of achieving little. The present position is serious indeed, but it is by no means hopeless. Invaluable years have been frittered away in applying wrong medicines, because the disease was wrongly diagnosed; but its true nature is now becoming recognised, and the will to adopt the right measures to fight it is becoming apparent. There is, however, much lost ground to be made up, and time is an essential factor if we are not to lose more ground still. We cannot afford to squander further years in partial or inadequate efforts. Nothing that does not achieve a real industrial regeneration will suffice to restore our social well-being at home or our economic prestige abroad. If we fall short of that we may be a second-rate economic Power twenty years hence. Other countries are not waiting behind for us. If we cannot compete successfully with them the standard of living of all classes will be slowly debased, our accumulated wealth will gradually evaporate. The process of decline will be long and comparatively painless, but inevitably our great days will have passed. To falsify such sombre forebodings, which are already being freely whispered abroad, is the great labour of the next few years. To admit the fact frankly is not pessimism but rather the first condition of success. There are already signs of reviving determination and confidence in industry, which, if seconded by bold and far-sighted national leadership, will bring us out of the slough of despond. There are moral and material resources in the country and the Empire which, if properly used, are more than sufficient to guarantee our industrial future. But the nation can only make sure of its economic salvation if it sets about the task without delay, bringing to it a whole heart, a fresh mind and an unflinching spirit.

SENATOR BORAH AND THE FREEDOM OF THE SEAS

I.

TO challenge Senator Borah's logic when he discussed the Anglo-American naval controversy, to recall that no sea winds blow in his State of Idaho, to doubt the success of his proposed conference on the codification of maritime law, is to ignore the fact that he has seen fit to announce a position on the subject. Senator Borah has established a reputation for sensing what the public is thinking. He has a *flair* for coining phrases, for taking up slogans which seem to his fellow-citizens to crystallize an aspiration or to express a determination. He has proved himself the spokesman of *vox populi* a surprising number of times.

This is the chief significance of what Senator Borah says or does. He should therefore be considered, not as an instrument of precision, but rather as a slightly distorted mirror, reflecting that imprecise something which we call Public Opinion. What we see in that mirror will not be very clear, but past performances indicate that something will happen soon in the United States that bears a traceable resemblance to what we do see. What he has to say on Anglo-American relations is probably what an effective majority of his countrymen are thinking, or soon will think.

II.

TO Borah the one serious cloud on the Anglo-American horizon hangs over the seas. He believes that America has been right in the long controversy with England over neutral and belligerent rights, that the English, having had might on their side, have refused to listen to reason, and that England no longer enjoys that monopoly of might to which she has been accustomed. He has developed these opinions in the Senate at some length. If asked to sum it up in a few words, he would say something like this:—

“We have become too strong ever again to permit the British to determine our rights on the seas for us. Every time they have gone to war they have ordered us about as though they owned the sea, they have treated the legal protests of all neutrals with contempt. The evil of this dictatorship is intensified by the fact that what they announce as international law applies only to others. They consider themselves above the law. When they have been neutral they have not allowed other navies to exercise the belligerent rights they claim for themselves when at war. They want to have it both ways. Their conception of sea rule is not one of law, but of force. They cannot expect to maintain it except by force. Such pretensions may be accepted under protest by the weak, but they are intolerable to the strong.

“There is nothing specifically anti-English in our attitude. What we protest against is not an English dictatorship, but dictatorship. We have no desire to wrest naval supremacy from them in order to exploit it for our own profit and glory. We desire a regime of law at sea—the Freedom which comes only from Law—which will render any dictatorship impossible. In this desire we can count on the support of all the peaceful maritime nations of the earth.

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"There are but two ways out of this controversy. If the British agree with us and other maritime nations in a precise definition of the laws of the seas—agree with such solemnity that any transgression of this code would be an obvious act of war, a violation of the Pact of Paris—the controversy would end and cordial Anglo-American relations, which we all desire, would be assured.

"The fifteen cruiser Bill submitted to this last Congress is foolishness. If we can come to an agreement with the British, it is too much. If we cannot reach an agreement, it is not anywhere near enough.

"False pride is a bad counsellor. Although we think the initiative should come from them, let us make one more appeal to reason. If our proposal to talk it over is rejected, then we will need a very much more comprehensive building program than the Navy Department has as yet proposed."

This is the gist of Senator Borah's proposal. No one man can adequately mirror the public opinion of a nation, but there is every reason to believe that the Senator from Idaho has made this proposal because he believes that it is the greatest common factor of American opinion on the subject.

President Coolidge has tried to snub his proposal for a conference for the codification of maritime law. But such a snub does not disturb a single hair in the Senator's leonine head. President Harding tried to snub him when he first proposed a conference for the limitation of naval armaments in December, 1920. The conference convened in November, 1921. President Coolidge tried to snub him when he first began to clamor for a multilateral treaty to outlaw war. The Senate has just ratified the treaty.

Except for the purpose of stirring cheers in a patriotic audience, it is well to avoid such exciting and formidable phrases as "The Freedom of the Seas" or "Britannia rules the waves." The important thing is that there is a widespread opinion among Americans who think of such

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things: (1) That they have a grievance against British naval policy; (2) that it might be settled amicably by negotiation and agreement; and (3) that, failing such agreement, a competition in naval building, intended to wrest from Britain the single-handed dominion of the seas, is in view.

III.

FIRST, what do the Americans feel this grievance to be? There is no use going into the details of the historic controversy, although it is well to remember that it is old—almost the longest thread in the rather short skein of American diplomatic history. Most American authors, after an introduction recalling that a Roman Emperor once said: "I am indeed Lord of the world, but Law is the lord of the sea," and after a reference to the *Battle of the Books*, begin with Jefferson's writings. Jefferson denied the right of any one nation to dictate international law; he believed that at sea as well as on land, internationally as well as nationally, government derived its justification from the consent of the governed. He proposed certain changes in the traditional status of belligerent and neutral in sea warfare, but he did not conceive of international law being altered except by agreement among the maritime nations. This view has been held with unusual consistency by the American Government ever since Jefferson's time. Now and then it has argued for or against the alteration of some text, the introduction of some new concept; but by correspondence with the Powers which drew up the Declaration of Paris after the Crimean War, at the two Hague Conferences, at the Conference of London in 1909, and during the negotiations which brought the last war to a close, the main contention of the American Government has been for the creation of a regime of agreed law at sea, the termination, that is to say, of a situation in

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which the rights of neutrals are at the mercy of the will of that Power which happens to control the seas.

It is not responsive for Englishmen to argue that during the Civil War of the 'sixties the American Government abandoned this position. Even if this were a true statement of the facts, it would simply be one more example of the evil against which the American protest is lodged. But it is not a true statement; the American Government has never regarded itself as engaged at that time in an international conflict. It has held that it was suppressing a rebellion. It claimed the same right under international law to close by edict the ports of the Southern States that the British Government claimed in order to prevent the shipment of arms to Ireland during the recent rebellion.

The basic American contention is that there should be conventional law based on the agreement of those who are concerned (presumably this is what Borah and his followers mean by "the Freedom of the Seas"). In England people agree to drive to the left, and in America they agree to drive to the right. Not even the gods on Olympus could decide which is the better traffic regulation. One convention is as good as the other if it is generally respected. What the contents of the Maritime Code shall be is not so important as that it should be based on voluntary agreement.

The American grievance, however, is not merely academic. It does not arise merely from an idealistic desire to extend the regime of democratic law from the land to the sea. The dispute has a practical origin. The experience of American exporters and importers during the period when President Wilson was trying to preserve neutrality is too fresh to be forgotten. The acuteness of American resentment on the subject may come as a complete surprise to most Englishmen, for at the time these things were happening the English had more important things to think about. Little news of the facts involved, of the accusations and counter-accusations, appeared in the British press. DORA was patriotically seeing to it that

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such matters should be presented to the newspaper reading public in a manner to preserve civilian morale; and the United States was represented at the Court of St. James by a man who, in spite of his many real capabilities, was not in touch with the "folks back home." It was easier for the man in the London street to accept Mr. Bottomley's headlines, "Another American Note—Made in Germany," than to give thought and time to finding out what it was all about.

The main source of irritation in the United States was the constant, sudden and bewildering succession of Orders in Council. In theory, neutral traders can adapt themselves to almost any set of rules, provided they have time to learn them. Few, if anyone, in America, certainly not the Government, disputed the right of the British to use ~~their navy~~ for the purpose of intercepting commerce with the enemy. It is impossible, however, to play any game without knowing the rules, and Americans generally believed that the neutrals had a right to know what the rules were. But business takes time. If Orders in Council could be carefully studied, plans could be adjusted to them. American business men were irritated, however, because so frequently, after deals had been closed, raw materials purchased, work on the order completed, a new Order in Council would declare the whole transaction illicit.

It is to be hoped that the decision to put "bunker coal" on the contraband list was of some real assistance in winning the war. The venerable tradition of British Prize Courts, enforced even in the days of the desperate struggle with Napoleon, was that things "needful for the working of the ship or the comfort of the crew" could not be held contraband. Some very tangible advantage would have to be shown to compensate for the discredit this bunker-coal decision caused in the neutral world. No British action during the war created more resentment in the United States, among those who did not want to be resentful, than this repudiation of Lord Stowell's rulings.

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And for the Englishman who is still bewildered at this bitterness of American feeling on the subject, and wishes more explanation, it would be well to look up the record in the Zamora case.

The psychological aspects in time of war of such situations are exceedingly difficult to assess. There is a story of an old lady who, at the outbreak of the war, said she was absolutely neutral—for all she cared, either the French or the English could hang the Kaiser! Few observers of America in those days would question the statement that an overwhelming public sentiment favored the Allies. While a great majority at first hoped to keep out of the war, it was never more than a small minority that wished Germany to win. On the whole, American neutrality was never even-handed. The Austrian ultimatum to Serbia and the invasion of Belgium had prejudiced the country against the central Empires long before the sinking of the *Lusitania*. But by 1915 the old lady's notion of neutrality was not common. America was much more pro-French than pro-English. British naval policy had made the difference.

IV.

WHAT do Americans mean when they talk of settling this old controversy by agreement? The question is not easy to answer. There are many proposals, and even Senator Borah has not yet made up his mind which proposal will rally most public support. He still hides behind the resounding phrase "Codification of International Law." It is doubtful if one would be able to get anything more precise from him about his proposed conference. And in this indefiniteness of his own proposal he mirrors precisely the American mind.

Many individuals and several important groups in America are making a careful study of this problem. Dozens of proposals have been made. At one extreme is

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the hundred per cent. perfect, but hardly conceivable, solution of an Anglo-American alliance which would assure the absolute co-operation of the two navies. Other proposals are based on the new distinction between private war and international police action. Dr. James T. Shotwell has pointed out in a series of brilliant articles that the Kellogg Multilateral Treaty for the renunciation of war as an instrument of national policy throws an entirely new light on the problem of neutral and belligerent rights. He has suggested that a solution may be found in a new multilateral treaty renouncing neutrality as an instrument of national policy!

Certainly every advance toward the organization of peace lessens the chance that this problem of neutral rights will again arise; for it is not a problem of peace, but of war. If war could effectually be outlawed or suppressed by American entrance into the League, by the Briand-Kellogg Pact, by perfecting the network of arbitration, conciliation and security treaties, navies would automatically drop to the position of floating policemen. This line of argument is, however, more logical than psychological. If the Covenant of the League has not persuaded its members to disarm in ten years, it is not likely that Mr. Kellogg's Treaty will produce a miracle over night. At best there will be a long period of transition.

The logic of the man in the street in America is simple—perhaps too simple—but it runs in this wise. "The English would not build so many cruisers, if they did not expect another war. If they fight, we will want to be neutral, and once more they will try to boss us." Folk-logic—and it is as an exponent of folk-logic that Senator Borah is important—always holds that the other fellow is to blame. In spite of Covenants and Pacts, American opinion on the whole believes in the probability of another war in which Great Britain will be a belligerent and the United States neutral. The real danger is felt to lie in the possible recurrence of a situation similar to that of

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1914: a European war, for whose origin the people of the United States feel no responsibility, in whose outcome they are not yet interested. Then, if there were no prior agreement as to neutral and belligerent rights and duties, controversy would become acute, and American opinion would clamor for effective protection against arbitrary and erratic Orders in Council. But if some agreement had been reached, if there were assurance that the agreed rights would be respected, there might be nothing left to the controversy.

Senator Borah has not said that he has a detailed program for his proposed conference; there is no consensus in American opinion as to what should be the content of an agreement. At one extreme, Colonel House maintains the pure doctrine of absolute non-interference with neutral commerce. He would give up the idea of contraband on the ground that it is indefensible in the modern world, and would limit the function of warships to the single task of fighting enemy vessels. It is amusing, however, to note that American naval men regard this extreme extension of the American doctrine as altogether too pro-British! Such a regime, they maintain, would allow the British Admiralty to concentrate its fighting power at one point instead of scattering its ships as convoys, and thus in fact destroy "parity."

But all opinions are not so extreme. Throughout this long controversy the American Government has upheld the belligerent right of blockade, of "visit and search." There is little indication that American opinion has altered much in this matter. So if representatives of the two countries were to sit down and talk it over, they would each find that there was a large gap between the sea law they would like if they were neutral and the law they would like if they were belligerent. There would probably not be much difference between the limits which each side would set up, although the United States, thinking of themselves as likely to be neutral, might emphasize neutral rights. The

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field of compromise would lie between these neutral and belligerent objectives. And the result of an agreement, if it could be reached, would be that neither side, whether belligerent or neutral in a future war, would be free to insist on its full claims. Each side would surrender some of its belligerent claims in the hypothetical future war and would obtain some added protection to its commerce in the certain periods of its peace.

There is a growing sentiment in America to give consideration to the distinction between public and private war, between aggression and defence, between treaty-breaking and treaty-enforcing action. If this sentiment should become dominant—and shortly before it does, Senator Borah, unless his brain has lost its cunning, will come out for it—the problem would be obviously altered and simplified.

With goodwill on both sides, enough building material could be found to erect the necessary edifice. "Surely," the man in the street says, "the English do not want a race in naval building any more than we do. We ought to 'get together.' We ought to make mutually satisfactory arrangements."

And the shrewd Senator Borah would probably say, "Since the man in the street does not know exactly what he wants, it will be all the easier to satisfy him. It does not so much matter what we agree upon: he wants an agreement." It must be a rule that works both ways, but beyond that the details are relatively unimportant, and since Mr. Borah is more than shrewd and clairvoyant, since at times he shows authentic statesmanship, so might he add: "Neither the British Admiralty nor our Navy Board can foresee the circumstances of a next war. Once upon a time our government stood out against all the world in refusing to give up privateering. We thought our national existence was at stake. Yet we have never issued a *letter of marque* since and we have never wanted to. The circumstances of war change so rapidly that it is absurd to quarrel

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over details. Even if all we got were an agreement not to alter the contraband list after hostilities broke out, it would be something. It would not be enough, but it would be something. There would be a number of such somethings and out of them all we could contrive an agreement. It might not cover all the ground, it might not reconcile every difference, but it would lay a foundation—like the Kellogg Treaty—on which we could build still more.”

V.

WHAT is the alternative in case this desire for a settlement by negotiation and agreement is not realized?

It may be well to consider the Naval Bill which is before Congress as this article is written; a vote will probably have been taken before this issue of *THE ROUND TABLE* goes to the press.* The vote, whichever way it goes, will give little information on the probable development of American naval policy. Among those who vote for the Bill will be some who consider it final and some who consider it a weak first step. The matter is complicated by a dispute over the budget practice. Certain Congressmen, who have little interest in naval affairs, are violently opposed to this particular Bill because the form in which it is drawn threatens to falsify the whole budget principle. If the Navy Department is permitted to present its estimates in this manner, they say, all the other departments will follow their lead. It is further complicated by a serious, if subterranean, dispute within the Navy Department: the air and submarine services wish a larger share of the appropriation. The situation is confused still further because some Senators, who might have opposed the Bill, promised to vote for it in exchange for pledges to support the Kellogg Treaty. The one thing which is most probable

* On February 5 the Senate passed the Cruiser Bill, including the time-limit, by 68 votes to 12.

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is that the vote will not be on a clear issue of naval policy *vis-à-vis* Britain.

The alternative to an agreement with the British cannot be considered except as a long term development. The alternative will not be set forth in an isolated act of Congress, but in the trend followed by a long succession of Congresses. American naval men are inclined to think that the problem is simple: “We have the men, we have the money. All that is necessary is for Congress to accept our advice and pass the measures we suggest.” But American naval officers—as is the case in other countries—are generally caught young, trained in a special school where they are shielded from the concerns of civilian life, and then for the greater part of their careers they are kept within the narrow and narrowing confines of the “quarter deck.” Senator Borah is undoubtedly a good mirror of the larger American opinion when he insists that the matter is not so simple as merely voting certain appropriations. More is involved, more required than the navy men see. Just as the promoters of aviation have launched an elaborate propaganda to make “America air-minded,” so for any effective naval race with Great Britain it would be necessary to make the American people more sea-minded. It could be done, but it would take time. First of all it would be necessary to overcome the American sense of security. Once Americans were made afraid, they would vote military and naval appropriations just as freely as Europeans. It would be necessary not only to stimulate distrust and fear, but a definite antagonism as well. Senator Borah is not talking empty platitudes when he says that such a course would represent the sacrifice of the American heritage, the loss of the last blessing of the New World, the ultimate surrender to the disease of Europe from which the Pilgrim Fathers fled in the hope of creating a new nation. He is saying what nine out of ten of his nation-wide constituency feel, when he says: “Let us not embark on this course, until we have made every effort to secure agreement.

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Let us ask once more, even if it may seem humiliating to renew the request for a conference which has so often been rebuffed. The admirals and the amateur sea-lords may protest that this is weak-kneed sentimentality, but the mass of the people think that it is common sense."

VI.

POKING fun at Borah is the favorite sport of less successful politicians. He is full of oddities. When he rides horseback in Rock Creek Park he does not dress for a polo game. Unlike other men of our times, who lead the strenuous life by day, he does not read himself to sleep with a detective story; he happens to prefer the classics. When he occasionally dines out, the intriguing ladies who beg the hostess for a seat beside him—in the hope of discovering some secret of the Foreign Relations Committee—have to listen to stories of Little Dorrit, Sarah Gamp or Uriah Heep. He knows his Dickens by heart. There is probably no man in public life who is more thoroughly convinced that "consistency is the hobgoblin of little minds." He has defended both sides of many questions, but his best abilities are exhibited in attack. He is much more important as an opponent than as a friend. His natural talent for opposition has thrown him generally on the liberal side of domestic questions.

Endless malicious stories are told of his inconsistency, his disloyalties, his vanities, but when word gets about that Borah is going to speak, the Senate—generally the dullest deliberative body in the world—comes to life. There are long queues at the doors to the public galleries. The lobby empties, committees adjourn for lack of a quorum. Every seat on the floor is filled and even the professional cynics of the Fourth Estate quarrel for the front row in the Press Gallery.

Borah's popularity as a Senatorial orator is something of a mystery. He occasionally rises to heights of old-

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fashioned eloquence, he is sometimes magnificent in diatribe, withering in scorn, but generally his speeches are quite dull. In debate he always has the advantage—which some of his colleagues consider, if not unfair, at least ungentlemanly—of knowing his subject. He is a hard worker. He prepares his case. During the Senate's discussion of the Permanent Court of International Justice for instance, it was painfully clear that Senator Borah, who led the opposition, had read the statute of the Court and was familiar with its decisions. He knew so much more about the subject than the supporters of the Court that he reduced them to confusion.

But this undisputed superiority in taking pains does not fully explain Senator Borah's hold on Congress and on the country. There are other famous debaters in the Senate—notably Glass of Virginia and Reed of Missouri. Both of them have recently crossed swords with Borah and any judge would have given them the decision. They scored heavily again and again; they successfully proved his lack of logic and his lack of consistency, but Borah won the popular verdict.

In the last campaign Borah invaded Virginia on behalf of Hoover. Senator Glass "trailed" him on the next train. Everywhere that Borah spoke, Glass spoke too. Not so very long ago Hoover was Borah's *bête noire*, so Glass had saved from the Congressional Record all the articles which the Senator from Idaho had launched in the Senate against the Republican candidate. They were quite startling. Borah, it appeared, had accused Mr. Hoover of dishonesty, of Cæsarism, of every crime in the political decalogue. But Borah in person triumphed over Borah in the Congressional Record, and the Republicans carried Virginia for the first time since the Civil War.

More recently, Reed of Missouri led the fight against the ratification of the Kellogg Treaty. In the end the contest narrowed down to a debate between him and Borah. Although belonging to opposite parties, they had

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fought together against the Treaty of Versailles, the League of Nations, the World Court and every "foreign entanglement." Reed, like Glass, fought Borah with his own words. He gave copious quotations in which the Senator from Idaho had warned his fellow countrymen against just those dangers with which the Kellogg Treaty bristled. But Borah won.

It is impossible to separate cause and effect. Borah undoubtedly believes that he leads public opinion. Others would say that he is remarkably clever in following, in edging his way up to the vanguard. But every student of current American politics admits that, whether it is a case of leading or following, Borah and Public Opinion are generally marching in the same direction. This is his principal significance. While it would be absurd to describe Mr. Borah as a perfect mirror of the American mind, he is probably the best we know; and it is for this reason that what he has to say about Anglo-American relations is worth consideration.

The United States of America,
February 1, 1929.

THE CEYLON REPORT

I. COMMUNAL REPRESENTATION

ON August 6, 1927, a special Commission was appointed under the chairmanship of Lord Donoughmore to visit Ceylon and to report upon the existing constitution. Their report which was completed on June 26, 1928, has had an indifferent reception in the island. The National Congress rejected a proposal of its executive in favour of government by committees by 198 to 96 votes, and the Legislative Council passed a similar motion rather later. It also found little approval in India; but in this country it has had a favourable press. People of a liberal way of thinking like the bold proposal to establish manhood suffrage* on a common roll, and the idea of deposing the bureaucracy from what a writer in the *New Statesman* called "the key positions." Labour has promised its support in Parliament subject to minor modifications. Old-fashioned Conservatives, on the other hand, are attracted by the notion of a Governor allowed to do a little off his own bat. THE ROUND TABLE itself† spoke of the Report as "likely to remain a landmark in the history of constructive politics," a tribute which it has earned, not only by its exposure of the trouble in which the divorce of power from responsibility, which marks the existing system, is bound to land a country like Ceylon, but even

* It is proposed that women over 30 be given the franchise on the same terms as men, *i.e.*, a five years' residential qualification. Registration is for both to be restricted to those who ask for it and who have resided in Ceylon for five years.

† THE ROUND TABLE, No. 72, September, 1928, p. 711.

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more by its searching analysis of the drawbacks of communal representation, as applied to an Eastern people, whom it is our purpose to help on the road to self-government.

The Commission's verdict on the latter point comes at a time which invests it with peculiar importance. Ceylon and India are not the only portions of the Empire where the problem of securing the political rights of minority communities, or backward communities, under a system of parliamentary government, is under consideration. No doubt some of the support which the idea of representation according to communities rather than territory has attracted is due to the fear that the security of a numerically small white community of superior civilisation would be jeopardised if its members had to vote in open constituencies where they might be hopelessly outnumbered by native votes. But it would be a mistake to apply conclusions, based upon the conditions of territories where there is a substantial permanent white settlement to those of Asiatic countries where the white man is not permanently domiciled in strength. The aim of political reforms in India and Ceylon is to carry those countries directly forward to a point which will be attained by African countries, only when the difficult question of adjusting the political relations between the white and black races has eventually been solved. The Asiatic problem is one of finding the right political institutions for Eastern peoples who are broadly speaking all at the same level of civilisation. Whatever minor measures of protection may be needed for them, the small European minorities domiciled in Asia will in the main have to conform to whatever is decided to be in the best interests of the mass of the people. In seeking, therefore, the right line of advance in Asia, there is no need to let ourselves be distracted by thoughts of totally dissimilar conditions in East Africa or South Africa. But no one can deny that the discussion of communal dissensions in Ceylon has a direct bearing on India. India

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also is divided by communal discord ; India's political constitution is also in the crucible ; and for this reason no discussion of the Donoughmore Commission's proposals for Ceylon can be complete without some reference to their probable reaction upon conditions in India also.

Regarding Ceylon, the Commission clearly feel no doubt. Nothing in their Report is more decisive than their condemnation of the idea of maintaining separate electoral rolls and separate constituencies for the various communities which make up the population of the island. Communal representation, say the Commission, has missed its aim. It has not helped to unite the various elements. On the contrary, it has tended to hinder the development of friendly relations and the acknowledgment of common aims. It breeds self-interest, suspicion and animosity. It tends to stimulate the zealots and to obliterate the moderate men, because it sends representatives to the legislature "with the idea of defending particular interests instead of giving their special contribution to the common weal." If there were reason to hope that experience of it were leading minorities to set less store by it, it might be condoned as a temporary makeshift ; but, on the contrary, the evidence shows that the appetite for it grows by what it feeds on. Communities that enjoy some measure of it ask for more ; and others which are without it demand their portion. There are at present ten or eleven communal seats ; fifty would be required to satisfy all the claims which have been put forward. The Commission do not believe that minorities in Ceylon are in real danger of oppression, and think that all practical requirements will be met by giving the Governor the power, in case of need, to nominate members to a limited number of seats.

How does all this bear upon the problem of India's political future ? There are obvious reasons for being on our guard against any too hasty inference. Ceylon in population and revenue is comparable to a fraction of most of the provinces of India. Religious and caste

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divisions are few and simple compared with those of the sub-continent. The strongest minority in the island, that of the Indian immigrants, numbers only 700,000. There are 540,000 Ceylon Tamils and 312,000 Moslems. The communal system is of recent introduction, and not justified by the existence of tense religious discord. The Ceylon Moslems admitted that, if the legislature ever were to impose religious disabilities on them, it would be clearly rather out of ignorance than ill will. All these things make a difference. If Sir John Simon and his colleagues find the great majority of 70 million Moslems in India out of distrust of their Hindu fellow citizens clinging tenaciously to the protection conceded to them by Lord Minto and confirmed to them by Mr. Montagu and Lord Chelmsford, it may not prove as easy for them as for Lord Donoughmore and his colleagues to make short work of what the latter describe as "a canker on the body politic."

If that is so, what then? We shall have reached a crucial stage in the great experiment, and to bring it to a sound conclusion we shall do well to pause and clear our ideas. We know what we want to do. We want to make India and Ceylon self-governing countries, and in the case of India at all events, we have defined our aim as being "responsible government." We have to ask ourselves whether the communal representation of minorities is or is not compatible with such an aim. This question has never really been thought out to a conclusion. It was never raised when Mr. Montagu made his declaration in August, 1917. It came up some months later, and it is dealt with in paragraphs 228 and 231 of the Indian Reforms Report.* The authors of the Report were substantially of the same mind as Lord Donoughmore and his colleagues. They held that a division by castes and creeds meant the creation of political camps organised against each other, and taught men to think of themselves as partisans and not as citizens; that it offered no likelihood of a change to undenomina-

* Cd. 9109.

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tional representation; that it encouraged minorities in a feeling of dulled security, and majorities in a propensity to licence; it was the enemy of the give and take which is the essence of political life. But having said so much, Mr. Montagu and Lord Chelmsford shrank from drawing the logical conclusion which Lord Donoughmore has drawn. They spoke of the communal system as "a very serious hindrance to the development of the self-governing principle." They hinted at "slower progress towards the realisation of a common citizenship." But they did not clinch matters by using the one practical argument which might have appealed to thoughtful Indians more powerfully than any *a priori* generalities, however sound. They did not point out that because it imposes on each community cast-iron limits of representation in the legislature, alterable only at the pleasure of some external authority, the communal system, so long as it endures, involves a palpable bar to the attainment of real self-government.

The outstanding merit of the Donoughmore Report thus is that it ought to cause a vital issue to be squarely faced this year. It is conceivable but not likely that the evidence laid before the Simon Commission as to communal electorates in India will lead that body to conclude that the investigators of 1917-18 in India and the investigators of 1927-28 in Ceylon were both mistaken, and that communal electorates soften discords and promote civil unity. But if they do not think that, then they have a choice of two courses. Either they must address themselves to the destruction, probably the gradual, but certainly the resolute and progressive, destruction of all communal barriers; or they must report that the wishes of powerful minorities must be respected and the barriers maintained, but at the price (which the reformers of 1918-19 hesitated to formulate) of the recession into the dim future of the attainment of self-government. The one thing which they will not be able to do with a good conscience will be to reaffirm the old purpose and simultaneously to

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strengthen and sanctify the biggest obstacle in the way of attaining it.

But it is time to turn to the scheme of the Report, and to examine whether it is likely to work in practice and to make the people of Ceylon better able to manage their own affairs. This article will confine itself to purely negative criticism. As a general rule such criticism exposes the critic to the charge of non-constructiveness ; but in this particular instance there are strong reasons for deferring any positive suggestions until the cognate questions which are being examined in India have been pronounced upon and the complete material is available.

II. THE COMMISSION'S SCHEME

ALTHOUGH the Commission do not consider Ceylon suitable for responsible government in our sense of the word, they claim that it is both possible and desirable to give her, subject to certain safeguards, complete control of her own internal affairs, by adopting the scheme set out in their Report. In it they have not made use of the usual parliamentary model. "The parliamentary system of government is," they point out, "essentially dependent for its success on combined as opposed to individual effort, on the existence of parties whose representatives agree on a common policy, work together in support of their party's aims, are loyal to each other and to their party's decisions, and preserve on all major issues a united front in Parliament." In Ceylon, however, they find "no immediate prospect of the appearance of a party system but a serious danger that in the formation of parties obligations of race or caste would be too insistent to be ignored," and they consider that it would be "difficult to discover any clear-cut lines of division on political, constitutional or economic issues which would form the basis of a party system suited to the constitution and forms of British parliamentary

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government as that has generally been understood." In any case, they suggest, that particular type of government is at the moment very much on its trial both at home and abroad.

The situation which they found in Ceylon was as follows : Beyond a little municipal reform and the resuscitation of village councils about the middle of the last century, there was practically no change in the old simple Crown Colony type of government till 1910, when the Legislative Council was enlarged and the elective principle introduced (for four of the Councillors), the official majority being left undisturbed. In 1917, however, people began to agitate for an elected majority, and in 1920 this was conceded, the executive still remaining responsible to Whitehall. In 1923 the elected majority was increased. Communal representation was introduced in 1910, but until 1923, when they were given three seats in the Legislature, the Mahomedans were represented only by a nominated member. Brief as the experiment has been, the results of the 1923 constitution are not to-day in dispute. Under it, the power passed to the elected members and, as they had no responsibility whatever for the government, the chief quality developed in them was a habit of unconstructive criticism. At the same time, the policy of extreme conciliation adopted by the authorities in their endeavours to carry the legislature with them had the effect of unnerving the civil service. The Governor still had the power of passing measures considered by him to be "of paramount importance," over the heads of the elected members, but the term, "paramount importance," seems to have proved as difficult to define in Ceylon as "aggression" has at Geneva, and in actual fact the power has never been used. The Governor, indeed, although still solely responsible for the government of the island, appears to have become little more than a figurehead. A change of some kind had obviously to come. The Commission's way of effecting it would be as follows. An enlarged council (to be called the Council of State) would

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take the place of the present Legislative Council, and consist of the following elements : (1) 65 members elected on manhood suffrage* and a common roll for a term of four years ; (2) three permanent officials to be called Officers of State, to wit, the Colonial Secretary (in future to be styled the Chief Secretary), the Treasurer and the Attorney-General, with the right of speaking but not of voting ; and (3) if thought necessary by the Governor, twelve nominated members, including three to represent the European community. There would be no executive council and the forty existing departments of government would be reconstituted in the ten new groups shown in the appendix to this article. The members of the Council (except the Officers of State) are to resolve themselves by ballot into seven standing Committees, each of which would be in charge of one of these groups, the remaining three coming under the Officers of State. The chairmen elected by the seven committees would themselves, together with the Officers of State who are again to have no vote, only the right to give advice, constitute what the Commission call a Board of Ministers which is to act as a Finance Committee and to deal with questions of order and procedure. The Chief Secretary would be its chairman, but would not represent it in the Council. For that purpose the Board is to elect one of its other members (not an Officer of State) and the person chosen is to enjoy the title of Leader of the Council. The work of government is to be done by the seven committees but their decisions must be confirmed by the Council and approved by the Governor, before action is taken. The Council will sometimes sit as an executive and sometimes as a legislative body. Each committee chairman will have his own secretary and staff. There would no longer be a "Governor in Council." The Governor is to have the right of consulting the Officers of State, but he is in future to act on his own account. He is expressly released from his present responsibility for the

* For the proposed franchise for women see the note on page 295.

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government of the colony, and normally he would not be expected to refuse or to reserve his assent to Bills, unless they are of a kind that he is bound to treat in this way under his instructions ; his powers are, however, in future meant to be used, and he will be free to use them on his own judgment. He can also still pass measures, if he considers them to be "of paramount importance" over the heads of the Council.

Such are the main heads of the Commission's proposals. The chief things to notice about them are as follows :

(a) The Board of Ministers is to be in no sense a Cabinet. The responsibility of its members would be individual and, except for one single purpose, that of the budget and the yearly and supplementary estimates, not collective.

(b) The only possibility of the four-yearly term of the Council of State being interrupted by a general election would be the rejection of the budget or the estimates, or the passing of a vote of no-confidence.

(c) The Governor is to have limited but real and personal powers.

III. THE ORIGIN OF THE SCHEME

SUCH is the scheme. Where did it come from ? The Commission acknowledge their debt to the League of Nations, but the League is a deliberative body and not a government at all. The proposals have been greeted as a new invention. They certainly do not seem to have been borrowed from foreign sources. Neither the French nor the Dutch have anything of the kind. An assembly with legislative powers was started for the first time in 1927 in Java, which up to the Armistice had been governed with a high, if benevolent, hand ; but her new constitution does not diverge from the beaten track. In Indo-China political arrangements are different, but there, too, there is nothing like the Commission's plan. The basis of the structure is

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village home rule, which many people think might have been the basis of political development in India.

And the Commission were doubtless right in not going to the French or the Dutch for a remedy for the troubles of Ceylon. We are too different from one another. The French in Indo-China, as Sir Hesketh Bell points out,* begin with the bottom. They like indirect rule; but, although a potentate has been suffered to survive here and there, generally speaking they prefer to evolve their own top in the shape of a body of specially trained and selected natives of the country who know on which side their bread is buttered, rather than to trust, as we do when we use indirect rule, to the chiefs of the old régime. They certainly take good care that no new top springs up and takes them by surprise. The growth of a politically minded intelligentsia, such as has been making the pace in India and Ceylon, is methodically retarded by a system of education expressly devised to keep the people from "coming on" too fast, though special safety-valves are left in the form of openings for youths of exceptional promise, if they show no sign of a disposition to give trouble later. As for representation and councils, they are of the most restricted kind and, although the right of orientals to reach self-government some day or other is recognised, any idea of equality at the present stage would be scouted. It was only in the first wild careless rapture of the Revolution that the French bestowed civic rights indiscriminately on the "black brother" in San Domingo and other old colonies. They do not pretend that they went to Indo-China solely for the good of her inhabitants, though, as the new Governor-General pointed out in 1925, "in working for their own profit and advantage they have at the same time worked for the benefit of the natives."† But trade is kept as far as it can be in French hands, and a surprising amount of direct taxation is got out

* See *Foreign Colonial Administration in the Far East*, an admirable and suggestive book by Sir Hesketh Bell, G.C.M.G. (Edward Arnold and Co.), pp. 256-257.

† *Ibid.* p. 235.

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of the country (in Ceylon taxation is nearly all indirect). French settlers too are encouraged, just as Dutch ones are in Java and used to be in Ceylon before we took over the island a century and a quarter ago. There is to this day a Burgher class composed of their descendants numbering 30,000 souls. It is easy to imagine how enormously a similar policy would have added to the complications of the constitutional problem in India if it had been adopted in that country, for British colonists would have meant the introduction of an unassimilable element.

But enough has been said to show how different our respective systems are. French success—and both they and the Dutch have had more of it than is generally realised—depends upon something more imponderable than either constitutional theory or administrative practice. There is a human touch in their relations with coloured peoples which one does not find in our own dependencies. Many of us, indeed, would not have it even if we could; but thanks to it the French manage better than we do to avoid offending the kind of susceptibilities which have come to be known as an inferiority complex. A friend with an exceptional experience of India once remarked to the writer that to-day there was not even the touch that *liaisons* with Indian women used to give in the time of the nabobs. We can, no doubt, take a point here and there with advantage from the French or the Dutch, but even if we had a clean slate in Ceylon, which is far from being the case, we should probably be incapable of applying their methods. After all, we can only teach the lessons that we ourselves have learnt.

It is, however, unnecessary to go abroad at all to find a prototype for the Commission's scheme. One need not even leave London. No one with the most superficial knowledge of municipal work could fail, after reading the Commission's report, to exclaim, "Why, this is our old friend, the London County Council!" And so it is. The Governor's position, it is true, would correspond to nothing municipal, and there are a few other points of

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difference which are vital from the point of view of efficiency, as it is hoped to show later ; but these things in no way vitiate the comparison. The scheme is indistinguishable in principle from the municipal model created by the British Local Government Act of 1888.

IV. WILL THE SCHEME WORK ?

IT does not, however, matter where the scheme came from provided that it will serve the purpose. The first doubt which suggests itself is whether it can possibly provide in practice the driving power and unity upon which every government depends for its efficiency.

In Italy these are supplied by an autocrat, in Great Britain by a Cabinet bound to stand or fall collectively by what its members do, its force being derived from the support of the party or combination of parties which has secured a majority of the electors' votes by putting before them a joint programme or policy. There would be no such leadership under the Commission's scheme, and it is not pretended that there would be. Each of the Commission's committee-chairmen is to be responsible only for his own committee's proposals ; the responsibility is, in a word, to be individual. Except for the budget and estimates, there would be no joint responsibility. Even if the proposals of a committee are rejected nothing need happen—the committee-chairman is not obliged to resign, and there is no general election. The Commission might, however, meet this general objection by saying that a municipal government works, though it differs from either a parliamentary system or an autocracy. Perhaps, then, an analysis of municipal arrangements may disclose some source of unity and drive although there is no autocrat or Cabinet, and although the party motive is either absent or so weak as to be, by itself, incapable of securing either of these essentials. It is true that the

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elections for the London County Council are held on a party ticket ; but the aim of the 1888 architects was to exclude " politics " and to secure a " best men " administration, an object which was to a large extent attained. For, although the great parties grabbed at the new machinery as soon as it appeared, " politics " have never really dominated the London County Council. They count, no doubt, in open Council, but the real work is done, away from the limelight, in committee,* and there human nature proves too strong for party in the ordinary way. That is why Liverpool and Birmingham, two of the most Conservative places in the kingdom, have come to be standing examples of municipal enterprise. Keeness soon infects the most sceptical of Municipal Reformers. It must be remembered that detail is the staple of municipal fare. The objectives are, unlike those of a State government, local, concrete and limited. For many people that is the fascination of the work. One sees things done. Politics in the party sense depend much more on theory for their nourishment. In a municipality even minorities wield influence out of all proportion to their numerical strength, for the simple reason that the personal factor counts in committee and, apart from this, a great deal of the work raises no question of party principle whatever. The result is that one finds a general attitude of one kind or the other rather than rigid party discipline, and even when the attitude is an obstructive one, it tends to become modified, except perhaps on the Finance Committee, where such tendencies find a natural and often a healthy outlet. And so it comes that the different sections of opinion represented at the County Hall are to-day rather allies than wings of the political parties. Party spirit can be counted upon only for a weak impulse even here in England, where the party system was strong before municipalities were thought of. In a country like Ceylon where

* For the spirit which animates a healthy municipality see *The Story of the London County Council*, by Emil Davies, Chap. IV. (The Labour Publishing Co.).

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the Commission find no trace of a healthy party system, it would certainly have no chance of developing under a municipal constitution, even if the other conditions were favourable, which they are not. For the requisite drive and unity, moreover, something more than this general attitude, which does duty for party spirit, is in any case required, even when the keenness which distinguishes a healthy municipality goes with it.

And this need was not overlooked by the framers of the 1882* and 1888 schemes. The Chairman and the Clerk of a municipal Council in their respective ways supply exactly what is wanted in the way of a unifying factor. The Clerk is present, either in person or by deputy, at every committee meeting, and in this way he obtains a grasp of the working of the whole machine, which enables him to prevent any of its functions failing, or the programme of the Council from falling into arrears. The oil, too, which stops friction between departments should be supplied by him; he must have the administration and its methods of working under his continual observation, and it is his task to keep the committees up to the mark and to see that their references do not become a dead letter; the committee clerks are his subordinates,† and he has the General Purposes Committee to appeal to. In this way the enthusiasm which gives drive does not run to waste; but no committee-chairman, however keen or competent, could fill the Clerk's place, for he has not the necessary bird's-eye view. Even the Chairman of the Council is too much occupied with questions of a general nature to get the grasp of detail which renders it possible for the Clerk to see that every part of the machinery is in gear.

In the Commission's scheme, however, there is no Clerk

* See The Municipal Corporations Act 1882.

† In London the Clerk of the County Council is not the clerk of the Education and Asylums and Mental Deficiency committees, but even these he is required to attend and to advise on procedure. On this question generally see *Municipal Organisation*, by Montagu H. Cox, 1922 (Isaac Pitman, London).

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and no Chairman. It may be said that the Chief Secretary will fill the Clerk's place: he is also to have the right of attending all committee meetings. Yes, but he will lack the Clerk's antennæ. The Commission's committee clerks are not to be his delegates, but so many little clerks "on their own," and in place of one secretariat there are to be seven secretariats—ten, if the departments of the Officers of State are taken into account. But, what is far more important than any defect in machinery, the Chief Secretary will lack the Clerk's influence. The Clerk owes his to the fact that he is the Council's own man. They trust him because they appointed him and because they can dismiss him if they are dissatisfied with him. The Chief Secretary's very security in his office would prove a fatal handicap, for he owes it to an outside authority. It will, moreover, be his duty, besides assisting the Council, to advise the Governor, that is to say, the personage who, for the committees, will always be the embodiment of alien power, and who may at any moment block one of their pet schemes. This would literally mean serving two masters, and the Chief Secretary's coadjutors, the Treasurer and the Attorney-General, will be in the same plight as himself. Nor will the Governor be in any better position to supply the unity that is wanted. It is expressly provided that he is to keep in constant touch with the committee-chairmen "and through them with every branch of the administration"; he is also to have the agenda and minutes of the committees and the Council. But a Chairman of a municipality needs no open-sesame because he is the Council's man, just as the Clerk is. No written powers will extend the cover of a mayoral mantle to the Governor, or predispose either committees or Council to take his advice. The factors which secure unity and drive in a municipality, then, seem to be altogether wanting in the Commission's scheme.

But even if the want of a Chairman and Clerk could be got over, it is more than doubtful if a municipal model

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would be suitable for Ceylon, because the scope of the government of a colony, even of a small one, is necessarily wider than that of a municipality, as a comparison of the lists of the London County Council committees and the Ceylon Government departments in the appendix will make clear. The former are concerned with local, the latter with national services, and neither are really suited for the other's work. Their task is not the same. The fact that the population in each case is approximately five millions does not affect the matter; the difference is one of kind. Centralisation, such as is obtained through the Clerk, works well only because the municipal sphere is concrete and limited. It would break down, just as the Colonial Secretary's sort of centralisation has done in Ceylon, if it were to be applied to a wider sphere. For the very fact that the municipal system is meant for detail imposes limits upon its capacity for expansion. Nor can the difficulty be got rid of by simply giving up centralisation and having ten secretariats instead of one, as is proposed in the Report, in order to prevent the glut which at present results from everything having to pass through the neck of a bottle in the office of the Colonial Secretary. For a sphere which passes the limits of municipal capacity you must have a completely different sort of government with its functions apportioned in such a way as to leave both the executive and the legislature free for the broad questions which are their real business, and to attribute its proper sphere to each part of the body politic.

The Commission's scheme, in truth, confuses policy and administration. No provision is, moreover, made for the proper formulation of the questions to be dealt with by the legislature. There is a passage in the Report on Indian Constitutional Reforms which suggests the principles on which this matter should be regulated.

A deliberative body (says the Report)* cannot suitably deal with

* See *Report on Indian Constitutional Reforms* (Cd. 9109), p. 139.

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details, because its constitution unfits it for such work. "Individually the members may express the most involved opinions, the most complex and divergent sentiments, but when it comes to voting, the body can only vote yes or no." It has to adopt or reject whatever propositions, original or amended, are laid before it. It can only proceed by formal rules, and it cannot arrive at its decision by quick interchange of views in conversation as a small executive body can. If proposals, once carried in the assembly, are to be effective, then their wise and accurate formulation becomes a matter of supreme importance; and no one but the authorities responsible for the administration has the knowledge to undertake this. Resolutions by the Assembly should therefore be concerned with questions of policy or principle, and not with details.

The Commission's scheme would depart from these principles, and involve one of two alternatives which seem equally undesirable. Under the first the legislature would have to do without the proper formulation and clear presentment of proposals submitted to it, on which the Montagu-Chelmsford Report lays so much stress, for the recommendations of the committees to the Council of State would necessarily be different from those of a responsible Minister. The Minister's represent a considered view arrived at with the assistance of departmental expert advice and framed with the precision which renders a simple affirmative or negative decision by Parliament possible. His proposals are assured beforehand of the support of his colleagues, and they come directly before Parliament for final decision. The recommendations of the Ceylon committees will sometimes represent the view of the majority of the members, which may or may not include the chairman, who has to put the resolution before the Council; they will frequently represent a compromise. In an ordinary municipality like London or Birmingham the fact that there is a committee stage in the passage of a resolution is no bar to adequate formulation and presentment for the purpose of the Council. The concrete and local character of the work lends itself to such a purpose. But the Ceylon committees would not be ordinary municipal ones. Their work would embrace the national field

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and their proposals involve highly theoretical issues and far-reaching principles. There would always be the complication of caste, race and religion, and the clash of interests that it entails. Under such conditions no expert assistance will be able to prevent a great deal of inaccurate or unwise formulation and obscure presentment which in its turn means unnecessary confusion and waste of time. The Council may, indeed, often be unable to deal with the questions put to it in an effective manner. The only other alternative would be for it to leave the committees a free hand, a direction in which, as will be seen later, it is sure to be impelled by other causes. But that would be tantamount to abdication by the Council of its function as the national legislature, and it would also inevitably be attended with other undesirable consequences described on a later page.

But there is another point which brings out the difference between the parliamentary system and the one which the Commission advocate. A parliamentary system requires fewer Ministers to run it. Seven would, on Indian standards, be too many for an island the size of Ceylon. The United Provinces, which are four times as big, and contain nine times as many people, get along with only five. But Ministers, as we have seen, are concerned with broad questions of administration and policy, whereas these particular committee-chairmen will be concerned with detail as well, and the Commission's seven, faced with the lion's share of the detail of forty departments of State, would soon feel like the seven maids with seven mops in *The Walrus and the Carpenter*. Can the reader see 65, or even 77, Ceylonese committee-men ever getting it clear? The London County Council has 21 committees, and it takes 124 Councillors and 20 Aldermen to man them. The Ceylon committees, moreover, will start handicapped, for they will not be able to make full use of the available talent. It will be a matter of chance if the ballot, the proposed method of appointment, results in individual

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Councillors getting the committees on which their special qualities or experience are most required, or even in the best men being made chairmen. A glance at the list of government departments in the appendix will anyhow make it evident that the Council of State would be swamped, and, as the Commission themselves recognise, public business is growing.

What, then, is to happen when relief becomes imperative? You cannot split up a State as you might, in the last resort, the area of an overburdened municipality. At the same time, the character of the new system must complicate the whole question of devolution. The local government problem, as it is, is obviously a peculiarly difficult one in Ceylon, but it would tax the ingenuity of the ablest of draftsmen to demarcate the spheres of central and local administrations which are all of the same kind, and all equally concerned with every-day matters. The Commission see the need for "the nicest discrimination and adjustment." As they say, "what is needed is 'drive' at the centre and a 'demand' at the circumference," for at present there appears to be not only a backwardness on the part of the Ceylonese in availing themselves of opportunities of developing local government, but also a lack of vigour at headquarters. But how are either drive or demand to be got if the Council of State is itself immersed in detail? Certainly the men to run so many public bodies of such an exacting kind would be difficult to find. One is tempted to wonder whether the idea is to make work to keep the intelligentsia of the island occupied, on the same principle as the French see that theirs in Indo-China does not outgrow the requirements of the public service.

And there is another consideration. Some day or other Pelion will be piled upon Ossa in the shape of still more detail for our harassed committee-men. Responsibilities which the Commission would, for the present, keep under the Officers of State will, under the unwritten law which

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now governs British Imperial policy, sooner or later have to be handed over to the Ceylon Ministers. Allowance must be made for this too.

But there is another way of getting relief, one to which the London County Council had itself to resort before it reached its twenty-seventh birthday, in order to avoid being "snowed under." It consists in leaving more direct responsibility to the standing committees, and, as already suggested, it is safe to prophesy that the Council of State would soon have to do the same, though in Ceylon this would only give relief for the moment and it would have the undesirable effects discussed in the next section.

V. THE EDUCATIVE VALUE OF THE SCHEME

THE second question must now be considered: is committee government going to make the Ceylonese better able to manage their own affairs? Whether or not the world of his time agreed with Pope when he wrote,

For forms of government let fools contest;
Whate'er is best administered is best.

it is certain that other counsels obtain to-day. Efficiency by itself is no longer enough, and the constitution of a dependency is nowadays expected to be of a kind to raise its people in the political scale. The Commission's scheme, if the arguments in this article are well founded, is wanting from the point of view of efficiency. It is believed that it would equally fail from the standpoint of its educative value. Experience goes to show that the best hope of political progress lies in the development of a capacity for corporate responsibility, in one word, for team work, which finds its natural expression in a healthy party system. The Commission do not, however, apparently look for any such result from their scheme. Their line of reasoning, if it is permissible to paraphrase

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their words, is: "There is no sign of team work in Ceylon to-day—that is of a kind not based on caste, race, or religion—and there is no likelihood of its developing at present. So be it: let us give her a constitution which does not need it." A constitution has, accordingly, been selected which seems of all others the least likely to result in such a development. The Commission, it is true, do not look upon their plan as final; but it is difficult to see how it is going to lead to anything except, perhaps, another Royal Commission, which would have to start all over again from the beginning after another period of failure and discontent. Even if the functions of the Board of Ministers were to be extended, one of the possibilities contemplated, that would not bring a sense of corporate responsibility any nearer as long as their responsibility is only several. There is nothing to create solidarity among them; there is no reason to expect even the sort that comes from sympathy.

It is difficult, indeed, to see where responsibility lies under the scheme. It would no longer rest on the Governor, but it certainly does not pass to the Board as such. They are, except for the single purpose mentioned, only to be a group of individuals. Yet obscurity on such a vital matter would surely be a fundamental obstacle to the political progress of both electors and legislators under such conditions as exist in Ceylon. To realise the position, the reader has only to imagine himself a Ceylon elector. When the time for a general election comes round, how is he to know who is to blame for any particular action? There is no scapegoat ready to hand in the shape of a Cabinet, and the chairman of the committee concerned will often be able to show that he disagreed with his committee, or the obnoxious measure may be the work of two or even more committees. Finance, moreover, comes into everything, and it will frequently be possible to plead an alteration of the original proposal by the Board of Ministers. It must be remembered too that the Board itself would be utterly unlike an ordinary finance committee. The main concern of the committee-

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chairmen who are to sit on it will not be economy at all, but the particular projects of their respective committees, and there will be a natural temptation to settle things on a mutual profit basis which would, in itself, militate against the growth of a sense of financial responsibility. It would be so anywhere in the world with such an arrangement in force. The absence of any body on whom the responsibility can be definitely fixed under the Commission's scheme would not only be fatal to the development of a responsible attitude, it would be a positive danger. Then, the occasions on which chairmen will have to stand up, even as individuals, and persuade the Council in public session to adopt their committees' proposals—in itself a most valuable training—will grow fewer as an increasing amount of power has to be devolved upon the committees. The Council is bound to become less and less important as they become more and more so.

There is, however, an even more insidious evil. In times like these, when attention is, in so many countries, distracted from ordinary practical problems by an overmastering preoccupation like nationalism—an incomparably stronger force than party feeling—no type of government comes off worse than the municipal, which is in any case peculiarly liable to fall a prey to corrupt influences in communities where a low standard prevails in public life. The difficulty is not peculiar to the East. Irish municipalities have not even yet recovered from the demoralisation of the Home Rule and Sinn Fein days, and the more important councils have had to be suspended. But it is a risk which would certainly not be less formidable in Ceylon, where caste, racial and religious divisions generate so much ill-feeling and jealousy. And it does not follow because the collective principle is kept out of her constitution that it will not crop up in other ways. Members of the various castes and communities are sure to get together and the secrecy of a committee-room is ideal for log-rolling. There will naturally be a scramble to get on to the committees

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which offer the best facilities for securing material advantages or attacking European officials, which, in itself, is likely to react adversely upon the efficiency of the committees, for others, possibly more important from the public standpoint, may be neglected in consequence. The scope, too, for intrigue will naturally be greater than ever, when the pressure of business makes it necessary to give the committees a freer hand. There are ways of reducing the risk, but no safeguard can do away with it. Human nature will prevail, just as we have seen that it does at the County Hall, though it may take less desirable directions. The one thing, to use the Commission's own words, that "reduces to a minimum the intrigues, bargainings and understandings," which are inevitable when you have a number of petty groups under a parliamentary regime, is the party system. A great party or combination which aspires to office cannot afford to allow itself to be brought into disrepute; it must be ready to defend whatever its supporters do. But under the Commission's scheme, there will be no such collective guarantee of good conduct. Many people would sooner have regular parties frankly based on caste, race or even religion than an arrangement which makes it easy for interested people to get what they want by hole and corner methods. Nothing is so likely to bring all government into disrepute.

And even if they could cope with the work, is it really desirable to keep the noses of Ceylon legislators glued to departmental detail? The Commission's argument seems to be: "these people have a natural taste for it, we will therefore give them their fill of it." There are, it is true, passages calculated to leave a contrary impression; one for instance, speaks of "diverting attention from the discussion of academic theory to the practical consideration of the pressing administrative problems of to-day." But it is evident that the Commission recognise that their plan is anything but ideal, otherwise, they would not talk, as they do elsewhere, of "making a virtue of necessity." The proper antithesis too is, of course, different to the one suggested.

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No one wants academic theories to become the preoccupation of the Ceylon legislators. The real choice is between broad questions of national policy and administration and a welter of detail in which they would be literally submerged. And, notwithstanding one or two euphemistic references to this thirst for detail, their description of the present state of things shows that the Commission have no illusions about its real character. "The training thus given unofficial members," they say, "has been training in details of administration outside their legitimate sphere of activity, and has caused a degree of interference with the administrative machine altogether unwarranted by, and inconsistent with, the accepted standard of parliamentary government." The paradox comes with the conclusion. One finds not, as one would expect, a proposal to correct an undesirable attitude, but a frank abandonment of the parliamentary system. Surely this is unnecessarily cynical! The writer asked a friend the other day, who had had exceptional opportunities of seeing the parliamentary system at work in Egypt, what reform he thought most wanted. He replied without hesitation, "something to keep Members of Parliament off departmental detail." Such interference is demoralising for members. For one thing, it leaves them no time for the legislation and study of broad questions of principle, which are their real métier; but it also destroys the efficiency and morale of the public service. It is, indeed, as the Report makes clear, one reason for the glut in the Colonial Secretary's office. No wonder the Commission found 55 *ad hoc* committees in existence. This, one shrewdly suspects, was the only way in which legislative busybodies could be side-tracked. It will be easy for anyone who reads the Report to picture the competition for roads, bridges, irrigation and the thousand and one things that fall under the heading of public works; the intrigue over staff matters. And the danger would appear to be greater in a little country like Ceylon where, the Commission tell us, they found that "everyone.....

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was known to each other, that every government official occupied a position of prominence in the public eye from which, whether on or off duty, he could never escape, and that especially in matters of appointment and promotion the interest of unofficial members was daily enlisted in administrative matters of practical importance to their friends and constituents." Imagine the life of the head of a department in these circumstances, with committee-men always on his track! The Commission contemplate rules to define the limits of interference; but what rules could effectively curb an appetite recognised and legitimised by the very constitution of the country? And will not one of the Commission's own proposals give it an edge? They would remunerate the white officials on a higher scale than the coloured staff. There is nothing to quarrel with in this suggestion taken by itself, for the expenses of a European in a tropical service are obviously greater than those of an inhabitant of the country. But is it not certain to add to the difficulties of a committee system, by increasing the general jealousy of Europeans, and by giving a further stimulus to intrigue? The impression left by a study of the Report is that what Ceylon wants more than anything else in the world is a constitution which will get the eyes of her politicians off the ground, and their minds above detail. The prevailing infatuation for it is surely not a foundation on which to build, but a vice to be eradicated in the best interests of the Ceylonese themselves. "Democracy," says the municipal Labour writer referred to in a previous page, "can only function successfully by leaving the detail to officials."*

Bad then though the existing situation has been shown by the Commission to be, the adoption of their scheme might make it even worse. There is certainly nothing to show that the existing difficulties would be less. Many of them have already been dealt with, but there would also still be friction. The national question would colour

* *The Story of the London County Council*, p. 86.

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everything just as it does at present. The powers conferred on the Governor, though negative, are meant for use, and, though it may be doubted if he would be allowed by Whitehall to do very much, his new rôle would be sure to excite apprehension, and it might lead to clashes of a serious kind. The accountability, too, of the Officers of State to the Council will not make its members forget the dual personality with which the proposed constitution would endow them in making them the Governor's servants as well as their own. Is it supposed that Mr. Hyde will be out of the picture for a single moment while Dr. Jekyll is advising a committee? Dyarchy, too, is implicit in the scheme, though unconfessed and ill-defined, and the form it takes seems likely to be just as irritating as the Indian variety, without having any of its educative value.

VI. IS THE PARLIAMENTARY SYSTEM PLAYED OUT?

IF then the arguments used in this article are well founded, the Commission's scheme would appear not to be a step at all, but at best an end, and a dead end. Is it, indeed, too much to say that it is a counsel of despair? The circumstances are admittedly unfavourable for the growth of healthy parties in Ceylon. There seems to be no reason for supposing that the Commission have in any way overstated the case in this respect. Caste, race and religion are all working in the other direction, and no parliamentary system can hope to succeed unless there is a capacity to sink minor differences in order to attain broader ends: a certain sense of citizenship is indispensable. And even if caste and communal differences could be eliminated, nationalism would still bring everyone into the same camp, "agin the Government," as long as any control remains in British hands. But there are two factors which have made the conditions infinitely worse in Ceylon.

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One is the separation of power from responsibility, the other communal representation, and the existing constitution is to blame for both. If these two obstacles were out of the way, the other difficulties would, it is believed, become less formidable. The disintegration in Ceylon is, indeed, mild compared with what Mr. Montagu and Lord Chelmsford found in India. Yet they did not despair. The parliamentary system of responsible government was deliberately adopted by them as the goal, and with the concurrence of the Chairman of the Ceylon Commission. Possibly he finds the progress made in India disappointing. The constitution of 1919, which introduced the first instalment of the parliamentary system there, set up two kinds of Ministers side by side in the provinces, one kind responsible to the British Parliament, the other to the elected representatives of the people of India. The experiment has had many difficulties to contend with, and its results have varied in different parts of the country, but at least one of the major difficulties which attended it—the very one at which Mr. Montagu drew the line—has been foreseen and eliminated in the Ceylon Report. On the question of communal representation the Donoughmore Commission have taken the bull by the horns. There may be better plans for Ceylon than the Indian plan—the Commission would rule it out in any case, because financial control has already passed to the elected members; but whatever constitution is adopted, the belief in the possibility of evolving a sense of corporate responsibility, on which the Indian experiment rests, is surely preferable as a basis to the opposite conviction, which underlies the Commission's scheme. It works, indeed, as has already been seen, in the other direction.

This article is not a brief for any particular form of government. But is the stock of the parliamentary system, this country's special contribution to political progress, as low as the Commission seem to judge it to be? It is undoubtedly going through a trying period, and certain

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countries have already fallen by the way; but the times are not yet normal, and there are special reasons for some of the lapses. Jugo-Slavia, for instance, where the King has just suspended the constitution, is inhabited by three different peoples which have not yet had time to attain solidarity, and his action was apparently the one way of holding the new State together. But in any case, can dictatorship be regarded as a permanent institution? Greece has already come back to the fold and it remains to be seen how an absolutist regime is going to be carried on in the other countries affected after the death of their dictators, if it lasts till then. The surprising thing is how often the parliamentary system has brought the best men to the fore without any straining of the constitutional machinery, especially when the unlikely character of many of the countries where it has been tried is taken into account. It may be ruled out for Ceylon on other grounds, but it certainly cannot lightly be written off as a failure generally.

It may be that some other form of constitution will be deemed best for Ceylon. For the municipal model in itself THE ROUND TABLE has nothing but admiration. It has had splendid results in our great cities. The London reader has only to look round to see proofs of this in the metropolis. The system is as much the product of the genius of our race as the parliamentary one. Could it be extended successfully to a country like Ceylon, approaching the Irish Free State in size, with a population divided in every conceivable way, by race, religion and caste, and with the varied conditions described in the Report? Some reasons have been given in this article for thinking that it could not be so extended, and that in any case it would not be a good choice from an educative standpoint for a people so inexperienced in political responsibility. But even if this were not so, and if such a system could be applied to the Government of Ceylon with beneficial results, these particular proposals would not give it a chance. For the

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constitution advocated by the Commission is, as an earlier section has shown, a municipal model stripped of the very features which give it the drive and unity upon which its working depends. Without these essential elements it would become a mere loose congeries of committees, themselves the battle ground of conflicting sects, and it is common knowledge that a house divided against itself cannot stand.

APPENDIX.

Proposed ten Departmental Groups for Ceylon.

1. **DEPARTMENT OF HOME AFFAIRS :—**
Police. Prisons. Fire Brigades. Mines. Factories. Labour, including Indian immigrants. Workmen's compensation. Insurance. Statistics. All matters of internal arrangement not allotted to other departments.
2. **DEPARTMENT OF AGRICULTURE :—**
Agriculture. Irrigation. Forestry. Veterinary Services. Fisheries.
3. **DEPARTMENT OF LOCAL ADMINISTRATION :—**
Local Government. Lands. Settlement. Survey. Local Option.
4. **DEPARTMENT OF HEALTH :—**
Medical and Sanitary Services and Research. Medical Education, Hospitals, Asylums and Charitable Institutions. Public Analyst. Quarantine. Housing.
5. **DEPARTMENT OF EDUCATION :—**
Elementary, Secondary, Technical and University Education. University College. Museums, Libraries and Galleries. Archaeology. Printing.
6. **DEPARTMENT OF PUBLIC WORKS :—**
Public Works. Electrical Undertakings.
7. **DEPARTMENT OF PUBLIC COMMUNICATIONS :—**
Railways. Posts and Telegraphs. Ports and Harbours.
8. **DEPARTMENT OF THE CHIEF SECRETARY :—**
External Affairs. Maldives Islands. Defence, including Volunteer Corps. Drafting of Legislation. Public Service Administration, discipline, appointments and transfers. Audit.
9. **DEPARTMENT OF THE TREASURER :—**
Finance generally.* (a) Executive duties, statutory and otherwise; custody, collection and disbursement of all revenue, including that derived from customs, excise and salt; preparation of Annual Budget and Estimates and of Supplementary Estimates; investment of State funds; management of the public debt; loans to local authorities, etc. (b) Financial supervision of all departments, including contracts, stores, financial regulations of public services, strength of establishments, leave regulations, salaries, pensions and allowances. (c) Advice on financial policy, including taxation, loans, exchange, currency, etc.

* A long list of the functions of the Ceylon Finance Department will be found in Appendix VI in the Report.

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10. DEPARTMENT OF THE ATTORNEY-GENERAL :—

Administration of justice generally. Advising the Government in all legal questions. Preparation of all legal instruments and contracts. Conduct of elections.

London County Council Committees :—(1) General Purposes. (2) Finance. (3) Education. (4) Public Health. (5) Housing of the Working Classes. (6) Highways (including Tramways). (7) Asylums and Mental Deficiency. (8) Main Drainage. (9) Fire Brigade (including Ambulance Service). (10) Establishment (co-ordination of staff). (11) Building Acts. (12) Local Government Records and Museums. (13) Parliamentary. (14) Public Control; Gas and Meter testing; Weights and Measures; Shops; Employment Agencies; Motors; Explosives; Massage Establishments, etc. (15) Parks and Open Spaces. (16) Theatres and Music Halls. (17) Improvements. (18) Stores and Contracts. (19) Small Holdings and Allotments. (20) Midwives Acts. (21) Appeal (to hear appeals to Council under Metropolis Management and other Acts).

AFTER THE GREAT NGAMI TREK

I. THE PROMISED LAND

IT is just thirty years this Christmas since the last of the trekkers parked their great ox wagons by the Ghanzi pan* alongside the others which had already been there a month. For the expedition took Khama's advice and, to avoid the fate of the advanced party which lost so many of its members at Mpatshékuro from want of water, it travelled through "the great thirst" in pairs. Every pair of wagons gave the pair in front of it a day's start, an interval which got sadly drawn out before the trek, a seven months business from start to finish with extreme vicissitudes of hardship and pleasure, was over. Such things, however, as thirst and fever were quickly put behind us in the exhilarating air of the high plateau. All that remains to-day of the great trek is a kaleidoscopic memory of desert dunes, of glaring heat and mirage, of whirling dust storms, and of woodland glades—groves of macharachara trees with orange-like fruit embedded in dark green foliage—as the silence of the sands was exchanged for remote pans with their screaming bird life and their dense thickets. What a rush we made for that precious water, the haunt of all the creatures of the wilderness, and a scanty enough supply it proved. Then came the Kumadan lake and the Botletle river, deadly breeding grounds of fever, but teeming with every imaginable kind of fish, fowl and beast. We never knew what dangers

* A pan is a shallow sheet of water.

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lurked in the jungle through which our wagons with their long teams of oxen pushed their devious way, but the eye still feasts in fancy upon those scenes of sylvan beauty, the great wild fig trees, the acacias, the mimosas, the towering palm, and the baobab with its fruit full of cream of tartar, a cooling drink for the sick and a sovereign remedy for scurvy, the scourge that dogged our footsteps.

But the story of the trek has already been told.* Our present concern is with the subsequent fortunes of the trekkers.

II. ANNALS OF THE COLONY

GHANZI reached, our first act was to thank Providence which had brought us through the perils of the wilderness. This done, we again got on the move, but this time it was only to spread out fan-wise to all the points of the compass to find the farms which had been allotted us. A busy time it was, this initial stage, with its building and its well-digging, for though some of the farms had a natural water supply or Bushman wells, they were in nearly every instance insufficient and had to be cleaned out and deepened. They had, moreover, to supply the needs of all the neighbours until they dug their own wells which varied in depth from ten to sixty feet. Fortunately the rainy season had filled the pans, and in some cases they lasted for months.

Then the cattle, the small stock and the poultry had to be protected from beasts and birds of prey. Their names, beginning with the lion and the eagle, and ending with the weasel, the mouse and the chicken thief, would fill a zoological garden catalogue, and they were one and all greedy to get at the new dainties which our arrival added to their bill of fare. In such surroundings indeed ceaseless vigilance was necessary to avoid extermination, and all

* See THE ROUND TABLE, No. 65, December 1926, p. 81.

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hands had to be ready to meet a sudden call. Even the women could handle a rifle.

But there were compensations. For one thing, there was no such thing as bad feeling. Everybody was kind to everyone else, and each Sunday the entire community would assemble for divine service, which was conducted by one or other of the older men. Every fourth Sunday we used to repeat the 121st Psalm which our beloved Nicolas Hofmeyr and his son Adrian had commended to us. "The Lord shall preserve thy going out and thy coming in from this time forth, and even for evermore." Had we not had proof of His care?

There were, however, questions of vital importance to settle touching the conduct of affairs in our little colony, and our leader, William Drotsky, undertook to go back to consult Mr. Rhodes. He set off one morning with a young man and a light cart with a picked span of oxen so that the journey might be made lightly and quickly. While he was away several of our comrades succumbed to the after effects of the hardships of the trek. Among the first were the heads of the van Staden, Talgaard and Lewis families, and William Drotsky himself got back from his journey only to die of fever. The loss of these elders deeply affected the whole community; but the needs of the moment left little time for mourning.

It is difficult to picture the isolation of our settlement. The Boer war had been on for months before we heard of it. The news reached us in this way. One of our number, on a trip to Damaraland to sell goats, was kept in quarantine by the Germans because—so they said—of an outbreak of foot and mouth disease at Oudtshoorn in Cape Colony, and he heard them talking about the war. When he got back he passed on the news to us. Then our stores, meal, sugar and tea, began to give out and some of our settlers made an attempt to get through the Kalahari by following the spoor of the old 1894 expedition. They got as far as Lehututu, but there they were turned back

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by the natives. It was useless pushing on for they were informed that Mafeking was besieged, so they retraced their steps as best they could. Eventually we managed to get some mealies from the Batawanas at Tsao by barter.

After the relief of Mafeking there was a period of quiet which lasted till the Hottentot war started in the neighbouring German territory in 1906. This period was, however, broken by an event of tragic importance to us. In 1902 we lost our best friend with the death of Mr. Rhodes, and after it we came under the step-fatherly care of the Bechuanaland Protectorate government. It seemed at the time as if we should now be altogether forgotten, and that the promises made to us would never be fulfilled. But though several families trekked away in despair into Angola where many of them perished, the rest of us held on in the belief that all would come right in time. At the moment of the outbreak of the war in Damaraland some of our people happened to have gone on business to the nearest German garrison, and on the way back one of them was waylaid and killed by the Hottentots. In other ways, however, this war was a source of profit to our people. The price of oxen rose to a high figure and there was a keen demand among the soldiers, who wanted souvenirs to take home with them to Germany, for gemsbok horns, skins and sjamboks. This enabled us to procure many necessities of life, which we had hitherto had to do without.

Then came the great war, and its effects were soon felt even in Ghanzi. For one thing, our cattle depreciated in value. Then, several of our young men went off to "do their bit" in Flanders. When the settlement was first started, a camp was formed by the police escort at Machabing near lake Ngami, at some distance from Tsao, the chief Sekhomi's town, between the reserves and the settlement, two men and a sergeant being stationed at Ghanzi. In 1914 word was sent to our farmers from Tsao that they had better come in to the police station, which possessed a maxim gun, as it was impossible to protect them at Ghanzi.

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It was a perplexing situation. We had little ammunition. One man had four dumdum cartridges which he was advised to destroy as no quarter would be given if they were found on him. Most of the settlers decided to make a stand. When, however, news came that the Germans were on the march and already across the border, several families trekked off to Tsao. Others who lived near the enemy's line of approach fortified their houses, and the rest of the settlement resolved to form a laager.

Relief came with a rather ludicrous incident. A sergeant and a trooper collected a party of Makalahadi kaffirs and went forward to Abeakubus to reconnoitre the road along which Germans were expected to come. Here they concealed themselves in the scrub on a ridge which overlooked the water hole; they did not know that the enemy's scouts had already passed. Suddenly the main body hove in sight in the distance. The Makalahadis at once bolted, and the last heard of them was the frou-frou of their leather breeches as they scuttled off through the thorn bushes. The two Britishers were, however, equal to the occasion. They had brought a package of dynamite with them and this they split into several large charges which they placed in the limestone cavities along the ridge. They then started the fuses and galloped away to another view point. The ruse was completely successful. The Germans, thinking, no doubt, that they had a battery of artillery to deal with, turned tail and fled. In the meantime, their scouts had reached the camp at Kwagonai, which they found occupied by a couple of native policemen, one of whom converted the water hole into a rifle pit and the other defended himself in his hut. The native in the water hole kept the enemy at bay for a time, but was at last shot, and the other man was wounded trying to get away after his hut had been set on fire. As the main body did not turn up the scouts, puzzled at finding no white policemen at the camp, decided to retire on the main body

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which they did not catch up till they got right back to Gobabis.

Thus ended the Germans' attempt to annex Ghanzi, the Kalahari, and eventually the whole of South Africa. General Botha was too much for them. Berkeley's and Tom's forts still bear witness to their valour; but, if they had continued their advance, what earthly chance would we in Ghanzi have had? No doubt, however, they thought that we were ready and that there was a trap laid for them.

III. THE COUNTRY AND ITS INHABITANTS

AN airman hovering over our little colony would have a varied view. To the north and north-east he would see the bush-covered rocky kopjes, green and grey, which separate the Lake Reserve from the Ghanzi district with its rolling open plains, its tracks of bush, its ridges and valleys and its pans girt with trees; the homesteads, too, scattered about from one to fifteen miles apart, connected by wagon trails, each with its cattle kraal and its bit of garden, and here and there a windmill. The plains would also meet our airman's eye, with their troops of eland, wildebeeste, gemsbok, hartebeeste and ostriches, and the cattle and the flocks of sheep and goats in the neighbourhood of the farmhouses, a truly peaceful pastoral landscape. Here and there he would descry patches clear of game, the result of some raid by Bushmen or wild dogs. Near the centre of the picture and away from the other buildings, the magistracy premises would stand out with our newly erected meteorological tower.

A self-contained little territory it is, still in a half wild state. There is not even a village, let alone a town, or a railway. Only a single motor car, a German, has visited us since the settlement was founded, and it had to be pulled here by oxen, as it had used up all its petrol. A motor

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lorry, too, once came on locust extermination work, but now one of our own people has a car! As for an aeroplane, it would seem like a miracle. We have never even seen one. Yet we all of us know about such things, for the recently started post nowadays brings us newspapers and magazines once a fortnight. Traders, too, come here with their wares when the rains make it possible to travel; it is, however, an arduous trip, and its difficulties are reflected in the high price of the goods. But visitors, whatever their errand, are sure of a hospitable welcome; we are genuinely glad to see strangers.

Of the original sixty families only twenty-five, including those who later trekked away into Angola, reached Ghanzi and took root. The rest either drew back before the start or, sick of the interminable delays, went home during the long waiting period, among them a few who had received Mr. Rhodes's grant. The whole population to-day is, however, well over a hundred, counting women and children, though until a year or two ago there was no such thing as a school.

Then there are the natives. One of Mr. Rhodes's stipulations when the settlement was founded was that only whites were to have farms. The trekkers, however, had the choice of either Kaffirs or Bushmen for servants, and they chose Bushmen, thinking that they would be able to train them. Even to-day we prefer them. One occasionally sees a Kaffir in service, but hardly ever a Batawana, though Makaoko, Barotsi or Ovambokooshi and sometimes Makalahadi are used for heavy work. Bushmen are generally employed as herds or kitchen boys. The Damara is best with cattle, the Bushman for light jobs, though he cannot be trusted very far out of one's sight.

West of Ghanzi there is a tract of quite unexplored country inhabited by a peculiarly vicious tribe of Bushmen known as the Makaoko. They allow no strangers in their country, not even Bushmen from other tribes. One of our Bushman servants once ran away and took refuge with

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them, whereupon, their king ordered him to be instantly put to death. For these people, unlike other Bushmen who have no chiefs, boast of a king.* The news was brought us by some of their women who had wandered our way. A party of our people once penetrated some distance into this country, which they described as beautiful cattle veld; but being weak in numbers they did not care to risk an encounter with the Bushmen who are very elusive and past masters in the art of ambuscade. Thanks to these qualities, they have been left severely alone. But there is another lure—gold. People talk about a great white quartz reef which traverses the whole country and can be seen a long way off, with rich gold in it visible to the naked eye. A trader one day saw a Bushman with an arrow tipped with the precious metal, and Bushmen have been known to bring rough diamonds into Gobabis bigger than peas—sometimes twice the size—which they said they found in the Kalahari near Ghanzi. The Germans had told them to look out for such stones.

But if one can believe what one hears, there is more than natural gold; there is also buried treasure. Readers of the *Great Ngami Trek*† will remember the trader-hunter, van Zyl. Wealth he undoubtedly possessed, for when his star was in the ascendant, he did a great trade in truck—muzzle-loaders, powder, lead, brass, wire and beads, and

* Dr. Cadle, the American leader of the Cadle-Cameron expedition to the Kalahari, which he believes to be the real cradle of the human race, gives the following interesting account of some of its bushmen:—"We came into touch with the Sand Bushmen, who are an exceedingly primitive people (continues Dr. Cadle). They are living in conditions exactly like those of the early Stone Age. On the whole they have no implements or weapons of iron or steel. Their arrows are tipped with bone or ivory, and they use stone knives. They have absolutely no social organisation. They live in little communities of two or three families, and they live entirely by hunting. Among them no one has any authority over another; each man is a law unto himself. They are completely nomadic in their way of life; in fact their mode of life is dictated by the game they hunt. They contest with vultures the remnants of game killed by lions, and they bury their sick before they are dead, as they must not touch a dead body."—*The Times*, October 15, 1928.

† See *THE ROUND TABLE*, No. 65, December 1926, p. 83.

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all the *negotie* that the native loves. He became so rich indeed that he brought a certain Robert Rankin here to build him a great store by the Ghanzi pan, and a house, too, that was the wonder of the wilderness. There were stained glass doors and windows, plank ceilings and floors and even carpets. What a palace it must have seemed to the wild Bushmen who ventured that way! All this magnificence van Zyl, who had his family with him and several hunters in his employ, attained by trading with the Batawana for elephant tusks which he took to Walfish Bay. After helping Moremi, however, to escape from the Bastards, he had a premonition of impending trouble and decided to "cache" his money and goods. He therefore carted the stuff some way into the desert and stored it, carefully done up in tarpaulin packages, in a cave by one of the limestone pans. He then built in the entrance and covered it over with earth so that no one could recognise it. His money—and he is believed to have had a large amount at Ghanzi—he buried near the house. He then sent his own people back to the Transvaal, and after loading up the only wagon that was left with tusks, he started off after the setting sun for the coast where his agent was waiting for the ivory. But the agent waited in vain, for van Zyl had only been two days on the road when he met with his death in circumstances which have already been described in these pages.*

To return, however, to the Bushman, his resourcefulness is wonderful, and there is no better place than Ghanzi to study the ways in which he adapts himself to his surroundings, ways which would often spell disaster for other people. White men and Kaffirs have both been known to perish of hunger and thirst in the desert, though they were in the midst of plenty, if only they had known Bushman lore. He is safe with lions, beasts of prey, venomous reptiles and rapacious birds all round. He lives in their midst and constantly wanders past their haunts with perfect impunity,

* See *THE ROUND TABLE*, No. 65, December 1926, p. 83.

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for he has a scent which excites their disgust. They would rather see the devil himself than him. Antelopes are credited with a power of preventing their smell from carrying down wind to their enemies, and keen-nosed dogs have failed to detect their hiding places. The Bushman can also get rid of his when he wants to crawl up to his prey. His children have been known by us to go ten miles alone through tangled bush to their mothers who had left them with relations while they went foraging. One comes across these people on dark nights sitting unconcerned in the bush while lions crawl by on their way to some cattle kraal, or in what appears to be the most uncompromising kind of desert miles away from water, squatting over a little fire kindled by a couple of sticks rubbed together, with a repast before them that would puzzle an epicure. For the earth yields of her store to the Bushman and he spices it with all sorts of condiments* of which civilisation knows nothing. He can melt, too, so effectually into his background that people pass close by without even knowing that he is there, and his mimicry is perfect. He can also creep up to his victim like a cat or a crocodile. It is easy to imagine what he would be like as an enemy.

Here is an incident that happened in our settlement. A Bushman and his wife took a job on a farm. They wanted to earn a few goats for the sake of their milk, of which they are very fond. The man preferred to earn the goats honestly as he would otherwise have had to hide them. There was also a Kaffir working on the farm who began to show attention to the wife. When the Bushman noticed this, he asked his master to order the Kaffir to leave off his attentions. Otherwise, he said, he would soon be in no condition to pay attention to anything, and he produced a tiny arrow. The Kaffir turned a ghastly hue. He knew what that arrow meant and ever afterwards he kept at a respectful distance. These tiny weapons are for the

* *e.g.*, ant salt, which is made of a kind of ant found under stones which has a salt taste when dried and pounded.

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Bushman's enemies, and they are steeped in such deadly poison that he has himself to be careful in handling them. He has also larger arrows smeared with different kinds of venom according to his quarry. Others again are clean or tipped with a slow poison which is harmless to anyone who eats the "kill." He knows of a root, too, which stupefies fish, and of a bark which kills them.

IV. LIFE IN GHANZI

THE reader may ask what sort of a life we lead in Ghanzi, this Cinderella in Cecil Rhodes's family of colonies, which in the space of thirty years has reclaimed a fair land from the wilderness? To-day even timid folk would find it safe enough. It still teems with game, but beasts of prey are no longer a menace, for the warfare which we have waged on them has driven them further afield, and they nowadays seldom put in an appearance from their fastnesses. We are still, however, in the geographical sense, a people apart. We hear of innovations in the far-off world, but such things as electricity are merely an expression to our children. We have not even an electric torch in the settlement, let alone the telegraph or wireless. To get about we still depend upon wagons, Scotch carts, horses and donkeys. We have no department of agriculture to advise us; we have, indeed, no department of any kind whatsoever.

People who live in populous centres will, no doubt, wonder what those who live so far away from civilisation find to do. How, it will be asked, do we manage to amuse ourselves, and what are our ideals? A high official who was here a few years ago is reported to have said that he had never met people who were better off. Well, we are not, in spite of our desert surroundings, mere nomads like the Bedouin; but it would be an exaggeration to compare our lot with that of the wealthy farmers in the Union. The glad eye does not necessarily mean that the shoe does not

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pinch. Our chief difficulty has been our lack of means and, considering the little that we had to start with, creditable progress has been made. Cattle are, of course, our mainstay and, as will be seen in a moment, it is an industry with difficulties of its own; but if the farm machinery that we were promised had been forthcoming our operations might also have included an extensive cultivation of the soil. For recreation, there is always something to hunt and, for the rest, we pay each other visits, a great resource with farms as far apart as ours are. As for our ideals, they are that our children should grow up clean in mind and healthy in body. If we lack the amenities of civilised life, we have something that is worth all of them put together—contentment.

And we have also health, as the reader would admit if he could see our young stalwarts. He could not fail to like them. They have none of the boorishness that one would expect to find in people reared in such surroundings. Brave boys, nearly every one of them has a lion to his credit and some of them count their trophies in double figures. Even the girls can shoot and, thanks to the climate—our plateau is about 3,800 feet above sea level—they are as lithe and active as young gazelles. No need of cosmetics for the complexion here, or of artificial exercises to give the figure grace. The reader should see the children, too, and the hardy old people with their hospitable ways.

And we have beauty too. Ghanzi is at its best when the rains have fallen and the mimosa and acacia are out, and the veld a carpet of flowers. The bulbs are then in bloom in the marshes and the bush is veiled in creepers and bright with fruit and blossom. There is only space to mention a few of our wild flowers. Some have their prototypes in British gardens, but many are strangers. We have no names for some of them ourselves; though the amaranth, love-lies-bleeding and the butterfly flower are old friends. The writer has seen a plain which in March looked in the distance like an English meadow gay with

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buttercups. The flowers, too—they were like mauve gloxinias—were even more beautiful than buttercups, and there were miles and miles of them. Sweet peas with purple-red petals and green hearts as large as ever you see at home greet one in park-like vistas. Then there are heliotrope, lilac coloured solanums, with yellow pistils, and heaps of harebells, orange saucers, sage, sorrel, tulips, everlastings, lilies, malvas and trefoils. There are great tracts covered with a creeping weed called mosethlwa, veritable fields of cloth of gold. We have also ground orchids of azure blue and gilt, little particles of heaven they might be, sprinkled about the earth, replicas of the stars. The thickets, too, are draped with creepers, some like virgin's bower or traveller's joy, others nameless. One of them becomes a mass of fleecy cotton after flowering and covers the bush with a snow-like mantle. Then there are stretches of nyng nyng, with its lilac tinted leaf and a pink and white trumpet-shaped blossom, and all kinds of convolvulus. Over and over again one comes across some lovely unknown flower.

Nor must our trees be forgotten, the macharachara, for instance, to which the reader has already been introduced, with fruit the size of a naartje,* sometimes even of a large orange. Certain kinds have a sweet flavour like a guava, and a yellow pulpy flesh with big round flat pips and a hard thick yellow shell like a calabash. There are spreading groves of great maroolas with fruit that is splendid for pickling; the natives make beer of it. West of the Botletle river there are wild dates with huge sprawling branches, and fig trees with the small fruit that the little apes are so fond of. Beyond the Okavongo or Gioge river again, there are trees which resemble poplars with a sweet scarlet plum, like a damson, but the reader would be wearied long before the list of our trees was exhausted.

The beasts have already been mentioned, but we have every imaginable kind of bird as well, from the ostrich down

* A small orange like a tangerine.

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to the tiny blue, red and green woodpecker with his long bill. On the open plains there are paauw,* secretary birds, korhaan, and other bustards. Great flocks of guinea fowl roam the bush and every pool is frequented by doves and pigeons—among them the pretty little Norwegian variety which come close to the houses. Flocks of kewits haunt the farms. They start up at one's approach, ten or twelve of them together, with their cry, kewit! kewit! only, however, to settle again close by. We have also owls, and bats, and night hawks as big as eagles. Carrion will attract crows and vultures, though they usually keep away. As for small birds, their name is legion, and very lovely some of them are. There are grand songsters, too, among them; also oddities, like the mouse bird whose tail is so long that it compels an undulating flight, and the goat sucker with a white feather like a floating ribbon on each wing at courting time. Then there are the butcher bird, the honey guide, the bill bird, the blue jay, the toucan, and the makaoke, with his grass nest roughly fastened at the end of twigs round trees, and the entrance underneath. They are not much larger than sparrows and like to build near a house. There are parts of the bush where one sees little hanging nests, the home of a small grey bird. We have also swallows, martins, and long billed, long shanked birds of various kinds which come with the rains, to say nothing of the locust birds. There are insects, too, of every kind and description, some of them strangely beautiful; but this article is getting like a natural history book. If, however, the reader cares about such things, he will find specimens of many of them at South Kensington.

But even at its worst, when there are no flowers or fruit and the birds are still, Ghanzi is not a bad place. In July, if you look for it at daybreak, you will sometimes find a skin of ice on open water. Occasionally, too, a black frost sears its passage through the grass, leaving a shrivelled strip in its wake, and towards the end of the winter before

* A turkey bustard.

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the rains the veld gets drab. But even then there is verdure on the trees and later on, when they, too, lose their freshness, the grass in its turn is green and bright.

We have our problems too. One that our farmers are always discussing is why we have to dig so much deeper to find water than we did in former days. There was an apparently unfailing underground supply in 1898. Yet, the wells we dug then are sinking at the rate of about six inches a year. Those which used to be forty feet deep are now more than fifty. The pioneers who were sent to spy out the land in 1895 found the big pans full and they were in the same condition when we arrived three years later. At Rietfontein, for instance, the spring was bubbling over and it used to form a regular stream in the dry bed of the Epukiro river. The ground below the spring was thick with reeds, palmettos and other growths for a long way round, and it was the same with the Ghanzi and other pans. They kept like this, moreover, for years. It looks as if there was truth in the old Bushman's story of a running river long ago. There are signs, at all events, which show that the country round Tsao was, less than a hundred years ago, periodically flooded by the Gioge, and that the Koudam river used to join the Epikuro. There was, evidently, a smaller stream, too, which cut a more direct channel across to the Okwa, which is itself only a continuation of the Epikuro. Further south the river divided, the western branch flowing into lake Kumadan, while the other passed through Anderssen's Vlei in the direction of the little lake, Lehututu. Many believe that the water level is sinking, either because the climate has changed or because the rivers are being diverted through erosion at their source into channels which take their water away from the Kalahari, and prevent it reaching our springs. Whatever the reason, however, our farmers do not worry; for the result of the boring operations which the Union Government has been carrying on over our western border in the Umab desert—an extension of the Kalahari—has been most

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reassuring, a splendid supply of water having been found at depths of from 50 to 300 feet.

Our veld, too, is sweet and clean. Cattle thrive on it, and there are certain grasses which keep them in good condition all the year round. Sheep of the short haired, fat tailed variety also do well. Merinos have not been tried on account of the difficulty of getting them here, but there is no reason why they should not do. Goats thrive. It is, indeed, a cheering sight to see the condition of stock of every kind on our veld. Pigs do well running wild, and no wonder, for this is the home of the bush pig. At present the trouble about cattle is that there are only two outlets, the Congo by way of Angola or Barotseland; or in the rainy season, the Rand goldfields through the Kalahari. The latter is, however, a precarious venture, and last year we had not even enough rain to fill the few pans along the road. It seemed that no one would get through. There were people here in February with mobs of from 500 to 1,000 cattle who had been waiting for a chance of getting them to market ever since the previous November. The year before a lot of 800 perished of thirst on the first lap of the journey, though hundreds got through later. The drivers were in too great a hurry. It was a pity, for the cattle they lost would have paid for many a well.

V. THE FUTURE

WHAT, then, is to be our future? We know, of course, that things cannot remain as they are indefinitely, with the population of both the Rhodesias increasing, and a growing tendency on the part of the white inhabitants of the whole sub-continent to spread out. The overflow has hitherto mainly affected the north, but it is bound in time to come our way too. Our settlement lies on the direct road from Rhodesia to Walfish Bay, an all red route to the sea

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ready to hand, as soon as people get tired of filling the foreigner's pockets with their traffic. Whether our ultimate destiny is to be tacked on to the Union or to Rhodesia is, however, a matter of speculation. The Chartered Company owns farms and mining rights here, but in the great war Ghanzi was an outpost for the whole of South Africa, and it was we who braved the wilderness to establish it. This service and the difficulties which we have encountered have left us with wide affinities. We had no sooner reached Ghanzi in 1898 than the Germans began to cast it in our teeth that the whole hinterland as far east as the Limpopo was theirs. We should, they warned us, soon be swept away as interlopers.

But when it comes to actual amalgamation, our people draw back. We have no wish at present to be joined on to anyone. Here, in our little community, we are all brothers; cliques are unknown; there is no such thing as dissension. But we know from our newspapers that with our neighbours it has often been otherwise and such behaviour on the part of people who call themselves Christians excites our disgust. What advantage, we ask ourselves, could union with such folk bring us that would make up for what it might take away?

Ghanzi,
via Gobabis (S.W Africa),
1928.

THE WAR AGAINST POVERTY IN INDIA

I. ECONOMIC AND GENERAL

THE problem of reducing the poverty of India is referred to elsewhere. The object of this article is to show the present economic position, and some of the things which have been done or are proposed, in order to ensure progress.

Even a brief survey of economic literature, particularly current literature, will show that India has not in the past received, and still does not receive, the attention to which her importance entitles her. She is a sub-continent containing nearly two million square miles and a total population of about 320 millions. Of the sub-continent about three-fifths consist of British India with a population of close upon 250 millions. The remainder is made up of the Indian States, some of which are comparable in size to the smaller European countries, while others are only a few square miles in extent, and their economic and political importance naturally varies considerably. A peaceful and regular government is, however, guaranteed in all of them by the *Pax Britannica*, and railways, roads, and telegraph and postal lines run without interruption from British India in and out of them. British India and the India of the States indeed form a single economic unit.

It would, then, be extraordinary if such an immense,

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thickly populated, and diversified portion of the surface of the earth were not a factor of great importance in its economic system. In 1913 India ranked sixth among the trading countries of the world, and by 1925 she had attained to the fifth place—a fact which is not perhaps generally recognised. Year by year her exports and imports have climbed practically without a pause, except during the war, for well over half a century. Fifty years ago her exports of merchandise were in the region of sixty millions of rupees, but in 1925, a record year, they almost touched four thousand millions. The curve followed by her imports runs almost parallel with that of her exports, but at a somewhat lower level. They rose from about forty million rupees in 1874-79 to very nearly three thousand millions in 1925-26. These are big figures, and their continuous rise is a reasonable ground for predicting a still more important place for India in the future. Broadly speaking, she exports raw materials and food-stuffs, and imports manufactured goods; but in the year 1926-27 she exported cotton manufactures, including twist and yarn, to the value of 107½ millions of rupees, whilst her exports of manufactured jute in the same year were assessed at nearly 532 millions. The year before they had been almost 55 millions higher. Very few countries are now outside the orbit of her trade relations, but her chief dealings are with the United Kingdom and the British Empire generally, Japan, the United States, and Germany. Java with her big shipments of sugar also fills a large place in India's import trade.

From these figures it will be clear that India is predominantly an agricultural country, and her chief industry and main source of wealth is now, and perhaps always will be, agriculture. Somewhere or other within her borders it is possible to grow pretty well every kind of food crop, whilst jute of which she has a monopoly, cotton which is increasing in value and still capable of considerable improvement and extension, tobacco, oilseeds which in

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1925-26 were exported to a value not far short of 300 million rupees, and lac of which she still has a virtual monopoly, are crops which she can readily sell for money. Indigo is still cultivated in parts of the Madras Presidency and the Ganges valley, but it has, of course, nothing like its former importance, and the same may be said of opium, the export of which is being heavily reduced in accordance with India's international obligations. The area under food crops and "money" crops respectively in British India has varied comparatively little during the past twenty years. From 1906-7 till 1910-11, about 40 million acres were under money crops and about 210 million acres under food crops. Between 1921-22 and 1925-26 the latter had advanced slightly and the former had risen to about 46 million acres. It is interesting to notice that in both cases the areas under the various crops maintained a practically unchanged ratio. Thus, between 30 and 40 per cent. of the area under food crops was throughout devoted to rice, and about 10 per cent. to wheat, whilst cotton accounted for about one-third of the area under money crops, and oilseeds for rather less.

Obviously, the most important questions from the point of view of Indian economy are: first, what scope is there for an expansion of cultivation, and, secondly, how can agricultural methods be improved so as to increase the yield or to promote the introduction of new crops? The second question is, of course, dealt with at great length by the Royal Commission which reported on Indian agriculture last summer, and it is proposed later to glance briefly at some of their recommendations. But before doing so the first question must be considered. Cultivation can be increased by extending irrigation to tracts hitherto barren on account of an insufficient rainfall, by clearing good arable land at present covered with forest, or by opening up new country in outlying provinces which is at present remote from settlement or beyond the limits of rail or road transport. The Commission point out that

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between 1921-22 and 1925-26 nearly 50 million acres were on an average irrigated from government and private irrigation works—the percentage of the irrigated area to the sown being 19·4. Practically half of this enormous tract was watered by canals, while tanks, wells and dams accounted for the remainder. In four of the largest provinces, the Punjab, Madras, Bombay and the United Provinces, and also in Sind there are a number of irrigation projects in hand which when completed will largely increase the cultivable surface of India. In the Punjab, the Sutlej valley project, which is expected to be ready in about five years' time, will add two million acres to it, and this scheme, it is pointed out, by no means exhausts the possibilities of Punjab irrigation. In the United Provinces, the Sarda Canal, which was opened last month by the Viceroy, adds about 1·75 million acres, but the possibilities of perennial irrigation in the United Provinces will, it is believed, then be exhausted. In Madras, the Cauvery-Mettur scheme will ensure a more systematic irrigation of about a million acres and bring another third of a million under irrigation. In the Bombay Presidency, there are various works in hand to protect parts, which suffer from a deficient rainfall, from famine. In Sind, which from an administrative point of view is part of the Bombay Presidency, one of the most important irrigation schemes, not only in India but in the world, is approaching completion. At present all the canal irrigation in Sind is of the flood type, that is, the canals only receive a supply when the Indus attains a certain height. About two million acres of land are watered in this way, but when the famous Sukkur barrage is finished, not only will this area receive perennial irrigation but another three million acres will be added as well. It is clear therefore that, when all the projects now in hand have been completed, the cultivable area of this country will be very largely increased, and there will still be further possibilities of canal irrigation.

Unfortunately it is not possible to speak so definitely

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about the possibility of reclaiming country at present under forest, or of opening out new lands in outside districts. As the Commission point out, uncultivated land is at present divided into "culturable waste other than fallow" and land "not available for cultivation." This is a very vague classification and, in Burma, admittedly based on guess work. The Commission therefore recommend that it should be carefully re-examined. The "culturable waste other than fallow" is put at 152 million acres, of which nearly half lies in the two undeveloped provinces of Burma and Assam. The land classed as "not available for cultivation" is rather less in extent, amounting to 150 million acres. It, of course, also includes land covered with buildings, roads, water, and so on, but even so, considering the immensity of the area comprised under these two classifications, there must be possibilities of reclamation. Taking therefore into account the scope still left for irrigation, which, it must be remembered, includes not only canal irrigation, but also tank, tube-well and ordinary lift-well irrigation, as well as the possibilities of reclamation and of opening up fresh land, it is clear that the last word has not yet been said in the matter of the extension of the cultivable area of the country.

Turning now to the other question, namely, the possibility of improving Indian agricultural methods, the best plan is plainly to study the chief recommendations of the Commission. These fall into two groups. The first relates to scientific research and its application to the raising of crops and animal husbandry; the second has to do with finance. It is proposed to create a Central Council of Agricultural Research, which would represent the various interests and act as a clearing house for information. It is also to co-ordinate the research work of the central and provincial departments of agriculture, and to establish a bureau to organise co-ordinated work in connection with crops, animal husbandry, dairying and veterinary matters. The Commission urge definite experiments to

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test the usefulness of different fertilisers and to discover more efficient methods of seed distribution, and so on. They recommend that the existing oil-crushing industry should be extended, and types of implements and machinery evolved which are suitable for the varying conditions obtaining here and capable of being applied to mass production. The railway authorities are urged to consider carefully the part which they can play in agricultural development; provinces in which irrigation is an important factor are recommended to form local advisory committees to deal with irrigation administration, and the Government of India is advised to create a Central Irrigation Board, with sub-committees in the various provinces, and a central bureau of information on irrigation matters. The Report further suggests that provincial Governments should give liberal grants-in-aid for road development, and float loans to finance sound schemes of road building. It is, however, pointed out that roads should be so designed as to serve as feeders for the railways rather than to compete with them for the traffic. The appointment of an assistant to the Indian Trade Commissioner in London is also recommended and the possibility suggested of creating trade commissionerships in other countries.

A number of important recommendations are also made as to the way in which agriculture is to be financed and on other cognate matters. No usufructuary mortgage of agricultural land should, in the Commission's opinion, be permitted unless provision is made for automatic redemption within twenty years at the outside, and the provincial Governments are advised to consider legislation on the lines of the Punjab Redemption of Mortgages Act. The importance of starting land mortgage banks under the existing Co-operation Acts is stressed, and an appeal is made to men of education to lead a movement for the improvement of the conditions of village life, and for extending compulsory primary education both to men and women, with elementary agriculture as an important

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part of the curriculum. They would like, too, to see the co-operative movement assisted to the fullest extent by provincial Governments. There are many other recommendations, but even this cursory sketch will be enough to show that the Commission have indicated a programme which will occupy both the central and provincial Governments for a long time to come. It also puts opportunities for true nation-building work before the landed, financial and educated classes generally. In any case it will be clear that we can look forward both to an extension of the cultivated area of India and also, if only effect is given to some of the recommendations of the Commission, to an improvement in the yield and quality of staple crops, which would itself mean an incalculably large addition to the national income.

India has also, however, extractive industries which are far from negligible. In 1924, for instance, over 20½ million tons of coal, a record, were raised in British India, and nearly as much was produced in 1926. Close upon two million tons of iron ore were raised in 1926, and the output of petroleum was over 280 million gallons in the same year. Salt is another important item in India's mineral production, and nearly two million tons of it were produced in 1919. There is gold too in British India and tin, wolfram and zinc are all found in Burma, though their production is not yet of great importance. There is also copper in Burma, Bihar and Orissa, and Madras, though this again is not yet exploited on any considerable scale, and there are some of the richest iron ore deposits in the world in Bihar and Orissa. India's immense agricultural resources are indeed backed by large mineral resources which offer possibilities of considerable industrial development.

How then, does India dispose of what she produces? With so vast a population it is inevitable that the bulk of it should be consumed here, and it has, in fact, been estimated that less than ten per cent. is available for export. But this percentage represents a true exportable surplus,

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that is to say, it is what is left over after the wants of the people of the country have been satisfied. Nevertheless, exports of such staple commodities as rice, cotton, and jute are still very large, and a highly important factor in world trade. It is a pity, as the Commission point out, that no adequate survey of the Indian internal markets has ever been undertaken. There are thousands of them, and they range from the well-built, well-organised grain markets of the Punjab Canal colonies, to the modest stocks at the disposal of the village shopkeepers in district centres. The average cultivator grows food for himself and his family, and marketing is, as a rule, only a secondary concern. Nevertheless, it is certain that if marketing and distribution generally were better organised, a good deal of waste would be saved and this would have a favourable effect on prices and, no doubt, increase the amount available for export. But although so much that India produces is consumed inside the country, the agricultural products which are exported are far from insignificant. In the record year, 1925-26, the value of rice exports nearly reached 400 million rupees, whilst the raw cotton exported came to about 95 millions, raw jute to about 38 millions, oil-seeds to roughly 30 millions, and tea to more than 27 millions. Exports of wheat fluctuate greatly. Thus, during the year 1924-25, their value exceeded 17 million rupees, but two years later they had fallen to something over 2½ millions. There are also other important exports of agricultural and raw products and some of them are on the increase.

At the same time the ports, railways, and roads have been steadily growing for the past half-century, and so has road traffic, particularly motor traffic. All this is also helping to stabilise and strengthen the economic structure of India and, in conjunction with the possibilities to which reference has already been made, it shows that important though her position already is in the trade of the world, she can look forward to still further progress. But this in

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its turn depends upon the development of the financial machinery which is discussed in the next section.

Agriculture is, of course, far the most important industry in India. Nearly three-fourths of her people, indeed, are dependent on it for their livelihood; but the other industries are sufficiently important to place her among the first eight industrial countries of the world. Indian factories and workshops, moreover, cover a wide range of operations. In the year 1926, there were 7,251 factories subject to the Factories Act. They included the great jute and cotton mills, steel works, railway workshops, clothing factories, electrical engineering works, petroleum refineries, dyeing and bleaching works, tanneries, rubber factories, cotton ginning and paper works, and a multitude of others. The average daily number of persons employed in them in British India during the year 1926 was over $1\frac{1}{2}$ millions. As might be expected, Indian industry is mainly concentrated in the three oldest British possessions, Madras, Bengal and Bombay. We find, indeed, more than half of the factories registered under the Factories Act, and about 70 per cent. of the total industrial population in these places. In Bengal, notably in Calcutta and its suburbs, there are the jute mills and railway workshops; Bombay is the chief centre of the cotton industry, and Madras has rice mills, cotton factories, cotton ginning and baling works, and railway workshops. Outside the three presidencies, the most important centres are the Tata works at Jamshedpur, the woollen and cloth mills and leather and engineering works at Cawnpore, the mills which deal with the immense rice crop of Burma at Rangoon, and the flourishing cotton industry of Nagpur. The Punjab, however, is not devoid of factories, and Amritsar, Dhariwal and Lahore are all likely to grow in importance as industrial centres. In the year 1926-27 India exported nearly 532 million rupees worth of manufactured jute to the leading countries of the world, as well as the 107 millions worth of cotton goods already mentioned.

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But in considering the extent and scope of Indian industry we must not forget the village and cottage industries, which, in the aggregate, are of immense importance, though only a small percentage of them find their way into the official statistics. As far back as 1921, the census return showed nearly twelve millions of people as employed in industry of some kind or other, and the number must have grown appreciably since then. Practically all the major provinces of India now have departments of industries which devote a great deal of attention and money to improving the implements and technique of village industries, and in many places co-operative societies have begun to tackle the problem of marketing their products. Hand-loom weaving and pottery are usually a factor in the self-sufficing economy of the Indian village, but an amount of hand-spun yarn, cloth and pottery—the last still made on the primitive potter's wheel—which, in the aggregate, is considerable, is produced for sale. An interesting and important development of late years has been the application of power to village industries, such as oil and sugar cane pressing, rice hulling, corn grinding, and so on, and when certain hydro-electric schemes, especially the Punjab one which is now in process of completion, are finished, this particular improvement may reasonably be expected to receive a great stimulus. In fact, the application of scientific inventions to village industry, the continued extension of communications of all sorts, the work of the provincial departments of industries, and the assistance of co-operative societies, particularly on the financial side, all presage considerable developments on this important side of the national economy.

At the moment Indian industry and the labour on which it depends are far from being in a satisfactory condition. As far as cotton, the premier factory industry, is concerned, the future is obscure. Its chief centre, Bombay, has suffered for the best part of a year from severe and prolonged strikes, accompanied by rowdyism and actual crime. There

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has been nothing like the same amount of unrest in other centres of the industry, such as Ahmedabad, Sholapur, Madras and Cawnpore, and the indications point to something amiss with the Bombay city industry itself. Certainly this was the conclusion reached by the Cotton Tariff Board, which issued its report in 1927. The Board found that, although competition from Japan and other parts of India was responsible for some of the troubles, the mill-owners were themselves responsible for others. It would seem that the industry is in the process of migrating away from Bombay, and there is no reason to doubt that this process will continue. The Tata works at Jamshedpur have also suffered heavily during recent months from strikes, and the process of modernising the equipment and organisation of the great railway repair shops has led to others on a serious scale in important centres like Lillooah and Kharagpur near Calcutta. There is, in fact, a good deal of unrest now-a-days among Indian labour, much of it due to the usual economic causes, but much of it also undoubtedly due to paid agitators and communist agents. As long as the latter are able to continue their work, an industrial population, poor and ignorant, cannot be expected to settle down. Yet last autumn, when the Indian Government introduced a Bill to enable them to remove non-Indian communist agents from the country, they were opposed in the Assembly by prominent representatives of Indian industrial and financial interests. However, bitter experience during the intervening months, particularly in Bombay, has, there is reason to believe, produced a certain change of attitude, and if, as is probable, the Bill is re-introduced, it may well pass into law during the forthcoming session. But the seriousness of the existing labour situation should not be under-rated. The movement for higher wages and better conditions of living is in any case bound to continue and to grow in strength, though it will not be assisted by the efforts of those who want to use labour for purely political purposes.

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II. FINANCE.

LONG ago a Finance Member of the Government of India expressed the intimate relation between the annual monsoon and the finances of India in a famous aphorism. The finances were, he said, "a gamble in rain," and, as the author of *India in 1925-26** has pointed out, this aphorism still holds good, although the extension of irrigation and communications of all kinds, particularly railways, described in the last section, has made the gamble a less desperate one than it used to be. A bad monsoon means not only scarcity and distress in India, but also a great reduction in the exportable surplus of her products—and agricultural products form three-quarters of the total exports. In consequence, a strain on the exchange is also involved, and reduced resources to meet the large annual charges, which she has to meet in foreign countries, particularly in England. For India is a debtor country and has to pay interest on the large amount of capital invested in her railways, irrigation system and other undertakings. The annual payments which have to be made in England by the central and provincial Governments are at present something over £30 million, most of which, of course, represents interest on capital sunk in productive works, but also includes pensions to retired officers, leave salaries, the cost of the High Commissioner's establishment, and so on. The balance of trade is normally largely in India's favour and in 1925-26 it reached the record figure of 161 crores† of rupees. In that year gold and silver bullion to the value of 52 crores was imported in part liquidation of the balance of trade. There has been for many years a flow of precious metals from outside into India.

* *India in 1925-26*, by J. Coatman.

† A crore is 10 millions.

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The finances of the central Government are only part of the finances of all India, and provincial finances are a very important element in the whole. In the year 1926-27 the revenue of the central Government amounted to 1,316.5 millions of rupees, whilst that of the provincial Governments totalled 864.3 millions. The existing financial relations between the central Government and the provinces attained their present form as the result of the Montagu-Chelmsford Reforms. Their most important feature is the clean cut between the central and provincial heads of revenue. The central Government now has certain sources of revenue, the most important of which are customs, salt, and income-tax, whilst the provinces also have their own sources, of which land revenue is the most important. This clean cut left the central Government with the prospect of a heavy deficit, to meet which it was decided to take annual contributions from the provincial revenues. The new arrangement began to function in the middle of the post-war stringency and financial upset, and naturally both the central and provincial Governments quickly found themselves in monetary troubles. Budget deficits were the order of the day. Between 1918 and 1923 a number of lean years and recurring deficits brought the finances of the Government of India into a parlous condition, and the prospect of a remission of provincial contributions, to which the provinces looked for financial salvation and for the means with which to undertake the expansion of beneficial services, such as education, public health and so on, of which it had been hoped that the reforms were the prelude, had apparently receded into the remote distance.

But relief was at hand, and it was to come from a combination of good fortune and rare financial skill. For the beginning of Sir Basil Blackett's period of office as Finance Member coincided with the beginning of a hitherto unbroken series of good monsoons. The story of Sir Basil's administration is now a matter of history, and it is unneces-

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sary to do more here than set down very baldly its results. In his first year he balanced his budget by increasing the salt tax, an act which met with fierce opposition but produced the desired effect. It may also be mentioned that the tax was restored to its original figure a year later. Once his budget was balanced, Sir Basil Blackett was able to look about for the surplus which would enable him to begin the process, which he had announced lay very near to his heart, of abolishing the provincial contributions. In his search he was greatly helped by the work of the Inchcape Committee which led to economies in various directions. This, in conjunction with good monsoons and the steady, if slow, restoration of economic stability both in India and abroad, put him in a position to make his first remission in his budget for 1925-26, whilst in his last budget in 1928-29, he was able to announce the permanent remission of the provincial contributions which were still outstanding. The budgets of most of the provincial Governments are now balanced and provinces like Madras and the Punjab are in an eminently satisfactory financial position. In fact, as far as the general finances of the country are concerned, India is in a very enviable position. The state of her public debt and her credit are eminently satisfactory. In his last budget speech at Delhi, on February 29, 1928, Sir Basil Blackett could point out that, during the previous five years, productive debt had increased by 189 crores, whilst unproductive debt had diminished by 76 crores; that the debt due to deficits in the national revenue between 1918 and 1923 was being steadily wiped out and that if the present rate of progress were maintained, twelve years would see every rupee of unproductive debt expunged. The value to India of her Government's wise policy of debt reduction is shown by the fact that in 1926 they borrowed in India at the rate of 4.69 per cent. subject to income tax, whereas in 1922 they had to pay 6 per cent. tax free. Again, it is worth noticing that the charge on the budget of 1927-28 for interest on dead-weight debt was between five and six

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crores less than it was four years before, and considerably larger than the total amount of the present provision for the reduction or avoidance of debt.

Thus, with balanced budgets, decreasing unproductive public debt and sound credit both in India and abroad, the national finances are in a healthy state, and we may now pass on to the question of the amount of capital in private hands which is available in this country for industrial and general economic development. Anybody who knows India will at once realise that anything like a census of personal wealth is quite out of the question under present conditions. At the beginning of 1925, a committee was appointed to enquire into economic conditions here and, discussing this very question in a separate minute, one of the members of the committee said :—

Witnesses frequently expressed the opinion that enquiries regarding the personal wealth of the people would be greatly resented, probably viewed with suspicion, and lead to no fruitful results. Any attempt to ascertain the wealth of individuals and families may prejudice the results of the enquiry as a whole. Some witnesses take the view that, in certain parts of the country, the investigators would meet with a very hostile reception. Moreover, it would be extremely difficult to estimate the value of jewellery, even if families were prepared to disclose their holdings. Many a person would refuse to reveal his buried wealth for fear of dacoity (i.e. gang robbery), apart from the likelihood of taxation. In the present stage of India's social progress it would appear advisable to abandon the idea of carrying out enquiries into individual wealth.

It is true that partial enquiries are being carried out by official, semi-official, university and other bodies, into various aspects of the economic conditions of the Indian people, but these enquiries are relatively insignificant in view of the vastness of the subject, and years of close study by competent economists would be required to extract from official records, such as settlement reports, the wealth of economic data which they contain. Even an approximate estimate, therefore, of capital available for investment in private hands cannot be given. The imports of precious metals into India, however, show that there must be a great

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reservoir of capital in the country, for they have been going on for years, and the hoarding habit is proverbial here. In 1925 it was admitted in the report of the External Capital Committee that India possesses a vast store of dormant capital awaiting development, and later in the same year Sir Basil Blackett, addressing Delhi university on India's banking and monetary problems, referred to her historic reliance on external capital both for government expenditure and for the development of her industries.

It may (he said) sound fantastic to talk of India's not only supplying the whole of her capital requirements but also becoming a lender of capital for the development of other countries. Yet I believe firmly that given the necessary development of banking and credit facilities. . . the time is not very far distant when India will be doing both these things. India would seem by nature to be destined to be a creditor country if only her people will it so.

We may take it, then, as certain that large supplies of capital are lying dormant in this country, which would be available for the purposes of development if only it could be mobilised. Clearly this mobilisation can be effected only by the development of a sound system of banking and credit, but this is a truism which has been stated with varying degrees of emphasis and authority by committees and commissions, financial experts and business men, during the last few years. The latest and most authoritative pronouncement was made by the Royal Commission on Indian Currency and Finance, which issued its report in August 1926. "Nothing," it said, "should be left undone which will tend to facilitate and encourage banking progress in this country."

What then is the present state of banking in India? In the official moral and material progress report for 1926-27* we find the following account.

Indian banks fall into four well-defined classes : First, there is the Imperial Bank of India, with its many branches all over the country,

* *India in 1926-7*, by J. Coatman ; p. 231. (Calcutta : Government of India Central Publication Branch.)

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numbering over 160, in addition to about 20 sub-agencies. Next come the exchange banks, which are really branches in India of banking corporations, whose main interests are in Europe or the Far East, and who finance the Indian export trade as an important addition to their main operations. Next come the Indian joint-stock banks, and, lastly, the numerous and heterogeneous group of Indian bankers, brokers, Marwaris and so on, whose operations are almost entirely confined to the interior of India. It is the members of this group who finance the movement of crops to the ports where the exchange banks, so to speak, take them over and begin their operations. It is well known that India is woefully short of banks, and it has been calculated that there are still approximately 500 towns in India with populations of 10,000 and upwards which enjoy no modern banking facilities at all.

The Imperial Bank of India, which came into existence in 1920, has rendered a valuable service to India by opening more than 100 new branches, but it is clear from the official report that there is scope for further development. In this regard the part which is being played by co-operative banks must not be underrated; they are safeguarding and improving the position of the cultivators, providing a stimulus to agricultural operations all over the country, and the scope of their activities is being constantly widened. But it remains true that the great need of the present day is the development of the joint stock bank, and, of course, the Indian owned and controlled bank. A recent writer on the organisation of Indian banking, Mr. B. T. Thakur, has pointed out that at the end of 1924 there were only six joint stock banks in this country which had deposits of more than a crore of rupees each, and of these, four were managed by Europeans. The only Indian banks of any consequence are, he pointed out, the Central Bank of India and the Punjab National Bank, which between them own deposits of nearly 20 crores. In 1870 there were two reporting Indian joint stock banks, with combined deposits of less than 1½ million rupees. By 1913 the number of reporting banks had risen to twenty-three, and the combined deposits to over fifteen million rupees, whilst ten years later the number of banks and the

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amount of the deposits had almost doubled. Progress is, therefore, being made at an accelerating rate, but the number of bank failures between 1913 and 1924 was no less than 161, of which, as Mr. Thakur points out, 146 were banks with a paid up capital of less than five lakhs* each, whilst 126 had a paid up capital of less than one lakh each. These failures, in conjunction with the average Indian's traditional fear of letting his cash go outside his own hoard, are formidable obstacles to the growth of the investment habit, which is, however, undoubtedly being stimulated by the growing popularity of the post office savings banks, and the post office cash certificates. The formation of an Indian Institute of Bankers a year or so ago in fulfilment of one of the recommendations of the External Capital Committee will also certainly prove of immense value in the development of a more satisfactory banking and credit system.

From every point of view the failure of Sir Basil Blackett's attempt to establish a Reserve Bank for India is to be deplored. In introducing the Gold Standard and Reserve Bank of India Bill in January 1927, he made it clear that the establishment of such a bank would be "an enormous step forward in the development of India's financial and monetary machinery" and that it would "assist the gradual silent evolution in India's economic life which promises to bring higher opportunities of life and a higher standard of living to everyone in the country." After showing that the valuable work which was being done by the Imperial Bank of India in spreading banking facilities throughout the country would be in no way injured, and that the main object of the Reserve Bank would be to take over from the Government of India all those functions which they were at present performing and which were essentially of a banking character, Sir Basil said:

Once these two institutions are strongly established side by side, India will move forward towards other financial and economic

* A lakh is 100,000.

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developments with the granting of additional financial and banking facilities for Indian agriculture, Indian commerce, and Indian industry, which has been the theme and object of one commission and committee after another. We shall see . . . in short, a gradual mobilisation of India's immense potential capital for the development of India's own resources.

Into the merits of the controversy which raged round this attempt, or the details of Sir Basil's proposals, and the reasons for their rejection, it is neither necessary nor possible for us to go.* But many elements totally unconnected with the subject of banking entered into the result. When the Legislative Assembly by only one vote rejected the motion that one of the clauses—a number of hostile amendments to which had been already rejected by the House—stand part of the Bill, the Government of India decided that it had better be withdrawn, at any rate for the present. It is, however, certain that it must come up again at some future time, for, in this respect as in so many others, India will be obliged to come into line with developments in other modern States, and when she does and when she gets her reserve bank as the mainspring of all her banking and credit activities, it will not be forgotten that it was Sir Basil Blackett who pioneered the way and who would have given India control of her own finance and currency system years ago.

In connection with the development of the Indian banking system it is worth considering the desirability of establishing industrial banks of the German type, that is, banks with a big paid up capital, strong cash reserves, and long term deposits. Even if sufficient private capital could not be attracted, it might be worth the while of both the central and provincial Governments, more particularly the latter, to examine the question of whether they might not more profitably employ money through such banks than on some, at any rate, of the activities of their Departments of Industries. This, however, is a matter which the banking and government interests will

* See THE ROUND TABLE, No. 69, December 1927, pp. 105-116.

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have to consider very carefully, and it is mentioned here merely to draw attention to it.

Lastly, before we leave the subject of Indian banking a word might be said about the Indian Companies Act. In its present form the Act is not altogether satisfactory. It still leaves too many loopholes for dishonest or reckless bank and company promoters, and many of the bank failures, to which reference has already been made, would undoubtedly have been prevented by a more adequate Act.

The main features of the Indian economic and financial scene have now been passed in rapid review, but the present circumstances of India make an epilogue desirable. Enough has been said to show not only that the possibilities of economic development, both in agriculture and industry, are enormous, but that the development is actually taking place. All the indications are, indeed, that it is taking place at a constantly accelerating rate, and the need of a banking and credit system to cope with and speed up this process is widely recognised. But in other directions the country is distracted, and distracted in a way which must prove deeply prejudicial to economic development and to the growth of that sense of confidence in her future which is essential to the economic development of India. This difficulty might, indeed, in certain circumstances prove fatal. Reference has already been made to labour troubles, but these are only a part of a wider unrest which, if Mr. Gandhi's threat of non-cooperation in 1930, endorsed as it was by the Indian National Congress last month, is put into practice, must at the best retard for a time India's economic progress in several directions, and, in the unthinkable event of its complete success, would irretrievably ruin the economic and political structure of the country. Since the beginning of British rule, the population of India has grown enormously, and a very large part of it is dependent for existence on industrial, commercial and other activities. Even Indian agriculture, the occupation of almost three-fourths of her people, depends

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on the assured and smooth functioning of an intricate network of communications, particularly railways, on the upkeep and working of her many local markets, on the financial services of her money-lenders and innumerable local financiers, and on a host of other things none of which could survive the success of Mr. Gandhi's programme. The continuance of stable and orderly government is literally a matter of life and death for the whole people, quite apart from any question of aggression from outside. And every country trading with India whose welfare is dependent on India has, to the extent of that trade, an interest in the existence here of stable government.

India.

January 1929.

GREAT BRITAIN : THE POLITICAL TEMPERATURE

THERE has been a noticeable rise in the political temperature of Great Britain during the last three months, due to the imminence of the general election. But the situation remains obscure. By-elections, notoriously bad tests of prevalent political feeling, are worse than useless as a guide to the future at a time when five million new electors will come on to the register just before polling day. The Midlothian result was generally anticipated, and Labour satisfaction over their victory was substantially modified by the drop in their aggregate poll, which has indeed been interpreted in some quarters as marking a turn of the tide. The defeat of the Unionist was quite clearly caused by the surprisingly vigorous intervention of a Liberal candidate and Battersea reinforces such deductions as are to be drawn from Midlothian.

But with the date of the election approximately fixed, and the issues already defined, it is remarkable that there should be so much uncertainty as to the result. No one ventures to prophesy, and the cause is a threefold one : the size of the modern electorate, the unknown quantity of the new voters, and the fact that for the first time in British political history three parties are bidding for power. The Unionists hope for an adequate majority in the next House of Commons ; the Liberals hope to hold the balance and if possible to re-establish their equality with the other two parties by securing a reform of the electoral system ; and Labour hopes to encompass the destruction of

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Liberalism as a political force, and to come at least within striking distance of complete and independent power.

What then are the chances of the three parties attaining their respective ends? Of the Unionists it may be said at once that there is no reason to suppose that they will lose their hold upon the rural districts. They have done more for agriculture than any other party has done or is likely to do. They have the Merchandise Marks Act, the Agricultural Credits Act, the Housing (Rural Workers) Act, and, last but not least, the de-rating proposals to their credit. Mr. Churchill has gone far to negate the criticisms of his road fund raids by raising the Exchequer grants to class I and class II roads. And if prosperity has not yet returned to the agricultural industry, the long disastrous fall in the general level of prices which has been primarily responsible for the depression since 1921, has at least been checked. Moreover, the recent protectionist *démarche* of the National Farmers' Union was merely a pre-election gesture, and need not be taken too seriously. The farmers realise well enough that if they cannot get "safeguarding" from the present Government they are still less likely to get it from either of the other parties. In the mining districts it is hardly conceivable that the Unionists will retain a single seat. The unpopularity of the Eight Hours Act can only be realised by those who have had opportunities of addressing miners on the subject. But this will not seriously jeopardise their prospects, as the number of such seats held by the party at the present time is negligible. The great danger, from their point of view, lies in the possibility of a landslide in the industrial districts of the Midlands and the North. If this were to occur on a large scale it would put the Government out. And the question which confronts the Unionists, and which will not be answered until the ballot-boxes reveal their contents, is whether the advantages mentioned in the last issue of *THE ROUND TABLE*, namely the personal popularity of Mr. Baldwin (an invaluable asset), the Pensions Act,

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the de-rating scheme, and a general fear of Socialists and Socialism, will be sufficient to counteract the growing feeling that the coal problem has been grossly mishandled from the start, and that the Government has failed to deal with unemployment and to evolve an adequate industrial policy.

Such tide as is flowing—and it is very difficult to estimate its speed or its strength—is undoubtedly behind the Labour movement. Mr. Ramsay MacDonald is wisely confining himself to criticism of the Government's record (no difficult task) and to continental tours in his favourite rôle of international statesman. His value to his party can hardly be overestimated. His vague and tortuous expositions of socialism are admirably suited to its present amorphous and inchoate condition. Probably no other man could hold such diverse personalities as Mr. Philip Snowden, Mr. J. H. Thomas, Mr. Wheatley, and Mr. Maxton in the same fold. The activities of the last-named, who cannot keep one foot out of the communist camp, have caused almost unceasing anxiety to the Labour party "managers," though he has been more malleable of late, and his various excursions have never unduly alarmed the country. The "manifesto" recently issued by the national executive of the party was far too long to make any serious impression on the electorate, and contained a sufficiency of legislative proposals to occupy the time of Parliament for the next twenty years. A brief statement of Labour policy is therefore called for with a "priority" list of reforms, if such can be prepared before the election without irretrievable splits in the rank and file of the movement. Signs are not wanting that the declared intention to nationalise the Bank of England is causing widespread alarm and suspicion amongst many who would otherwise feel disposed to support Labour at the polls, and the more moderate element will probably attempt to relegate this proposal to a dim and distant future. Mr. MacDonald, indeed, evidently alive to this danger, has been applying the soft

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pedal where banking and currency are concerned, but some of his younger supporters are more anxious to get a grip on the machine which controls credit supplies than anything else. Meanwhile the Unionist and Liberal leaders are making the most of an open threat which cannot fail to benefit them if persisted in. Of the Labour party as a whole, however, it may be said that while it still contains many diverse and conflicting elements, and as a political force is both inexperienced and incoherent, it will present a sufficiently united front at the election to ensure a substantial addition to its present numbers in the House of Commons, although it is highly improbable that it will obtain a clear majority.

It is the Liberal party which provides the element of mystery, fogs the issues, and renders political prophecy more than usually futile. There are those who maintain that it cannot return less than eighty strong, which would almost certainly be sufficient for its immediate purpose—that of self-preservation. Others declare with equal emphasis that the next House of Commons will contain fewer Liberals than the present one. The decline of Mr. Lloyd George's influence in the country is certainly the greatest phenomenon in contemporary British politics. By every test he is the most formidable living politician. He has lost none of his vitality, his courage, or his imaginative and driving power. Yet he has lost—apparently for ever—the confidence of the British electorate, for he cannot secure their votes. Doubtless the inherent difficulties of the centre party in a three-party system are partly responsible for this, and the implacable hostility of Mr. Walter Runciman, both to Mr. Lloyd George and to his policy, has no doubt further diminished the narrow margin of Liberal strength, and disrupted their attenuated ranks. At all events, the outlook for the Liberal party cannot be described as promising, and there is as yet no evidence of the much talked of “revival.” Speculation is, however, rife as to the tactics of a Liberal minority should

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it find itself in a position to hold the balance between Labour and Conservatism, and Sir Herbert Samuel fluttered not a few dovescots when he declared at Newcastle that on no account will the Liberal party put the Labour party into office. This statement he hastened to modify and qualify in subsequent speeches, but it is obvious that the recent movement towards a Liberal-Labour “rapprochement,” which emanated almost entirely from Liberal sources, has received a sharp check. The younger and more active members of both the Labour executives have made it perfectly plain that their primary political objective is the total destruction of the Liberal party, and in the face of this uncompromising attitude even the most optimistic radicals have begun to feel discouraged. It is significant that Liberal candidates are now talking in the country of co-operation between “all progressive minded members of the next House of Commons.” But the truth is that the Liberal party is more concerned at the moment about its survival than its subsequent tactics—a laudable but somewhat disheartening political objective.

Meanwhile in the House of Commons the two Local Government Bills homeward plod their weary way. Mr. Chamberlain has made many concessions as a result of his conferences and discussions with expert bodies of all sorts, and with the Local Authorities themselves. Opposition to his measure has thus been reduced to a bare minimum, and in the House itself is practically confined to criticism of the block grant. There is a general and praiseworthy fear that under the new scheme the maternity and child welfare services may be starved in certain districts, which has only partially been allayed by the additional powers the Minister has taken unto himself in order to secure their efficiency. A proposal to exclude breweries, distilleries, and tobacco factories, which emanated from the Unionist benches, was justifiably ridiculed by Mr. Chamberlain. Not only was it wholly impracticable, but it cut at the basic principle of the Bill which is that the tools and plant of

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production ought not to be taxed as such, but only the profits arising from their use. Sir John Gilmour has had a good deal of trouble with the small burghs in Scotland, which are to be deprived of some of their present functions, but on the whole it may be said that neither of the Local Government Bills are as unpopular in the country as was at one time feared in Government circles. Whether "derating" will prove to be a good election cry is another matter. The distinction drawn for the first time between "producers" and the rest of the community has aroused considerable interest, but not much enthusiasm, and the benefits to be derived from the application of the scheme are regarded with a good deal of scepticism. Statistics evolved by the Ministry of Health have been countered by the opposition, and the public mind is somewhat confused and even irritated by both their quantity and their intricacy. At the same time it is felt that a genuine attempt is being made to remove burdens from industry which are by their very nature a first charge on the cost of production, and the psychological effect of the proposals as a whole will be beneficial to the Unionists rather than otherwise. The details of the Bills have been settled by the Departments concerned in consultation with "outside experts," and the House of Commons has had little say in the matter. Indeed it has become increasingly clear that a "committee of the whole House" is quite incapable of dealing with legislation of this character. Clause III of the English Bill, which gave very wide powers to the Minister of Health to amend the Bill as he thought "necessary or expedient," was withdrawn for redrafting at the instance of various Conservative members. The power of the bureaucracy continues steadily to encroach upon that of democracy, and it would appear that a drastic revision of the procedure of the House of Commons is necessary if that institution is to regain anything like its old supremacy.

The Local Government Bills, the estimates, and the Finance Bill are expected to occupy the whole time of

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Parliament until the election, and the enormous expenditure on the social services—amounting in 1926-7 to no less than £383,260,486—and an anticipated expenditure of not less than £35,000,000 a year upon the local government and rating reforms, will prevent Mr. Churchill from attempting anything in the nature of a startling budget. Interest is therefore already shifting from a House of Commons which is obviously out of touch with the country to the constituencies where the fateful drama is so soon to be enacted.

There, there is one question which is a source of considerable embarrassment both to the Unionist and Labour parties, and that is safeguarding. An enquiry has already been set up into the position of the textile industry. Another has been requested by iron and steel, but the danger of granting such a demand is obvious. If an import duty were conceded to both these industries the "safeguarding" bluff would be definitely called, and the country would be committed to a protectionist policy at least as full-blown as that advocated by Mr. Baldwin in 1923. The Unionist leader has been performing a skilful tight-rope dance on this issue for some months now, and it seemed until quite recently that he was going to get away with it. A dangerous situation is, however, rapidly developing, and if the Government definitely commits itself to the safeguarding of raw materials involving some hundreds of subsidiary industries, it will alienate not only large numbers of its present supporters, but also the agricultural industry.

The Labour party is, however, in almost as serious a plight. Trade unionists both in the woollen and iron and steel trades have associated themselves with their employers in demanding a protective duty. And despite the agitated sarcasms of Mr. Snowden the protectionist element amongst the Socialists, always latent, is steadily increasing in strength, and emerging into the open. Mr. E. F. Wise, one of the rising younger men in the Labour movement,

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recently wrote an article for the *New Leader* openly challenging Mr. Snowden's attitude, and declaring that the old radical free trade doctrine formed no part of the Socialist creed. But despite numerous alarms and excursions, the "enquiry" stage is not likely to finish for some time to come, and it is to be assumed that the leaders of both the Unionist and Labour parties will make strenuous efforts to avoid raising protection as a naked issue at the election. Even so, however, the forces at work may prove to be too strong for them, and in that event a substantial Liberal revival may confidently be predicted, with a corresponding disintegration and paralysis of the other two parties.

Foreign affairs are not likely to play a prominent part in the politics of the immediate future. The reverberations of the ill-starred Anglo-French pact have died away, and although the confidence once enjoyed by Sir Austen Chamberlain has been largely dissipated, and there is a widespread feeling that British policy on the Continent is far too subject to French influence, the situation is regarded as no longer dangerous to the Government and economic considerations are once more paramount. In this connection a note of exasperation may be observed among politicians of all parties with the leaders of British industry. It is now nearly ten years since the slump commenced, yet reorganisation has hardly begun in spite of all the talk about rationalisation during the last four years. It is, however, unnecessary to go into detail on the subject, as the way in which our industries have been outstripped both in technical efficiency and organisation for large scale production by their Continental and American rivals is described elsewhere.* And now a section of industrialists is believed to be engaged in an attempt to *sabotage* the Melchett-Turner negotiations for the establishment of co-operation between employers and workmen and the institution of a National Industrial Council. The em-

* See page 257.

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ployers' organisations have, at all events, hitherto failed to lend their support to the laudable efforts of the "Mond Conference" to find a basis for industrial peace,* and the Engineers' Association have gone so far as to issue a manifesto declining to give away business secrets to trade unionists unless the latter abandon their political beliefs. Such a document would raise a smile if the position were not so tragic. For there is a very real danger that what might well have proved a successful attempt to bridge the gap between capital and labour will be frustrated. If the wreckers win, the political reactions will be immediate and profound. A socialist administration of a more or less extreme type will sooner or later become inevitable, and this would be followed by the application of nationalisation on a wider scale than is now contemplated, coupled with intense economic strife and an indefinite delay in the reconstruction of industry on modern scientific lines.

The attitude of the Prime Minister to the industrial problem, which becomes more acute with the passage of time, is of peculiar interest. He has done more than most men to create an atmosphere and a psychological outlook favourable to industrial peace. In the face of a growing threat to his most cherished ambitions, he can hardly remain silent. Yet of late he has seemed to incline very definitely towards a policy of complete "laissez-faire" so far as industry is concerned. In his recent speeches at Newcastle and Dundee he has been content to warn his audiences against the dangers of socialism and government "interference" generally; and he has given no indication that he contemplates anything in the nature of a constructive industrial policy. There is reason to suppose that his resolute refusal to infuse new blood into his administration is due not so much to a disinclination to offend old colleagues as to a conviction that political "ideas" applied to the economic sphere are not only useless but actually harmful. It is by no means certain that the country

* See Postscript.

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shares this view, or that a majority of the electors are of the opinion that the last word upon the subject of economics has been said by Sir Philip Cunliffe-Lister and Sir Arthur Steel-Maitland. The unemployment figure exceeds a million and a half, and distress in the mining areas remains acute. These facts are bound to bulk large at the election, and searching questions will be addressed to Unionist candidates. What has the Government done to hasten or to assist the rationalisation of industry, to stimulate emigration, to develop markets, to absorb some of the surplus unemployed in works of national importance? Certainly Mr. Baldwin's last statement in the House of Commons contained nothing new except the proposal to contribute pound for pound to the Lord Mayor's fund, which afforded little satisfaction to anyone. Is a purely haphazard grant to supplement the efforts of private charity to be the limit of the Government's endeavours at a time of grave national economic crisis? Upon the final answers to these questions the result of the next election may very largely depend.

The recent sharp rise in the Bank rate gives cause for additional anxiety, and considerable apprehension exists. The American situation may have further dangers in store for us. We have had, it is perfectly true, comparatively low interest rates for the last twelve months or more with the consequence that we have been losing considerable quantities of gold both to the United States and to Germany. Although the Bank rate has unfortunately had to be raised in order to protect ourselves against the United States, this country has exhibited considerable strength and unless the Federal Reserve rate is put up, the situation may within a reasonable period of time change to our advantage again and the Bank rate be once more lowered in this country. One thing is, however, fairly certain. The country is in no mood to tolerate continuous inactivity in the face of the present unemployment menace, and the demand for a vigorous policy of national

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development, so frequently voiced by Mr. Lloyd George, is increasing.

Enough has been said to show that if unemployment is to be the main issue at the election, the Unionists have no grounds for undue complacency. They have indeed followed too long the old easygoing primrose path. Unless trade undergoes a striking and unexpected change for the better, they will be obliged to get a move on or to get out. A shrewd politician observed the other day that the Tories were no good unless they were hard pressed and thoroughly frightened. If this is true they may be expected to show substantial improvement in the near future, for their majority after the next election cannot in any circumstances be a large one.

POSTSCRIPT.

As this article goes to press the news comes that the employers' reply has been sent to the Mond-Turner Conference. The actual terms are not published, but its effect is indicated in another letter sent by the Confederation of Employers' Organisations and the Federation of British Industries to the General Council of the Trades Union Congress. The reply contains four main points.

1. The proposal of a conference between the Confederation, the Federation, and the General Council to examine the question of the three bodies usefully consulting together upon matters of common interest to industry.
2. A statement that difficulties stand in the way of consultation with the General Council through a National Industrial Council, such as has been proposed.
3. The definite rejection by each body of the Interim Report of the Mond-Turner Conference.
4. An affirmation of the importance of doing everything possible to promote industrial peace, followed by a cordial invitation to the General Council to attend a three-party conference.

The Interim Report of the Mond-Turner Conference had given its findings on the questions of victimisation and trade union recognition, a declaration on rationalisation, and another on the gold reserve and its relations to industry, and lastly the recommendation that a National Industrial Council should be formed.

- (1) To hold regular meetings once a quarter for general consultation on the widest questions concerning industry and industrial progress.
- (2) To establish a Standing Joint Committee for the appointment of Joint Conciliation Boards.

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(3) To establish and direct machinery for continuous investigations into industrial problems.

The existing joint machinery had, the Conference found, on the whole been successful in dealing with the majority of disputes, but during the last few years it had failed to deal with certain disputes of a serious magnitude. It was laid down that nothing should be done to interfere with the beneficial work of the existing joint machinery, but that a joint standing committee of the National Industrial Council should be made an executive authority for the provision of joint conciliation boards for use when an industry itself failed to settle a dispute.

(See *The Times*, February 14, 1929.)

IRELAND : EVENTS IN THE FREE STATE

I. POLITICAL

FOR the first time since the establishment of the Free State we have entered on a new year in which there is every prospect of political stability. This is due to the fact that every political party of any importance is now represented in the Dail and Senate and taking an active part in their proceedings. The best symptom of our political equilibrium is the fact that the proceedings of the Dail have ceased to be exciting, and are seldom even entertaining. Leinster House during the last session presented the spectacle of a normal legislative assembly doing its proper work without any oratorical fireworks. In spite of the slender Government majority there is also every prospect that this parliament will live its allotted span, a matter of supreme importance, because the daily contact that has been established, both inside and outside the House, between members of different parties has done much to soften and diminish those bitter personal feelings which were responsible for much friction in the past. All parties have had to give and take and all have benefited in the process. If the Government have discovered that they are not as perfect as they thought they were before they had to meet direct outspoken criticism, their opponents have been likewise enlightened. The Fianna Fail party since they have been brought face to face with the realities

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of government seem to be considerably less anxious to assume its responsibilities. A year's experience in the Dail has taught them that it may not be so easy to redeem political pledges as it was to make them. A party which at one time or another has promised to tear up the Treaty, upset the Boundary settlement, find work for all, reduce official salaries, and impose unlimited tariffs, cannot sleep easy at the prospect of having to carry out its undertakings. Moreover, the Government with their superior knowledge of parliamentary tactics have always managed to secure sufficient support either from the Labour party or the Independents to outvote any hostile combination.

The changed feeling in the Dail may best be illustrated by the fact that Mr. Cosgrave, acting on a suggestion made by Mr. de Valera, has appointed an Economic Committee representing all parties to inquire into the general economic situation in the Free State and in particular into the existing systems of finance, production and distribution, the relation between costs and values of production and the bearing thereon of standards and costs of living, and to report how best, having regard to the relative contribution which might reasonably be expected by way of taxation or otherwise from the various sections of the community, the economic situation may be improved and additional employment provided. The Chairman of the Committee is Mr. Blythe, Vice-President of the Executive Council and Minister for Finance, and amongst its members are also Mr. McGilligan, Minister for Industry and Commerce and External Affairs, Mr. Hogan, Minister for Agriculture, representing the Government ; Mr. de Valera, his principal lieutenant Deputy Sean Lemass and Deputy Dr. Seamus Ryan, representing Fianna Fail ; Deputy R. Anthony, representing Labour, Captain Nutting, one of the Governors of the Bank of Ireland, representing banking and commercial interests, and our ablest economist, Professor George O'Brien of the National University. The setting up of this Committee is not a mere ruse by the Government

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to side-track the economic question or score over their opponents, but a really honest attempt by a round-table conference to discover the facts and arrive at a solution of our most serious problem. No better method could be devised and some valuable results may be attained if the wild men on both sides can be restrained from shouting their favourite war cries outside. The Fianna Fail party are apparently also anxious to co-operate sincerely in the discussion and everyone can at least share the hope of their official organ that "the clash of ideas which must result from the mixed membership of the Committee will produce suggestions which will give immediately new heart and new hope to Ireland, industrial and agricultural." Mr. de Valera's recent suggestion in the Dail that we ought to sell our agricultural produce in the German market in competition with the Danes indicates his confused mentality as regards agricultural economics, for it should at least be obvious that if Denmark, with Germany next door, prefers to sell her produce in the better English market it is certainly more profitable for us who are nearer to do so than to pay the heavy additional freights necessary to sell in the poorer German market. This perverse anti-English complex so dominates Mr. de Valera that he would apparently prefer to secure a much smaller profit on our agricultural produce as long as he was paid in German marks instead of Saxon shillings. Such a mentality cannot be argued with, it must only be taught by bitter experience. He has recently, in an apparently considered speech, defined the economic policy of Fianna Fail as one of concentration in the first instance on production for the home market and the exportation of surplus products in payment for imported goods which could not economically be produced at home. This policy is to be implemented by means of a combination of protective tariffs, restriction of imports by licence, and a guaranteed price in the case of wheat. Industries both new and old are to be given security by means of import duties, or the reservation of a definite proportion of the

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home market for the particular home products, or a combination of both methods, as may best be suited to the needs of each industry. Control of these protected industries will not be allowed to pass into the hands of foreigners, and when Mr. de Valera speaks of foreigners he really only means the English. To provide the necessary money for these grandiose schemes Irish investors are to be forced by a preferential tax to sell their foreign securities, estimated to be worth £200,000,000, and re-invest the proceeds in the Free State. The Currency Act is to be repealed in so far as it bases the Free State currency on the pound sterling. All this reads splendidly, but its application is another matter, and if this is the policy Mr. de Valera intends to propound to the Economic Committee it is hard to see how it can arrive at any agreement whatever. Wheat growing, for instance, can only be made profitable by a very high tariff which must raise the price of bread, or a heavy subsidy, which must come out of the taxpayer's pocket. What wheat-growing farmers gained would be lost by everyone else and this process of attrition could not go on indefinitely. In any event it is admitted by experts that Irish wheat is too moist to produce a satisfactory flour by itself. Mr. Hogan, the Minister for Agriculture, rightly describes this wheat-growing policy as an attempt to alter the trend of world prices by the aid of national capital; in other words, to develop what pays least. He points out that the price of wheat has increased only 18 per cent. since 1840, whilst the price of eggs, cattle, potatoes, pork and butter has increased by 397 per cent., 340 per cent., 234 per cent., 160 per cent., and 89 per cent., and as there is no exception to the general rule that the soundest investment is that which brings the largest profit, it would seem that unless we grew more grain for the purpose of turning it as cattle food into beef or butter it could not compete with other agricultural produce. Our real aim should be to increase the quality and quantity of our more profitable produce, and although it is not satisfactory that one market

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takes 97 per cent. of our agricultural produce and that 78 per cent. of our total exports are agricultural we can hardly improve things by neglecting or ceasing to develop our agricultural industry. Mr. Hogan maintains that we cannot protect our industries by tariff or bounty without making the farmer pay the piper, and that such protection must be measured not only by what industry needs but by what the farmer can afford to pay. We cannot, as he plainly puts it, cure the disease by killing the patient. The real problem is not the subsidising of our farmers for unprofitable purposes but their education and organisation. Better quality produce and better organisation for its sale are the greatest needs of our agricultural industry and, in the last resort, it is the business of the farmers themselves to see that these things are forthcoming. Anyhow, it is quite obvious that the Economic Committee will not lack subjects for discussion, even though it can hardly hope to complete the financial and economic education of Fianna Fail.

Apart from these disputes concerning economic policy, the principal issue at the next election will be the so-called financial "tribute" to England of over £5,000,000 a year, which the Fianna Fail party has announced it will cease to pay when it comes into power. In order to understand the honesty of this pronouncement it is necessary to examine how this alleged tribute is made up. In the financial year 1927-28, it is estimated to be £5,231,333, made up as follows: land purchase repayments, £3,135,033; local loans repayments, £600,000; proportion of police pensions, £1,246,300; and instalment of compensation for damage done by British forces during the Anglo-Irish struggle, £250,000. It will be seen that three-fifths of the whole sum consists of payments made under the Land Purchase Acts, by which the land of the country was transferred from the ownership of the landlords to that of the occupiers during the last fifty years. With the exception of £134,500, which is devoted to meeting the

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charges for bonus and excess stock, the whole of the sum of £3,135,033 represents annuities collected from the tenant purchasers in repayment of the money lent by British and Irish investors without which the purchase of Irish land could not have been financed. The Irish Land Commission, which collects the money, and the British Treasury, which pays it over to the investors who advanced it, do not benefit to the extent of one farthing. The British Treasury, in fact, loses heavily on the transaction because the total annual charge in respect of bonus and excess stock is £1,361,000 of which the Free State only pays £134,500, Great Britain having to provide the balance. The local loans item is in the same category as land purchase annuities, being a payment in respect of moneys borrowed before the Treaty by Irish municipal bodies from the British Treasury at lower rates than those ruling in the money market. These loans amounted to a total of roughly £10,000,000, which in the financial settlement of 1927 it was agreed should be repaid by the Free State at the rate of £600,000 a year for twenty years. The ultimate result will be a considerable gain to the Free State exchequer. The police pension contribution represents the Free State's proportion, 75 per cent., of the pensions payable to members of the Royal Irish Constabulary recruited before 1919. This payment is obligatory under Article 10 of the Treaty and will be, of course, a steadily diminishing figure. The last item is an English obligation which was taken over in the final financial settlement as a small *quid pro quo* for England's agreeing to forego her claim to a contribution from the Free State towards the British National Debt and war pensions under Article 5 of the Treaty. The compensation for injuries done by British forces in Ireland was estimated at £5,000,000 and it is being repaid at the rate of £250,000 a year for 60 years. It will be noted that all these payments are due to cease after a number of years. Two of them relate to repayments of sums borrowed for purely Irish purposes

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and the other two are payable as a result of the very profitable international agreements under which we secured our freedom. The case made by the Fianna Fail leaders for retaining the land purchase annuities, which, however, they insist must be paid by the farmers into the Free State exchequer, is that Article 5 of the Treaty held the Free State liable for a share of the National Debt of the old United Kingdom, subject to whatever counter-claim might be advanced, and that the Free State was released from that obligation by the Boundary Settlement Act of 1925. If the land stock was not part of the National Debt then no liability in respect of it was assumed under the Treaty. If it was part of the National Debt then any liability was removed by the 1925 agreement. This dishonest sophistry could not deceive a child because it is obvious that the land stock is not part of the National Debt but a debt due to the stockholders who advanced the money which the borrowers are bound to repay. It is certainly clear that in any event the Free State Government have no claim whatever to the annuities. As regards the other items of the "tribute," the attitude of Fianna Fail would seem to be that because these moneys are payable to England and because their party through their own fault were not represented in the Dail which agreed to pay them, they can now repudiate all liability for payment. Deputy Esmonde has accurately and wittily described this policy as being founded on Balkan principles, namely, permanent hostility to your neighbours, permanent irritation of your neighbours, and a proposal to exalt the reputation of the country by burglary and embezzlement of international obligations. No doubt this glorified robbery will receive considerable support from the baser and more ignorant portion of our agricultural community to whom it naturally suggests a splendid chance of wriggling out of irksome obligations, but it is a double-edged sword and those who draw it would do well to remember that the credit of the Irish farmer, as the Banking Commission has recently pointed out, is still

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suffering from the dishonest habits acquired during the land war. The present Government and the Irish taxpayers have also reason to remember the difficulties created by the "No Income Tax" campaign launched by Sinn Fein before the Treaty and taken advantage of by every rogue in the country. If a future Fianna Fail Government repudiates these just obligations, they will soon be unable to collect either land annuities or rates and taxes from a thoroughly demoralised country. The dishonest people who will support them now are out for a flat repudiation of all liabilities, which they will practise just as readily at the expense of an Irish government. In the meantime our national credit would have sunk to Balkan levels and no financial organisation in the world would lend us money save at a rate of interest and under conditions which would mortgage indefinitely both our credit and our freedom.

It is regrettable that at this moment, when its influence and voice might well be raised in support of an honourable international policy, the Labour party should find itself in a state of disruption owing to a quarrel between the Transport Workers' Union, the most powerful union in the Free State, and the other elements of the organisation. This trouble has been brewing ever since Mr. Johnston's failure to upset the Government in 1927, but only came to a head during the recent Senate election when the other Labour members did not support the Transport Workers' nominee. Should this split continue, as is unfortunately the way with Irish splits, no Labour candidate can count on success at an election and, for the present at all events, Labour would be eliminated as a considerable force in Irish politics. This is deeply to be regretted as Labour deputies have made a valuable and unique contribution to the proceedings of the Dail, whilst their voices have always been raised in support of every humane and constitutional policy.

All parties indeed, except Labour, did their best to

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reduce the Senate election to a farce by nominating placemen and party hacks. The election, which, in accordance with the changes recently made in the Constitution,* was carried out by the Dail and Senate voting together on a panel selected by themselves, resulted in the election of nineteen Senators, only a few of whom could be said by any stretch of the imagination to be persons who in accordance with the Constitution had special knowledge, or who, by their public work, had done honour to the nation. With the exceptions of Dr. Oliver Gogarty, Mr. Samuel L. Brown, K.C., Mr. Thomas Johnston, the former leader of the Labour party, General Sir Bryan Mahon, Mr. John Bagwell, an ex-railway manager, Mr. Patrick Hooper, one of our ablest journalists and Mr. Richard Wilson, an experienced farmer, they contain no person of distinction, and five of the seven above-mentioned successful candidates were outgoing Senators whose claims to re-election could not be ignored. After a few more such elections the Senate will have become a feeble echo of the Dail and not a revising body of disinterested, experienced and honoured citizens bringing dispassionate judgment to bear on party legislation, as the Constitution contemplated. When it reaches that condition few will care whether Mr. de Valera, in his capacity of political toreador, administers the *coup de grâce* or not. The only thing which can now save it from this fate is the provision of a new system of nomination by vocational councils which are immune from the influences of party politics. Such a method of nomination was recommended by the recent Joint Committee of the Dail and Senate which discussed the matter but they could not agree on the details.

The Senate has also lost the picturesque personality of its chairman, Lord Glenavy, who for good reasons did not seek re-election. It was certainly a strange and somewhat cynical spectacle to see James Campbell, one-time Unionist Lord Chancellor of Ireland and former right-hand man of

See THE ROUND TABLE, No. 72, September 1928, p. 820.

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Sir Edward Carson, presiding over the Free State Senate ; but it must be said that it was one creditable to the Free State and to him, because he loyally accepted the new era and by clever management prevented any serious friction between the two Houses, friction which in the early stages was often possible and might easily have been disastrous. It is a pity that his age renders him ineligible to undertake the representation of the Free State abroad in one of the diplomatic positions now vacant. He would have made an excellent High Commissioner in London. As it is, this vacancy is being filled by the promotion of Professor Timothy Smiddy, Minister at Washington ; Mr. MacWhite, the Free State representative at Geneva, goes to Washington. Mr. MacWhite, like Mr. Smiddy, is a Cork man, and after an adventurous career in the East, he joined the French Foreign Legion at the beginning of the war, was twice decorated, severely wounded, and afterwards went with the French military mission to the United States. He is therefore well known at Washington and has many friends in America. He was present in Paris during the Peace Conference on behalf of Sinn Fein, and has, since the Treaty, represented the Free State at the League of Nations. Legations are also to be opened at Paris and Berlin, a step which will enable our Government to acquire a more intimate direct knowledge of European politics.

The Judicial Committee of the Privy Council have delivered judgment in the special reference on the questions arising in the Wigg and Cochrane case relating to the payment of compensation to civil servants under Article 10 of the Treaty and have re-affirmed the original judgment, a decision which the Free State Government refuse to accept.* They maintain that it was never contemplated and is not right in equity that the Free State should be obliged to pay compensation to its officials on a higher scale than the

* See THE ROUND TABLE, No. 71, June 1928, p. 594, and No. 72, September 1928, p. 822.

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British Treasury. This would seem to be common sense, and if the British Government still think otherwise then they should be prepared to pay for their opinion. It is also obvious that the right of appeal to the Privy Council, however desirable it may be in the case of the other Dominions, is only a source of perpetual friction between England and the Free State and might well be abolished, or retained only as a legal fiction, which in practice it has virtually become. It must be remembered that the Free State is a parent nation in the British Commonwealth and cannot be treated as a child.

The latest move of the extreme Irish-Ireland element in the Dail has been to introduce a private member's Bill making it compulsory for law students in both branches of the legal profession to pass a qualifying examination in the Irish language before being admitted to practice. This absurd measure, introduced without the common courtesy of consulting either profession, is supported by the Government and after substantial modification in Committee it will probably become law, but as its promoters have somewhat illogically failed to make provision for the compulsory speaking of Irish by the judges, juries and witnesses it is hard to see what result will be obtained. No doubt the legal profession was chosen for the experiment on the principle of trying it on the dog. It is in one sense a confession of failure, because if the policy of compulsory Irish now applied to education does not succeed generally the failure will not be retrieved by compelling one profession to learn and, one may add, dislike the language. The Dail can make a lawyer learn the language but it cannot make him talk it. Certainly if our zealots have their way the next generation will settle the fate of the Irish language or make it an everlasting boundary between North and South. Even Mr. de Valera now admits that there is no clear cut way of solving the problem of Irish unity and that there is no use in talking too much about it. At all events he can only suggest that we must turn the Free

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State into such a paradise that the six Northern counties will want to come in and if they don't we must treat them as outlaws. The latter part of this suggestion not only shows his ignorance of Northern Ireland but his ignorance of human nature.

At all events the present Government have no aggressive intentions against anyone, for they propose to bring our army down to about 5,000 men and the cost to a million and a half. They state plainly that the army only exists to prevent any revolution taking place unless through the ballot box. There will certainly be no civil war organised by the Government party if they are defeated at the next election. If there had been no civil war in 1922 we should probably have scrapped our army before this, but the extreme Republican element, like the poor, we have always with us. Recently they have started a new organisation called Comhairle na Poblachta (The Council of the Republic) to "co-ordinate and direct the efforts of Republicans who lose sense of direction," a not unlikely event under present circumstances. It is apparently an attempt to unite the civil and military wings of the organisation. Mr. Peadar O'Donnell, who is one of the guiding spirits of this new movement, urged "the industrial organisation of the workers, the building up of armed groups within such organisation, and the connecting up with rural Ireland similarly organised." It will be noticed that there is a decided Russian flavour about this pronouncement, and it is not to be wondered at that Miss Mary MacSwiney, who, to give her her due, has never had Bolshevik leanings, is apparently not associated with this new movement. It is evidently Mr. O'Donnell's intention to arm and exploit Labour for Republican purposes, a scheme which may well have sinister results.

The Dail has adjourned till February 19, and at the moment we are having a welcome rest from legislation, oratory and politics. When it resumes it will have plenty of work to do. Several important Bills are still under

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discussion and several more are to be introduced, including probably a new Town Tenants Bill based on the findings of the recent Commission,* and a Bill dealing with the future government of Dublin. The Cork City Management Bill† has passed the Dail and will soon become law. Mr. Blythe's next budget cannot be a pleasing document. He will probably have to meet a considerable deficit by imposing fresh taxation, borrowing, or cutting down expenses. The last alternative will almost certainly be combined with the first. Both will be salutary but unpopular.

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ALTHOUGH Mr. Blythe will undoubtedly have to face a deficit and to increase taxation in his coming budget, the trade returns enable us to face the prospect with comparative equanimity, because they indicate a clear and constant progress towards economic stability. The figures for the eleven months ended November 30, 1928, show that exports have risen from £39,189,883 for the same period in 1927 to £41,088,010, and imports have fallen from £54,618,781 to £53,771,346, while re-exports at £657,000 are up by £19,000. The adverse trade balance has fallen to £12,469,000 as against £16,522,000 for the twelve months ended November 30, 1927. When it is remembered that our "invisible" exports are estimated by experts at £4,000,000 it will be seen that we have practically reached a condition of economic equilibrium, a condition which may well be turned into a credit balance in the near future. The details of the returns are equally satisfactory. In 1927 585,490 head of cattle were exported, valued at £10,747,075. In 1928 the figures were 690,833 and £12,140,259 respec-

* See THE ROUND TABLE, No. 66, March 1927, p. 347, and No. 72, September 1928, p. 824.

† See THE ROUND TABLE, No. 73, December 1928, p. 157.

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tively; that is to say there is a gain of £1,400,000 in spite of lower prices. An increased income is shown from the export of horses, sheep and bacon. The export of butter, in spite of improved prices, is 1,000 tons down, but the gross receipts are £9,000 up. Eggs brought in over £3,000,000 and show an increase both in quantity and amount realised. The agricultural statistics for 1928 show also that the total area ploughed increased by 17,833 acres, or 1·2 per cent.; the only considerable decrease is the area under wheat, which has fallen by nine per cent., an indication that the Irish farmer does not share Mr. de Valera's belief in the necessity or profit of cultivating that cereal. The total number of cattle increased by 78,132, or 1·9 per cent.; sheep increased by 143,248, or 4·6 per cent.; pigs by 5,020, or 0·4 per cent.; poultry by 130,958, or 0·6 per cent., and horses by 5,119, or 1·2 per cent.

All these figures may well inspire us with renewed confidence in the economic future of the Free State and prove that the rationalisation of our agricultural industry is bearing fruit. In the coming year the results should be even more satisfactory when the elimination of redundant creameries and the scheme for combined marketing are completed. The agricultural animals on our new coinage are certainly emblematic of our national wealth. It may well be doubted if any country in Europe can boast of more beautiful coins than these representations of horse, salmon, bull, hound, hare, hen and chickens, sow and young, and woodcock, with the harp on the obverse side, which were designed by Mr. Metcalfe, a young Yorkshire artist, and selected unanimously after open competition by a distinguished committee, comprising amongst others Senator Yeats, Dr. Bodkin, the Director of our National Gallery, and Mr. Dermod O'Brien, R.H.A., President of the Royal Hibernian Academy. They have, of course, excited the usual controversy, and some of our sensitive moralists have already denounced them as pagan symbols of our decadence.

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One can only suggest that as soon as the Censorship Bill is passed into law the censors should be compelled to call them in as subversive of public morality.

The debates on this measure in the Dail have been more courageous than was to be expected, and it has already received an amount of pertinent criticism which is refreshing. From the number of amendments proposed it is clear that it will be considerably altered in the committee stage, which is to be taken after the recess, and that the Dail does not consider the problem to be as simple as our fanatics think. Interesting speeches were made by the Fianna Fail leaders in support of moderate views, and Professor Tierney, one of the Government Deputies, proved that a censorship of books could not be made effective. But far the most caustic and sensational speech was that of Mr. Hogan, the Minister for Agriculture, who rated the Pecksniffs in no uncertain manner, and indicated that he at least had grave doubts about the Bill. He pointed out that any censorship of books would only mean a double circulation of books so censored, and that it would be very difficult to get anybody in this country fit to act as censors. For these reasons, if there was to be a censorship of books, he entirely agreed that it should be limited in the most stringent and specific way. But, it was necessary to say, there were other forms of public morality apart from sexual morality.

I listened (continued Mr. Hogan) to the debate very carefully. We are all very virtuous, and we are all very anxious to make the other fellow virtuous, and, I presume, having finished this debate, having made honest men of ourselves, so to speak, we will revert and begin to discuss nice little subtleties, whether commandeering is a proper word for robbery or theft, and I suppose the next time we are taking an oath we will call it an empty formula and push the Bible two feet away, and the next time under certain conditions it may be the proper course to embezzle the money lent. All these are questions of public morality and as the Bill stands at present all these come within the scope of the Bill. I am quite clear that Pat Murphy, who lives anywhere between Donegal and Cork, is not likely to read either Balzac or Aristophanes even in translation, but unfortunately

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he is likely to read the publications where those moralities I have just mentioned are expounded. I think this Bill should be limited as much as possible. The more it is limited the better. More harm has been done during the last four or five years by the sort of moral poison I have mentioned than will be done by all the pornographic literature that will come from France or England within a hundred years.

It may be added that no attempt was made to reply to this pointed attack and, although the Bill passed its second reading without a division, the debate proved that it has very few whole-hearted friends in the Dail. The suppression of obscene newspapers is an acknowledged need which no one disputes, but the proposed censorship of books is a sinister invasion of public and private liberty which is totally unjustified. Immorality in the Free State arises from the natural inclinations of human nature and the ordinary contacts of life, and scarcely at all from literature. The people who really read modern European literature are unfortunately an infinitely small fraction of our population. The proposed censorship will be ineffective, obscurantist and ridiculous. It is bound to advertise rather than discourage immorality. In short, it is a definitely retrograde step, and both the Government and the Dail have shown discreditable weakness by allowing it to be forced upon them without any real popular demand.

Memories of a nobler time in the history of our intellectual life have been revived by the celebration at Trinity College of the bi-centenaries of Goldsmith and Burke. In these days when we are inclined to look upon the creation of a new Gaelic literature as the be-all and end-all of our intellectual progress it is well to be reminded how much we owe to Anglo-Irish writers, but whilst Mr. Stephen Gwynn did full justice to the theme of Goldsmith, it is to be regretted that the same cannot be said of the perfunctory and scrappy address which Lord Birkenhead delivered on Edmund Burke. It cannot be regarded as a serious contribution, either as a summary of Burke's career

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or an exposition of his political philosophy. It may be that the theme and the orator were antipathetic, but certainly the result was disappointing.

The Report of the Department of Local Government and Public Health, recently issued, shows that our local authorities are not neglecting the tourist traffic, and that they are carrying on a rate-aided advertising campaign of health and pleasure resorts mainly through the Irish Tourist Association. This association received over £5,000 in contributions from local authorities in the year 1927. It may be added that this outlay has resulted in a marked increase in the number of our visitors. Roads have been specially attended to, as is shown by the fact that whilst £600,000 was paid in grants to Irish road authorities for the twelve years ended 1922, £2,500,000 has been paid for a similar purpose in the five years ended 1927. Over a million pounds per annum is also expended out of local funds on the maintenance of 45,000 miles of road. This works out at an average of £24 a mile. Public health statistics also show a marked improvement, largely due to improved housing and sanitary conditions and to the special attention paid to the notification, cure, treatment, and the investigation of causative influences in infectious diseases. The Housing Act of 1925 made available State grants of £45, £60, and £75 to private persons erecting new houses containing three, four, or five rooms, and somewhat larger grants for similar houses erected by public utility societies and local authorities. The results have been satisfactory, and by the end of 1927 there were 7,575 houses erected or in process of erection, and of this number 5,588 were in rural areas.

The friction which has arisen between the Irish Sugar Manufacturing Company,* established by Belgian experts at Carlow, and the Beet Growers' Association is a good example of the difficulties which arise in connection with

* See THE ROUND TABLE, No. 66, March 1927, p. 350, and No. 70, March 1928, p. 378.

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State subsidies for agriculture or manufactures. This factory enjoys a subsidy on a sliding scale which is automatically reduced this year. The company is consequently reducing the price offered for beet by ten shillings per ton and the beet growers refuse to accept these terms on the grounds that the company which has already paid first ten per cent. and afterwards fifteen, as well as accumulating a considerable reserve, can afford to pay the same price as last year. If the factory is to be kept going in the autumn of this year some arrangement regarding the crop must be made without delay. The effect of a cessation of manufacture would be serious in several respects. Immediate unemployment would result in the case of between three and four hundred workers who are employed at Carlow during the sugar manufacturing season, with corresponding loss to traffic and other local interests associated with the industry. Even if a compromise can be arrived at now, trouble is likely to arise again as the subsidy decreases. A contrary example of how individual enterprise can surmount artificially created tariff problems is to be found in Mr. Ford's welcome decision to convert his Cork factory into a tractor plant for the entire world market.* It is notorious that the failure of the Free State Government to enter into a customs union with England as regards motor-cars and their parts made it virtually impossible for Mr. Ford to continue the Cork plant on its former basis as a car-engine factory, save at considerable loss, and a few months ago it seemed probable that it would have to be closed down. Mr. Ford has, however, refused to be daunted by these difficulties, and is now in process of converting the Cork works into a tractor factory, a purpose for which it was originally planned and used before the post-war collapse of the exchange made tractors virtually unsaleable in Europe. He has transferred the entire machinery of his Detroit tractor factory to Cork,

* See THE ROUND TABLE, No. 63, June 1926, p. 593 ; No. 71, June 1928, p. 601 ; and No. 73, December 1928, p. 154.

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and it is estimated that at least five thousand men will be employed there within twelve months. This will be of great importance to the southern capital, which has received more than its fair share of economic blows during recent years. It will also provide an industrial outlet for the surplus agricultural population of the south which at present too often has to emigrate. It is to be hoped that the Government, which deserves no credit whatever for this new development, will take early steps to abolish the present tariff on tractor parts, from which it derives little or no revenue, and which can only hamper and irritate this new industry.

The Irish Free State.

February 1929.

CANADA

I. THE WEST

WHILE it would be too much to say that "a New West" has come into being in the last five years, the changes which have taken place in Western Canada during that time have been great enough, and indeed startling enough, to warrant the most careful attention of all students of Canadian affairs. A new independence has emerged, based on a sound economic foundation, and it is safe to predict that few parts of the world will see greater changes or advance more rapidly in the next few years than will the vast territory lying between the head of the Great Lakes and the Pacific Coast.

These changes have come about so fast that many of the consequences implicit in them are not yet fully realised, but they arise in the main from the period of comparative stagnation which lasted from 1921 to 1924. To understand them even in part, it is necessary to go still further back. When the war broke out in 1914, Western Canada was suffering severely from a period of over-expansion and unsound development. City growth had been too rapid; the country was over-railroaded; reckless land speculation both in urban and rural districts had brought about a condition of settlement that had little to recommend it save the swelling traffic receipts of the railways. This was followed by the period of war-time prosperity, based on soaring prices for wheat. Acreage under cultivation naturally expanded rapidly; farmers bought land and

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extended their holdings; while in the cities some of the consequences of the pre-war "boom" were concealed by the fictitious prosperity bred by munitions contracts.

This prosperity lasted long after the war was over. In 1921 the crash came. Wheat prices crumbled and then collapsed utterly. Mortgage companies and banks, both of which had lost a certain amount of their habitual caution, drew suddenly back. Credits were frozen in millions, and the West as a whole relapsed into a lethargy unknown since the early 'nineties. There was a considerable exodus from the country; business slowed down painfully; and, most surprising of all in view of the usual fiery optimism of the sunny prairies, there was a great loss of faith in the future and a serious loss of morale. So staggering was the blow that for three years visitors to the West could mark little external change. Development almost ceased. Many warehouses and factories were inactive.

It would be difficult to say just when the tide turned. The change began at the end of a long period of very gradual convalescence. Slowly the farmers regained their strength, as their financial position improved. Losses were taken; debts paid off; and surplus land disposed of at low prices. Slowly the price of wheat rose. If it were necessary to find an incident to mark this change for the better, one might well point to the tour of Mr. Aaron Sapiro, a co-operative marketing organiser from the United States, and a man of tremendous platform magnetism. His visit was followed by the formation of the Alberta Wheat Pool in 1923. While Mr. Sapiro cannot be given credit for the Pool's success, his evangel roused the farmers to fever heat, and the gospel of self-help through co-operation swept over the prairies like wild fire. Saskatchewan and Manitoba followed Alberta's lead, and by the end of 1924 the Wheat Pool as it now exists was in full operation. To-day it has some 150,000 members, and since its inception has marketed with great success almost a billion bushels of wheat. The final establishment of the favourable Crows Nest Pass scale of

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freight rates on grain, and the extension of the scale to cover west-bound as well as east-bound shipments of wheat, was also an important factor, not only in cheapening costs, but in the restoration of confidence. Having been given a hard lesson, the farmers took the moral to heart, and the extension of the practice of diversified rural production has been a feature of the past five years. The farmer has learned that man does not live by bread alone, but also on livestock, butter, eggs, poultry, honey, and sugar beets, and all these commodities are being produced in increasing quantities. Rotation of crops is also being applied more and more, while the introduction of power machinery on a scale never before equalled is having an important effect in reducing costs. Especially worthy of notice is the widespread introduction of the reaper-thresher, which cuts and threshes the grain in a single operation. The development also of Garnet wheat, which ripens a week to ten days sooner than the famous Marquis, also provides evidence that science will be able to develop still other varieties of grain which can be grown with security in much higher latitudes than at present, thus pushing northward the real limit of effective settlement.

The progress of mining and the consequent development of the far North are also worthy of mention. Four-fifths of Manitoba and three-fifths of Saskatchewan lie within the Pre-Cambrian Shield, and the discovery of two great mines, the Flin Flon and the Sherritt Gordon, the construction of an eighty-five mile railway to the former property where \$200,000,000 of copper-zinc ore has been blocked out, and the virtual completion of the Hudson Bay railway, have done much to stimulate interest in mineral development. Already exploration has been carried as far north as Chesterfield Inlet, and westward across the Barren Lands to the Mackenzie River, the use of aeroplanes having made possible the carriage of prospectors and engineers into hitherto inaccessible fields. In 1928 alone more than \$5,000,000 was expended by mining companies in Manitoba,

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and this total will increase each year. This new interest in mining, together with the imminent development of the Peace River country by the two great railway systems, which have jointly purchased the Northern Alberta government-owned roads, has greatly hastened the opening of the North; and the next ten years will see an unrolling of the map without parallel in Canada since the building of the Canadian Pacific.

Urban growth has not lagged behind. In 1928 alone sixty-two new industries were established in Winnipeg, which now stands fourth among the industrial centres of the Dominion. Regina, with the construction of a big assembling plant of the General Motors Corporation and the consequent establishment of half-a-dozen allied industries, grew fully fifteen per cent. in 1928, and now boasts a population of 56,000. Calgary has 80,000 inhabitants, and will hold its position as the second city of the prairies. Cheap gas, the result of the great development of the Turner Valley oil-gas field near the city, has here laid the foundation of substantial industrial growth. Edmonton and Saskatoon, less blessed in some respects, are fast expanding as distributing centres under the influence of rural prosperity.

The most astonishing growth has taken place, however, in Vancouver. Under the joint influence of the opening of the Panama Canal, the rapid expansion of oriental trade and the cheap westbound grain freight rates, the port has fast become the busiest on the west coast of North America. From now on at least 100,000,000 bushels of wheat will be shipped each season from Vancouver, while the grain-carrying trade naturally attracts incoming cargoes and promotes the growth of industry. In the last seven years \$126,000,000 of building has been done; in the last two years 7,000 new houses have been built, and this year it is estimated that another \$60,000,000 of construction will be completed. In the interior of British Columbia there has been a great renaissance of mining, centring on the

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Trail smelter of the Consolidated Mining and Smelting Company, the biggest plant of its kind on the continent.

From this brief sketch certain main conclusions may be drawn. It is no longer possible to regard Western Canada only as a "wheat mine." Too many subsidiary sources of wealth have grown up. While agriculture will remain the mainstay of the West's economic life, there will be an increasing tendency towards self-sufficiency. Alberta coal has rendered the prairie fuel market independent. Production in 1928 attained 7,000,000 tons. The pulp and paper industry, long established in British Columbia, has invaded Manitoba, and will soon spread into Saskatchewan and Alberta. Copper and gold mining will provide further sources of revenue. One gold mine is now turning out bullion at the rate of \$60,000 a month, and within three years at least 8,000 tons of base metal ore will be treated in Manitoba concentrators and smelters. So far as industry is concerned, the West has now become too important to be treated merely as a market for Eastern manufacturers. In Winnipeg alone there are 900 industrial establishments, with a capital investment of \$150,000,000. Latest estimates for the prairie provinces suggest that there are 2,500 factories in operation, with a gross annual production of \$300,000,000. This development will mean large urban growth and the increase of the spirit of self-reliance.

While such development might be taken to mean that the land-locked prairies will develop a severe parochialism, this seems most improbable, for other factors are at work which will broaden the outlook of the Westerner. For one thing, he is no longer land-locked. In the old days, the prairie provinces stood shoulder to shoulder, fighting their battles together. To-day there is diversity of interest. From a line running north and south slightly west of Moose Jaw and Saskatoon, it is now cheaper to ship grain westward than eastward. Half the prairies thus look towards the Pacific, while the growing need of the Peace River country for a direct outlet to the western coast is also recognised.

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The result is that Alberta has temporarily lost interest in the forthcoming opening of the Hudson Bay route, once the great rallying cry of the prairies. By 1930 the port of Fort Churchill will be completed, and the most grandiose dream of Western Canada therefore nears fulfilment. Available data suggest that the northern route will prove an important traffic channel, which will bring the West much nearer to Europe than ever before. The re-orientation of trade which will ensue, if this proves to be the case, will have far-reaching results.

One of these results, important from a political point of view, is that the West would to some extent lose interest in the proposal for the deepening of the St. Lawrence waterway to handle ocean going vessels. As this project threatens to provide a vigorous political struggle in Ottawa, the fact that the West is looking partly to the Pacific and partly to the Bay cannot be overlooked, though it is certain that Western votes will always be cast in favour of the St. Lawrence-Tidewater scheme. The West feels assured that its growth will be great enough to provide traffic for all available channels of trade.

All such discussion of Western growth leads inevitably to the problem of immigration. How can the West grow if people will not come to stay on the prairies? The answer is not so difficult as it seems. Immigration in 1928, so far as the West is concerned, approached the 150,000 mark, and this figure is large enough to satisfy many minds. The West is well served by railways, and huge quantities of still uncultivated land are well within the existing railway net. This, together with the increased use of power machinery in the shape of tractors and reaper-threshers, means that the annual acreage can be expanded very greatly without any striking increase in population. In 1928 the area grown to wheat surpassed 24,000,000 acres for the first time, an increase of about two and a half millions in the last few years, in spite of the thin incoming trickle of settlers. Newcomers are welcomed, but the chief need is

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for settlers with capital to take up land near existing railways.

In view of this there are few believers in unrestricted, haphazard immigration. The experience of the West with the 8,500 miner-harvesters in 1928, of whom all but about 1,800 have since left the country, has accentuated this feeling. The miner-harvester experiment, indeed, was a failure. The alternative is assisted immigration, and these schemes, no matter how ambitious, cannot bring a large flood of settlers. The cost is too great. The result is a growing conviction that Western Canada need not worry about immigration. If conditions on the prairies are good, wanted settlers will come of their own accord. There is self-pride in this belief. The West, it is said, is too good and too proud a country to coax people to come. If they do come, they will be made welcome. If they feel no desire to come, let them stay away. At first sight this seems ungracious, but it is based on common sense. There have been many tragedies in the past, and the West has taken undeserved blame as a result. Western Canada is far from hostile to British immigration. No settlers receive a heartier welcome; but what the West wants most of all is the immigration of settlers who will make no trouble, who will work hard and prove adaptable, and who, above all, are financially independent. If such settlers could be secured from Great Britain they would be preferred over all others, including even the experienced American farmer from across the line. But the West feels little responsibility to look after the overflow from an overcrowded country, even when that country is British.

Absorption in itself and its problems, therefore, is the keynote of Western feeling. There is narrowness and perhaps selfishness in this state of mind, but there is also magnificent independence and self-reliance, and a political tradition, not old in years, but strongly rooted, of the Progressive party which reached its zenith in the post-war days of agrarian distress. It was then that the West learned

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to deal with its own problems; it has fought its battle and won. At the time of writing two of the three prairie governments owe no allegiance to either of the Federal political parties, and the third has only kept its place by maintaining a high standard of administrative efficiency. This separation of Federal and provincial issues, the confusion of which has been a bane of Canadian political life, has been one of the most healthy developments of the New West during the past eight years, and it has been engendered by the spirit of self-help which, as seen also in the case of the Pools, has pulled the West out of its slough of despond. The narrowness of the Western point of view, therefore, has been by no means wholly evil, and the new tendencies all lead towards the development of a broader citizenship.

Before the war there was a sense of grievance in the West against the East. Now that the West is more independent, this feeling is giving way. It might be said that the prairies have lost their inferiority complex. In the field of politics, interesting developments are also possible. Broadly speaking, the urban vote in Canada is Conservative and protectionist. That vote will grow rapidly in the West, and its influence will be felt outside the cities themselves. There will be a better presentation of differing points of view. It will be a long time before the three prairie provinces again sweep *en masse* into the Liberal fold as they did in 1926, with only one Conservative returned in the whole area, and that the result of a complimentary vote to the Hon. Mr. R. B. Bennett, who has since become the Conservative leader.

The growth of other interests besides agriculture must inevitably make the Westerner more conscious of his position and responsibilities as a citizen of the Dominion; and there was evidence of this new spirit in the hearty Western approval of the recommendations of the Duncan report on the maritime provinces, in spite of the fact that those far-off provinces were to receive direct assistance at

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a cost to the rest of the Dominion. More than all this, perhaps, is the force of the logic of the age. The whole world is drawing closer together, and the economic bonds which tie the world together are clearly recognised in Western Canada, which relies to so great an extent upon export markets for its chief livelihood.

II. RELATIONS WITH THE UNITED STATES

A SUCCESSION of episodes and difficulties have, during the last six months, abundantly illustrated the closeness of the relations existing between Canada and the United States. None of them has led to any serious friction, but they have all required delicate treatment and have produced a substantial volume of press comment on both sides of the boundary. Inevitably in connection with some of them a sentiment of grievance has developed, and it has not all been on one side. The people of Canada followed the American presidential campaign with keen interest, since they realised that the result might have important repercussions for their own fortunes; particularly as the Republican party had definitely committed itself to a fiscal policy of higher protection, which, being chiefly designed to pacify the disgruntled farmers of the American Middle West, promised to raise the American duties on agricultural produce, and thereby to affect adversely the interests of the farming community of Canada. And now all the information from Washington indicates that a measure of tariff revision of an upward character will be undertaken at Washington by a special session of Congress during the summer months, and Canadians are for the present content to adopt a policy of watchful waiting.

The late election provided evidence, not altogether satisfactory, that the people of the United States were anxious to continue their system of liquor prohibition, but the Republican party had been compelled to conciliate the "dry" vote by specific pledges that it would ensure a more

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adequate enforcement of the Volstead Act. Ever since the United States became "dry" during the war years, the smuggling of liquor across the international boundary has been a thriving industry, and has defied all efforts to suppress it. In 1923, indeed, the two governments concluded a pact, popularly known as the anti-smuggling treaty, under which the Canadian government agreed to assist in checkmating this illicit traffic in various ways, particularly by giving notification to the American authorities about the departure of export liquor cargoes which were consigned to the United States. But the treaty did not yield any fruitful results from the American point of view, and two years ago the United States government approached Ottawa with a request that the terms of the pact should be reviewed for the purpose of making it more effective. But the Canadian government replied to the effect that the whole problem of smuggling in Canada was under scrutiny by a Royal Commission, appointed as an aftermath of the famous customs scandals, and that it preferred to await the report and recommendations of the Commission before undertaking any review of the treaty. The Royal Commission, after holding sessions in every part of Canada, submitted its report last summer, and administrative effect has already been given to many of its recommendations.

No action, however, was taken to comply with the American request for a review of the treaty until it was repeated last December by the government of the United States, which had become possessed of a fresh zeal for the enforcement of prohibition, and had conceived the idea of trying to dam back the polluting flood of forbidden liquor at one of its fountain heads. The government of Canada could not disregard the request, and accordingly a conference between departmental officials of the two countries on the subject of smuggling was arranged to take place at Ottawa. The American delegation was headed by Admiral F. C. Billard, Commandant of the United States coastguard

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service, and Dr. O. D. Skelton, Deputy-Minister of External Affairs, filled the parallel rôle in the Canadian contingent. The conference, beginning on January 7, lasted four days, but there is so far no evidence of any tangible fruits. Forecasts had appeared in the American press that the United States would demand drastic changes, including extrajudicial powers which would enable them to deal with Canadian offenders against the Volstead Act. But if such an idea was ever contemplated, the very suggestion produced such a hostile reaction in the Canadian press that it was never broached at Ottawa. The fundamental demand upon which the Americans concentrated was that the Canadian authorities should refuse any clearance certificates to vessels carrying cargoes of liquor destined for the United States. They were able to cite in support of their case a treaty with Cuba which barred all liquor shipments from that country to the United States, as well as assistance which various Central American republics are giving by administrative measures. But the Canadian delegates evinced little sympathy with the proposal. They were able to show that the liquor exports to the United States, of which the Canadian government had formal cognisance, amounting as they have done in recent years to about twenty-three million dollars per annum, must play a small part in the bootlegging problem with which our neighbours have to cope, and they contended that a complete ban upon export shipments would simply drive the traffic into underground channels, and aggravate the problem of guarding the boundary. They were also able to show that Mr. Euler, who assumed charge of the newly-created Canadian Department of National Revenue in 1927, had completely reorganised the customs and preventive services; had, even at the cost of incurring considerable unpopularity with his own party, closed many loopholes which the illicit liquor traffic had been using; and had relentlessly prosecuted many Canadian violators of the law. Moreover, they could demonstrate that he had been affording the

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American authorities every possible assistance, and had lived up honourably to the terms of the anti-smuggling pact. So a polite intimation was conveyed to the American delegates that Canada could not see her way to accede to the demand for a total ban upon export liquor shipments; but that, if remediable flaws in the system for exchanging information about liquor cargoes which had been operating could be shown, and improvements which were administratively possible could be suggested, the Canadian government would give them sympathetic consideration and do its best to oblige a friendly neighbour. With this result the American delegates had to be content, and the correspondents who accompanied them almost unanimously reported to their papers that the conference had been a "flop." It remains, however, to be seen whether the American government will accept the situation or, disregarding the evidence that Canada has an aversion to becoming an agent for the enforcement of the "dry" laws of the United States, will proceed to exercise through diplomatic channels pressure for compliance with its chief demand.

On the Pacific coast there has arisen some friction in connection with the rights of American fishing vessels to resort to Canadian harbours. The treaty of 1818 permitted them to enter Canadian harbours under stress of weather, or for the purposes of seeking "food, water, shelter or repairs"; but complaints were made that American fishing craft were disregarding the treaty, and using Canadian harbours for the purpose of landing catches and securing bait and supplies. The Department of Marine and Fisheries took action last year, and three American vessels were seized and others ordered to sea. Their owners were deeply aggrieved, and induced the Chamber of Commerce in Seattle to take up their case, on the ground that they had been honestly seeking shelter from bad weather, and had not violated the law. The Department of Marine and Fisheries, however, professes to be satisfied that its actions were justifiable, and has announced that it proposes to

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enforce rigidly the terms of a treaty which protects the rights of Canadian fishermen. The American press on the Pacific Coast continues to grumble, but Washington has shown no sign of giving official support to the aggrieved fishermen.

A friendly controversy has been proceeding over radio matters. It is impossible to treat the two countries as separate units for broadcasting purposes, and there have been repeated conferences between the officials of each country who are charged with the supervision of radio activities. Canada made demands which the United States Radio Commission regarded as excessive, and the latter body proceeded to decree an arrangement which allocated, out of ninety-five of the lengths of the "long wave" band which is used for broadcasting, only six full lengths, and a share of eleven others. The Canadian authorities have evidently elected to disregard the arrangement made by the United States Commission, for station CY.Z, which the provincial government of Manitoba maintains for broadcasting purposes, and which was allocated one of the shared lengths at Washington with a limit of 500 watts, has been authorised by Ottawa to increase its wave length to 5,000 watts. This step must conflict with the American arrangements; but another broadcasting conference has been arranged to take place in Ottawa, and hopes are entertained that an amicable adjustment may be arrived at.

Again by a strange coincidence, just at the time when American shipping interests were protesting about unfair British competition on the New York-Havana route, Canadian shipping companies were sending protests to Ottawa about the tactics of their American competitors on the Great Lakes. Canada follows the example of the United States in reserving coastwise traffic between her own ports for her own shipping, but every autumn the Canadian government by order-in-council temporarily suspends this protective provision of its navigation laws for the purpose of enabling Canadian grain to be stored throughout the

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winter on American boats which, being ice-bound in harbour, offer cheaper storage rates than do the terminal elevators. Complaints, however, have been rife that certain American vessels have been loading cargoes of Canadian grain on the pretext that it was to be stored for the winter, and have subsequently carried it from one Canadian port to another in violation of the law. Accordingly Ottawa is being asked to intervene and to terminate this particular abuse.

Some apprehension was also aroused in Canada by a report of the United States Shipping Board, which recommended as a measure of retaliation for the provision of the Canadian Customs Act restricting benefits of the British preference to goods entering direct *via* Canadian ports, that the United States should impose a special import surtax of ten per cent. on imports reaching the United States *via* Canadian ports. The recommendation has not yet been acted upon, but in addition to possible results on the Atlantic seaboard, it might easily on the Pacific coast divert from Vancouver to Seattle and San Francisco a substantial volume of American imports from the orient, which are now carried across the continent by the Canadian railways. Lumbering and other interests in British Columbia, moreover, view with dismay the prospect that the United States may double its shipping subsidies, as such a step would aggravate the handicap which results from existing subsidies enjoyed by their American competitors in the markets of the Antipodes, and China and Japan.

These are at the present the chief subjects under discussion between the two countries. Negotiations about the St. Lawrence are at present in a state of suspended animation.

Canada.

January 29, 1929.

AUSTRALIA

I. THE FEDERAL CHRONICLE

IN his budget speech in April, the Assistant Treasurer of New South Wales promised a radical change in the form in which public accounts have for years been presented to Parliament, and this promise was amply redeemed in October when the budget speech was made for the financial year 1928-9. Until now the public accounts have been presented in such a way as to offer little opportunity for well-informed criticism of public expenditure, for no one except a few public servants could understand their precise meaning. In these circumstances the Legislative Assembly could exercise little real control over expenditure, for, as Mr. Bavin, the Premier, remarked, expenditure estimates were "neither complete nor informative." Moreover, both sides of the accounts were swollen by the inclusion of the figures of gross revenue and expenditure of the various business and industrial undertakings carried on by the Government, such as railways and tramways. The first reform initiated by the new scheme was the separation of these business undertakings from ordinary government finance. Separate figures and estimates are given for each of these undertakings, and their receipts and payments are taken out of the Consolidated Revenue Fund and accounted for in separate funds. This has the additional advantage that parliamentary control of expenditure for these purposes will no longer be, as hitherto, largely nominal.

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In the next place, all government expenditure is classified under standard headings which are uniform throughout the departments and cannot be varied or altered without Treasury authority. There are two main classifications, one a functional classification, the other a "nature and objects" classification. The former makes it easy to ascertain both in the aggregate and in detail what has been spent, or is proposed to be spent, upon the various functions of government such as, for example, maintenance of law, order, and public safety, education or promotion of public health and recreation. The latter shows clearly how public money has been expended, or is to be expended, as a whole and within each department, under such headings as salaries, maintenance, working expenses, etc. By this means too, the estimates now show the whole expenditure of each department instead of as formerly only the amount to be voted under the heading of the department. In fact, for each department there is now prepared a cost statement. Hitherto it has been impossible to ascertain with any degree of accuracy the full cost to the community of any of the public departments.

Again, the sources of revenue have been classified under three headings: (1) the revenue from taxation; (2) the earnings of departments, to be known as collections-in-aid; and (3) receipts from the sale of assets. These receipts are to be paid into a separate fund and used to replace assets or to assist in the material development of the State.

Incidentally, the budget papers contain a most interesting statement analysing the total loan expenditure of the State to June 30, 1928. Such an analysis has long been overdue and, in its absence, many statements detrimental to the credit of the State have been made as to public loan policy, which have perforce gone unchallenged. The analysis shows that, of the total loan expenditure, over 75 per cent. has been expended on undertakings which return the full interest charge on the capital invested;

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over 14 per cent. return part of the full interest; over 5 per cent. is spent on public buildings, and over 4 per cent. on works under construction. This leaves a very small residue of less than $\frac{1}{2}$ per cent. which may be regarded as absolutely lost. Put in another way, "out of the estimated interest payable on our State national debt for the year, amounting to £12,205,600, only £1,885,321, or 15 per cent., is payable from the Consolidated Revenue Fund."

For the great bulk of these reforms the Government acknowledges its debt to Mr. B. S. Stevens, the Assistant Treasurer. His political career has been remarkable, for only a few years ago he was a high official in the Treasury who resigned his position after some difference of opinion with Mr. Lang, the Labour Premier and Treasurer. At the next election after his resignation he entered Parliament as a member of the Nationalist party and, on the formation of the Bavin Government, he took office as Assistant Treasurer. With the aid of a Budget Committee consisting of highly placed officers of the public service with a knowledge of public accounts and finance, he proceeded at once to draw up this scheme, which was adopted by the Government.

These reforms are intended as the major instalment of a complete scheme, but they have already achieved their object of presenting public accounts in a clear and intelligible way, which makes plain the cost of government, and affords a safe basis of comparison for the future. It marks, indeed, the first step towards true economy in government expenditure. The scheme was well received by the press and by the public, and it is to be hoped that its success will lead other Governments in Australia to consider whether similar reforms, which would place Australian public finance on a sound footing and facilitate ready comparison and uniform statistics, may not be instituted.

In the budget speech the Premier indicated that owing to heavy new expenditure, the financial position required

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from income tax receipts an additional sum of £767,000, which he proposed to obtain by an "adjustment" under an amended Income Tax Act. In his policy speech too, he had promised, "complete and thorough review of the incidence of taxation" in order to place the burden of taxation where it could best be borne, and to give industry as much relief as possible. This promise was fulfilled by the introduction, soon after the budget speech, of an Income Tax Management Bill which was intended to supersede the old system of income taxation which has been in force without material change since before the war. The new system is much less simple than the old, but the Government explains that much of the complication is due to endeavours to close the many loopholes of evasion which were open under the old and more simple system. Until now company dividends in the hands of shareholders have been free of taxation, but companies have had to pay a flat rate of 3s. in the £. This, of course, operated in favour of the larger shareholder, and the new system attempted to redress this inequity and at the same time to give special consideration to smaller companies. It, therefore, contemplated a graduated tax on companies according to the percentage which their profits bore to the capital employed and it provided that dividends in the hands of shareholders should be taxable, with a provision for rebate. It is, however, of such a form that the larger shareholder still gains to some extent. Under the old system, too, some capital accretions arising from the sale of property were treated as taxable, but the new scheme widened the scope of this provision so as to extend it to practically all such accretions except the kind that arise from the sale of a private residence which has been used as such for a period of five years. In addition, provision was made for taxing sums received from the sale of the goodwill of a business. The statutory exemption hitherto allowed to all except companies was £300, which applied to all incomes whatever their size. The Bill reduced this amount to £250,

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but restored the old figure for the married man by allowing a new deduction of £50 for a wife. The exemption of £250, however, as is the case under several other taxing Acts in Australia, gradually disappears as the taxable income rises and it vanishes in the neighbourhood of £2,000. Finally, incomes of husband and wife are now to be aggregated for the purposes of taxation, although this provision is not to apply to a wife's property acquired before or after her marriage unless it is derived from her husband. These are the main changes wrought by the Bill, although there were some important administrative changes and many minor alterations.

If, as the cynics tell us, the principle of taxation is to "pluck the goose with the minimum of hissing," then this Bill is a most unprincipled one, for it met with an amazing outburst of opposition. This came not from political opponents but from political friends, and was sedulously fostered by the very newspapers which normally support the Nationalist party. The Chamber of Commerce, the Retail Traders' Association, and other similar bodies held meetings of protest and requested the withdrawal of the Bill. Leader-writers thundered against the Government, and self-styled "experts" on taxation filled the columns of the press with articles and letters of protest. Since most of the proposed changes are in accord with modern principles of taxation, one is forced to the conclusion that the violence of the opposition was due, in the main, to the knowledge that taxation was to be increased. In the Legislative Assembly every one of the above-mentioned changes came in for sharp criticism, and the Government, while refusing to withdraw the Bill, or to suffer any dictation from outside organisations, consented to listen to reasonable criticism and it both made and accepted amendments to the Bill in Committee. The chief of these were that company taxation was to be based on income and not on the relation between profits and capital; the clauses covering capital accretions and the taxation of goodwill

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were modified; and the earnings of a wife were exempted from aggregation. Generally speaking, the Government yielded on no point of principle, and the Bill passed its third reading with singularly little alteration.

In the Legislative Council, too, the Bill was severely criticised, and in the course of a long debate several amendments were proposed, so that at one time it seemed as if the Government would have some difficulty in preserving it. But, in the end, the chief amendments adopted by the Council merely modified the application of the principles upon which the Bill was founded, and the Government was able to accept them. The principal modifications relate to company dividends, capital accretions, and the aggregation of incomes of husband and wife. Company dividends are only to be taxable in the hands of those shareholders whose aggregate income is taxed at a rate higher than the company rate. Taxable income still includes capital accretions arising from the sale of property, but the rate of tax is to be ascertained by dividing "profit" by the number of years for which the property was held. At the same time the period between the acquisition and sale of property, which renders the "profit" liable to taxation, is reduced. Finally, no aggregation takes place where a wife's income from a marriage settlement is less than £250, or where the marriage settlement was made before 1915.

Next year, 1929, the State of Western Australia will celebrate the centenary of its foundation, for a hundred years have passed since Governor Stirling with a handful of settlers landed on the shores of the Swan River to found the first free colony in Australian waters. Although begun with high hopes the early career of the colony was a chequered one, and it was forced by necessity to have recourse to convict labour. It was not until the 'nineties that gold proved its salvation. Mining, however, is a robber industry, and Western Australia only recently entered upon a period of more lasting prosperity with a bright future as an agricultural State.

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Australia has recently been celebrating the bi-centenary of the birth of Captain Cook, the intrepid navigator who was the first Englishman to discover the east coast of Australia and who made possible the founding both of the Australian colonies and New Zealand. Towards the end of this year there departed from our shores Griffith Taylor who may in another sense be termed a discoverer of Australia. He has left the chair of geography at Sydney University to become Professor of geography at Chicago, and Australian scientific circles and public life are both the poorer for his absence. Under his guidance we were as a nation gradually learning to substitute more sober quantitative estimates of our resources based upon the careful scientific examination of rainfall, temperature, soil and the like, for the vague talk of their alleged illimitable potentialities, so dear to the heart of the politicians. However unpopular his views may be on such topics as the mixture of races, or the possibilities of tropical settlement in Australia, his work has provided a scientific setting for our problems of development and migration which can never safely be ignored.

II. THE FEDERAL ELECTIONS

THE leader of the Federal Labour party, Mr. J. H. Scullin, was the first in the field with his policy speech which he delivered on October 4. Four days later the Prime Minister opened his campaign. Mr. Bruce enunciated four cardinal principles for which his party stood. (1) Loyalty to the Throne and to the British Empire (what a pity it is that Mr. Bruce, with all the training that two Imperial Conferences have given him, will not try to popularise the expression "British Commonwealth of Nations"!). (2) Adequate defence precautions through the development of internal resources and man-power and by co-operation with the British Navy. (3) Maintenance of

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the White Australia policy. (4) A vague declaration in favour of the continuance of constitutional government, supremacy of Parliament, and observance of the laws of the land. This was sound enough strategy.

These four principles are unexceptionable. No party whose policy rested upon a denial of them could hope to win an election in Australia. But Mr. Bruce was dealing with astute opponents. They were not going to fight on ground of his choosing. Only about the details of his defence policy would they argue with him, and that only in a vague way. The Labour party was not, they affirmed, disloyal to the Throne, the Empire, or the White Australia policy. Nor did it challenge the supremacy of Parliament, nor counsel law-breaking. In reply to this the Nationalists developed the unvarying tactics of casting doubts on the sincerity of Labour's professions of loyalty. They pointed to the affiliation of the Australasian Council of Trade Unions with the Pan-Pacific Trade Union secretariat, one of whose aims is "to abolish discriminatory immigration laws in some countries, chiefly in Australasia and America." The whole policy of the secretariat was, they said, dominated from Moscow. The red influence at work in the Labour party was too sinister to enable it to be entrusted with the handling of Australia's defence or Australia's share in Imperial affairs. Labour met this by disclaiming responsibility for the enthusiastic utterances of irresponsible members of the industrial left wing. As for the White Australia policy, had it not been originally promulgated by Labour in the face of stern opposition from Mr. Bruce's own predecessors? Thus was the argument drearily reiterated by the protagonists of both sides on every note from frenzy to extreme dullness. As a whole, the electorate refused to be interested. The principle of the White Australia policy was never really in dispute and the electors knew it. That policy is a fixed one in Australia at present. Whatever may have been its origin, it now belongs to no party. No Government, Labour or

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Nationalist, would dare to disavow it. And in this election, the question did not come into the realm of practical Australian politics. The attempt to drag it in gave the whole campaign an air of unreality which may have been the reason why this particular Federal election was one of the dullest on record.

It is, therefore, necessary to go beyond the so-called first principles of Mr. Bruce's speech in order to find the issues of the election. The Government did not propose a mass of new legislation, which was somewhat of a relief. Its chief aims were the development of Australia's resources and the increase of her population in a manner consistent with the preservation of her existing 98 per cent. British character; the improvement of the standard of living; the elimination of unemployment; and social legislation to help the aged, infirm and sick. Here, again, was a thoroughly sound programme. But how was it to be accomplished? Public interest centred mainly on the Prime Minister's attitude to the tariff. His Ministry was a composite one and relied upon the support of the Country party, which represents interests to which the present high tariff is claimed to be inimical. Recognising that an "overwhelming majority of the people of Australia subscribes to protection," he announced that his Government proposed to continue this policy. There was just a hint of possible qualification, which was perhaps all that could be expected from the Prime Minister on the eve of an election. An economic research section of the Council for Scientific and Industrial Research was to be established to work with the Statistician's office, in order to apply modern economic knowledge to the administration of the customs. And the Tariff Board was to be reconstituted and reorganised to enable it to concentrate on fundamental economic questions.

Mr. Bruce's policy speech was stiffer in this regard than the rest of his campaign. During his strenuous six weeks of electioneering up and down Australia, he flew several

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kites to test the strength of the breeze for tariff reform. The knowledge that his opponents had already declared uncompromisingly for a higher tariff may have stiffened his speech. But it was not rapturously received in Tasmania, South Australia and Western Australia, where the wisdom of a constantly mounting tariff is beginning to be doubted. Dr. Earle Page was discreet in his utterances upon this question. He confined himself mainly to a defence of the financial and defence policy of the composite Government, and to exhortations for an affirmative vote on the constitutional referendum. However, since the actual result of the elections has been to emphasise the Nationalists' dependence on the Country party, the tariff issue may be raised again.

Connected with this subject was the Prime Minister's proposal to repeal the coastal clauses of the Navigation Act. These forbid the carrying of inter-state passengers or cargo by any vessel upon which the conditions of living and remuneration do not accord with the awards of Australian industrial courts. This has had the effect of shutting out from inter-state trade all ships which are not on the Australian register. These clauses, according to the Royal Commission on Navigation, have given an effective monopoly of the coastal trade to the Australian mercantile marine, but shipping facilities have decreased, and fares and freights have increased, although there has been a considerable increase in the population and trade of Australia. Mr. Bruce proposes to allow oversea vessels to carry cargo and passengers between Australian ports, but would impose a tariff upon the cargo and passenger rates of those vessels which do not comply with Australian standards of wages and living conditions. This met in advance Labour's cry that his proposal would be an attack upon the White Australia policy, and would place the inter-state carrying trade in the hands of foreign companies employing coloured labour. The Prime Minister apparently has three objects in view. He wants to afford the

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Australian public regular and reasonably cheap marine transport, to give Australian shippers an emergency service (not necessarily dependent on Australian seamen) in times of industrial crisis, and to keep on fostering the Australian mercantile marine. This is a very laudable policy, but the administration of it is likely to be very difficult. Mr. Theodore, the director of the Labour campaign, criticised the scheme on the ground that, if the tariff is high enough, it will shut out competition from oversea ships and the present monopoly will be undisturbed. But, if the tariff is not high enough, it will ruin the existing Australian-owned coastal business. This argument fits in well with Labour's declared policy of 100 per cent. protection. It would invalidate all protective duties that were not in practice prohibitive. Mr. Theodore might have been asked whether the existing Australian-owned coastal business merits the shelter he suggests. Timber can be carried from Sweden to Australia for 5s. 6d. per hundred super feet. It costs 11s. to transport the same quantity from the north-west coast of Tasmania to Adelaide. The freight on copper from Townsville in Queensland to New York is 20s. a ton; from Townsville to Port Kembla in New South Wales it is 21s. a ton for 200 tons and 36s. 9d. per ton for less than 200 tons. It would be argued that increased costs due to increased wages awards are responsible for these startling contrasts, but even that argument does not explain away the fact that in 1921 there were 24 ships in the Australian coastal trade with a tonnage of 104,307 tons, while there are now 13 vessels aggregating 64,116 tons. Not one new passenger steamer has been added to the services since the Navigation Act came into operation in 1921. Whether this proposal will avert the periodical stoppages in traffic which have hitherto hampered this industry remains to be seen.

Labour offered the electorate very little that was fresh. It would maintain White Australia, abolish State Governors, institute Commonwealth freight and passenger steamers,

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discontinue compulsory military training, abolish Upper Houses of all kinds, and make the Commonwealth Bank into a people's bank—whatever that might mean. But its main bid for support was its fiscal policy. Mr. Scullin nailed "maximum tariff" to his masthead. This would abolish unemployment, diminish imports, build up industry and allow Australia to live at peace behind a Chinese wall of its own contriving. He blamed borrowing for accelerating the flow of imports, and asked for an affirmative vote on the referendum which would give the Commonwealth the power to regulate loans. He was not opposed to immigration but only to immigration while there was unemployment in Australia. The Labour campaign manual carefully explained how a high tariff would decrease prices, prevent exploitation of the consumer, and increase Empire trade. It warned the electors against the free-trade canker in the heart of the Bruce-Page Government. Roseate pictures were drawn of an Australia teeming with factories, and entrepreneurs tumbling over each other to establish yet more factories. Like Glendower, Mr. Theodore and Mr. Scullin claimed to call manufacturers from the vasty deep. And like Hotspur, Mr. Bruce retorted coldly "but will they come?"

The Labour policy was proclaimed with studious moderation. Labour fought the election on a high tariff, the need for industrial peace, and the shortcomings of the Government. There was no revolutionary preaching, and the class war *à la Russe* was abjured as a platform weapon. In short, the expected lions roared as gently as sucking doves.

The parliamentary election was accompanied by a referendum asking for power to be given to the Commonwealth to make agreements with the States concerning State debts and the regulation of future borrowing. No particular agreement was specified, but the Bruce Government has already prepared a scheme. This financial agreement was outlined in the last number of *THE ROUND*

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TABLE.* The Federal Labour party, though not supporting this agreement, was in favour of the proposed alteration of the Constitution and advised its supporters to vote "yes." Thus both parties recommended the suggested change. There were two prominent recalcitrants—one on each side. Mr. Lang, leader of the State Opposition in New South Wales, and Sir James Mitchell, leader of the anti-Labour Opposition in Western Australia, both counselled a "no" vote. Parliamentary Opposition makes strange bed-fellows.

The polling revealed substantial, if not enormous, majorities in all the States for this amendment of the Constitution. Since the establishment of the Commonwealth in 1901 sixteen proposals for constitutional alterations have been submitted to the people by referendum. Only three have been approved. In two instances the change sought was technical and non-controversial. The rejection of the other thirteen proposals suggests that our written Constitution, like others, tends to become rigid and static. The thirteen rejected proposals came from both political parties. Labour and anti-Labour have, in fact, brought forward practically identical proposals which have shared the same fate. Even in cases where the Ministry sponsoring the change has been returned with large majorities, its proposals have been decisively rejected. Whether these continuous rejections have been due to prejudice, ignorance, wisdom, or simply to habit, is an interesting political speculation. But the general effect of them has been to impart to the original Federal Constitution a sacrosanct character, not at all in accord with the empirical outlook of Australians. It may be that this habit of negation has now been broken. There are many people in the country who will be glad if it is so.

The result of the elections has been to return the composite Bruce-Page Ministry to power. But the Nationalist

* See THE ROUND TABLE, No. 73, December 1928, p. 186.

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majority has been substantially reduced. Here are the results of the last three elections :—

	1922	1925	1928
Nationalist	32	38	29
Country party	14	13	13
Country Progressive	—	1	—
Independent.. .. .	—	—	2
Labour	29	23	31

In the Senate there were 19 seats to be filled. The Nationalists have secured 10 of these, the Country party 2, and Labour 7. The state of parties in the Senate will therefore be :—

	1925	1928
Nationalist	24	27
Country party	4	2
Labour	8	7

Labour claims the result of the election as a triumph; so does the Country party. Mr. Bruce, being returned to power, says he is satisfied. There is no doubt that the Nationalist tide has receded from the flood of the '25 election. In the last Parliament, Mr. Bruce was only just dependent on the Country party. In the next, he can only govern with the consent of that party. But the really vital division of parties in Australia is between Labour and anti-Labour, and the result of this poll is to give the anti-Labour forces a definite majority in both Federal Houses.

The air is thick with explanations of Labour's gain at Mr. Bruce's expense. That gain was most pronounced in the State of New South Wales, where a Nationalist Government is in power, and where capital was made of two issues by Labour's adroit campaign directors. One was the taxation proposals of the Bavin Government to which reference is made elsewhere. Their general unpopularity was exploited in every electorate. The other issue was that of the basic wage. Following some provocative remarks by the President of the Industrial Commission, came a discussion in Parliament as to the advisability of

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proclaiming a lower basic wage in accordance with the provisions of the Family Endowment Bill. Immediately the Labour campaigners raised the cry on the hustings that the basic wage was in danger from the Nationalists. As a matter of fact neither of these two questions came within Federal competence, and they were not germane to the election at all. That, however, did not matter. They were good "election cries," and Australian politicians know that seats are won and lost on emotional appeals. The raising of these two cries in a Federal election is significant. The really sensational appeals in Australia arise in State rather than in Federal politics. Much more heat can be engendered over questions of wages, hours and standards of living than over questions of defence and the tariff. The former may not, in reality, touch the electors more closely than the latter, but they appear to do so. If ever the jurisdiction over these so-called domestic questions is transferred to the Federal Parliament, then Federal elections will become more exciting and sensational. But the raising of these issues in this Federal election was entirely illogical. Unfortunately, this does not mean that it was ineffective, which things are a commentary on the general level of modern political intelligence.

Apart from these considerations which only apply to New South Wales, there is a whole crop of reasons advanced to account for the reduced Nationalist vote. Sometimes it is faulty electoral organisation, sometimes the fear of Italian migrants, sometimes lack of economy in Federal administration, and sometimes the dissatisfaction of Tasmania and the western States. But Labour had its own troubles—the odium of the waterside strike, the dissension between extremists and moderates, the quarrel between the Australian Labour party and the Australian Workers' Union. Every election result is, of course, due to a complex of causes. But the usual electoral swing seems to be an adequate explanation of this particular result. The Bruce-Page Government has been in power since 1922.

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Labour has been in the wilderness since 1916. The Government, therefore, had to fight the election on performances, while Labour had no performances to embarrass it and was able to rely on promises—a much less disconcerting weapon for the hustings. The factor of unemployment probably helped the electoral swing. It is estimated that there are over 100,000 unemployed in the Commonwealth. This means discontent, and discontent expresses itself generally in a reaction against the Government in power. During the campaign the veteran of the Cabinet—Sir George Pearce—lapsing for a moment into refreshing, if cynical, candour, acknowledged that the Government was unpopular with a great many people who nevertheless tolerated it lest a worse thing should befall them. Perhaps this is as adequate an explanation of the result as can be found.

Australia,
December 1928.

SOUTH AFRICA

I. THE CABINET CRISIS

THE division in the Labour party between the section which stood by Colonel Creswell and that which retained its allegiance to the National Council of the party led, as was to be anticipated, to a crisis in the Cabinet. Of the three Labour Ministers in the Pact Government, two, Colonel Creswell and Mr. Boydell, had repudiated the National Council as the supreme authority in the party, while the third, Mr. Madeley, strongly supported it. Their differences became so acute and found such unequivocal expression on public platforms that it became clear that no Ministry constituted upon the ordinary principles of Cabinet government could avoid a crisis. It finally came in the form of a letter addressed by General Hertzog, the Prime Minister, to Mr. Madeley informing him that he no longer placed that confidence in him which was necessary to their continued co-operation as colleagues in the Ministry. Mr. Madeley did not reply to this, as it had evidently been expected that he should, by tendering his resignation, but asked for time to consult the National Council of the Labour party as to his position in the Cabinet. The Prime Minister, however, took immediate action by offering his resignation and that of his Government to the Governor-General. The resignation was accepted and General Hertzog was immediately asked to form another Ministry, which he at once did by nominating his former colleagues with the exception of Mr. Madeley,

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whom he replaced by Mr. H. W. Sampson. Mr. Sampson is one of the original members, if not the founder, of the South African Labour party. He is a convinced and trusted trade unionist who has done much to promote the cause of industrial organisation in South Africa, and he has supported Colonel Creswell in his revolt against the National Council of the Labour party.

The immediate occasion of this crisis made it evident that an opportunity was being used for doing something which, on other grounds, had become necessary. It arose out of a request by a recently formed native organisation, known as the I.C.U. (Industrial and Commercial Union), for an interview with Mr. Madeley, as Minister of Posts and Telegraphs, on the subject of certain grievances among the native employees of the Post Office. The formation of the organisation—the first effective attempt of natives to organise on trade union lines—has given rise to a considerable amount of opposition and to some alarm among European employers, more particularly among the farmers of Natal. It has not been recognised as a trade union by the Government—its constitution, indeed, makes it plain that it has wider objects—and a similar request to the Minister of Agriculture to receive representatives from the union on behalf of some native employees of his department had been categorically refused. When the request for an interview came to Mr. Madeley, the Prime Minister asked him not to agree to it until the matter had been discussed in Cabinet, and he apparently understood Mr. Madeley to fall in with his wishes. Mr. Madeley, however, was, it seems, under the impression that it was open to him to see these representatives so long as they came to him not directly from the I.C.U., but introduced by the General Secretary of the Trade Union Congress, and he acted accordingly. The appointment of Mr. Sampson as Mr. Madeley's successor has been generally accepted as a sufficient proof that the principle of trade unionism was not involved in the dispute. The Prime

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Minister regarded Mr. Madeley's action as a breach of faith, and he therefore took the steps already described to relieve him of his office.

One effect of this crisis is to bring us a step nearer to a clearing of the issues between the two warring sections of the Labour party. The adherents of the National Council now have no representative in the Ministry and it will, accordingly, be easier for them to maintain the principle, which has always been latent in the disruption of the party, that they will not accept office in any Government which is not committed to the Labour programme. It is not yet clear, however, that they will go as far as to offer active opposition at the polls to the Nationalist party, or even to the rival section of the Labour party. On the contrary, it would seem probable that all three will co-operate as far as their mutual antipathies allow them to do so to prevent the South African party from obtaining a majority at the forthcoming elections.

But all speculation as to the alignment of parties at the elections will have to be subject to revision in view of the recent declaration by General Hertzog that the dominant issue will be the native question, or, as he puts it, the preservation of the white race and its civilisation. A bitterly contested election fought on that cry can hardly fail to be disastrous to that thoughtful consideration of problems associated with the relations of European and native which has made such marked advance in recent years. It will also compel the existing parties to face questions which hitherto have been studiously kept out of the controversial arena under carefully framed platitudes. That may prove to be a severe test for some of them. In any case, it will mark the end of the tradition of South African politics to deal with native questions as far as possible by agreement and not by party battles.

The Commercial Treaty with Germany

II. THE COMMERCIAL TREATY WITH GERMANY

A TREATY of Commerce and Navigation between the Union of South Africa and the German Reich was signed at Pretoria on September 1, 1928, and it is anticipated that a resolution for its ratification will be moved in the two Houses of the Union Parliament during the current session. When first published, the treaty was accorded a not unfavourable reception by the press, but during the past two months much attention has been devoted to it, not only in the press but by commercial bodies; and as the tone of the adverse comments has frequently suggested that the position is not fully understood, a short note in elucidation of the form and content of the treaty will not be inappropriate in this section.

It will not be necessary to go back further than December 2, 1924, when the Treaty of Commerce and Navigation between the United Kingdom and Germany was signed. In accordance with British practice, it contained (in Article 31) the usual provision for the optional adherence of other parts of the British Commonwealth, *viz.* :

The stipulations of the present treaty shall not be applicable to India or to any of His Britannic Majesty's self-governing Dominions, Colonies, Possessions or Protectorates unless notice is given by His Britannic Majesty's representative at Berlin of the desire of His Britannic Majesty that the stipulations shall apply to any such territory.

Nevertheless, goods produced or manufactured in India or in any of His Britannic Majesty's self-governing Dominions, Colonies, Possessions or Protectorates shall enjoy in Germany complete and unconditional most-favoured-nation treatment so long as goods produced or manufactured in Germany are accorded in India or such self-governing Dominion, Colony, Possession or Protectorate treatment as favourable as that accorded to goods produced or manufactured in any other foreign country.

As regards India, or any of His Britannic Majesty's self-governing Dominions, Colonies, Possessions or Protectorates to which the provisions of the present treaty shall not have been applied by September 1, 1926, the provisions of the second paragraph of this article shall cease to operate three months after notice has been

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given, at any time after that date, to His Britannic Majesty's representative at Berlin on behalf of the President of the German Reich.

Ratifications of the Anglo-German Treaty were exchanged by the United Kingdom and Germany on September 8, 1925. The South African Government has not availed itself of the opportunity to adhere to the provisions of the treaty, and consequently the most-favoured-nation treatment accorded by Germany to South African goods has, since September 1, 1926, been liable to termination by Germany after three months' notice.

When, in 1924, the Nationalist-Labour Government came into power in South Africa, one of the first steps it took was to overhaul the South African customs tariff and preferential rebate system then in force. It will be recalled that the Imperial Economic Conference of 1923 had recommended a system of preferences on Empire produce imported into the United Kingdom which if fully adopted would have involved new duties on food imports from foreign countries. The country declared against such duties in the English elections of that year, but in 1925 effect was given by the Churchill budget to those proposals which involved no new duties, and preferences were extended to dried and preserved fruit, tobacco, wine and sugar. The South African Customs Act of 1925 is important in this connection because it manifested a change of attitude towards Imperial preference and in addition foreshadowed a new phase in the commercial relations between South Africa and other tariff-making units. Henceforward the South African Government intended to conduct its own negotiations with other Powers, while maintaining consultation with the other members of the British Commonwealth.

The important change made in the system of preferential rebates was the abandonment of the flat rebate of three per cent., allowed indiscriminately on almost all classes of imports, in favour of varying rebates having relation to the

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severity of competition experienced by the British exporter. At the same time, however, preferences were withdrawn on many articles where the trade was likely in any case to be in British hands, with the result that the estimated loss of revenue involved was reduced (on the basis of 1924-1925 imports) from £860,000 to £300,000 on trade from the United Kingdom, and from £90,000 to £50,000 on Dominion trade. Leaving aside the debatable question of the adequacy of the rebates granted, there is at least general agreement that the new basis (which conforms with Australian and Canadian practice) is more reasonable than the former flat rate. In the Customs Tariff Act the preferences are shown as minimum rates on certain commodities applicable only on the produce and manufactures of the British Commonwealth.

In addition to the preferential rebates, the 1925 tariff schedule includes minimum rates on other commodities "in order to enable the Government to negotiate with countries outside the British Commonwealth for most-favoured-nation terms for South African produce and manufactures." In a previous issue of *THE ROUND TABLE** an account is given of the debate in the House of Assembly which resulted in the Government's agreeing to extend to Great Britain automatically and unconditionally any concessions which might be made to foreign countries as the result of such negotiations.

Just as the negotiation of a treaty with Germany is a logical result of the new tariff policy adopted in 1925 by the Union Parliament, so also can the contents of that treaty be shown to be in conformity with the attitude of the Prime Minister at the Imperial Conference in 1926. The proceedings of that conference report the following sentences in the opening speech of General Hertzog on October 19:—

I think, Sir, it will be generally admitted that the corner-stone of [the] Empire is the will, the good-will, of those who compose it.

* See *THE ROUND TABLE*, No. 60, September 1925, pp. 820-29.

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Without that will the Empire must collapse. If, therefore, the Empire is to be maintained, if it is to flourish and fulfil that great task which we all hope it will achieve in the history of the world, we must see that the will to live in the Empire, as a Commonwealth of free nations, will in future, as it is to-day, be present and active with every one of its constituent elements.

Whether at present all the conditions are there to ensure the permanency of that will, and therefore of the Empire, is a question which I think we should enquire into at this Conference. Speaking merely for South Africa, I think they are not. South Africa is anxious to possess that will equally with every other member of the Commonwealth, but that will can be assured in the future only if she can be made to feel implicit faith in her full and free nationhood upon the basis of equality with every other member of the Commonwealth. That implicit faith she does not possess to-day, but she will possess it the moment her independent national status has ceased to be a matter in dispute and has become internationally recognised.

It is clear from his words in one of the concluding speeches on November 23 that General Hertzog left the Conference convinced that he had secured what he wanted, the international recognition of South Africa's independent national status :

I will say this, that I shall certainly leave this Conference and go back with a feeling that I do not think often happens in the history of anyone attending an important gathering such as this, that I leave fully satisfied that whatever I wanted to have and to attain has been attained at these meetings, and, what is more, that it has been attained with the full co-operation and sympathy of all when we have met together.

Throughout the new treaty with Germany, the features which have aroused comment seem all to follow inevitably from the international recognition of South Africa's independent national status.

The precarious basis on which has rested the export trade of South Africa with Germany since September 1, 1926 is in itself complete justification for the present attempt to reach a more permanent trade agreement. The treaty signed in September last follows the draft form suggested by the Imperial Conference of 1926 ; it is made

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between His Majesty the King of the United Kingdom of Great Britain, Ireland, and the British Dominions beyond the seas, "for and on behalf of the Union of South Africa," and the President of the German Reich. From answers to questions in the House of Commons (November 26 and December 5, 1928), it is clear that the negotiations were conducted in accordance with the policy of mutual consultation between the members of the British Commonwealth which was agreed upon at the Imperial Conferences of 1923 and 1926. The main content and terminology of the treaty both follow very closely the Anglo-German Treaty of 1924. A few of the articles of the latter are omitted, particularly those relating to import and export licences, the fishing and shipping trades, territorial waters and inland waterways, and, of course, Article 31 quoted above. A new clause is added (Article 25) safeguarding "the right of either party to apply the limitations or restrictions, in force from time to time in its territory, upon . . . any person belonging to or descended from any Asiatic or coloured race." The term of the treaty is two years only, subject thereafter to six months' notice, whereas that of the Anglo-German treaty was five years, with twelve months' notice. The short term is important from the point of view of the promptitude with which it would be possible to vary the range of the preferential rebates.

The first main difference between the two treaties occurs in Article 3, in which, according to the South African-German treaty, the parties agree to extend to each other "simultaneously and unconditionally, without request and without compensation" the most-favoured-nation treatment which they accord to the ships and subjects or citizens "of any other State" (*irgend eines anderen Staates*), whereas the Anglo-German treaty refers to "any other foreign country" (*irgend eines anderen fremden Landes*). The change displays the anxiety of the South African Government to preserve the international recognition

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previously referred to. The second main difference occurs in the sub-sections of Article 4, which in the South African treaty exempt from the definition of most-favoured-nation treatment any favours which South Africa may grant to Portuguese East Africa, Southern and Northern Rhodesia and the native territories in the Customs Union, and any privileges and facilities which may be granted to vessels carrying mails under contract. A third difference of interest, in that it foreshadows legislation, is Article 19: "Coasting trade, in the territories of either of the contracting parties, is excluded from the provisions of this treaty," the ships of the contracting parties being defined (Section (9) of the Protocol), as far as His Britannic Majesty is concerned, as "ships and vessels registered in the Union of South Africa."

The fourth main difference between the treaties (and the feature which has aroused the loudest comment) is in Article 8, to the main clause of which a proviso is added in the South African treaty defining the preferential rebates to be accorded only to the members of the British Commonwealth:

Any article produced or manufactured in the territories of either of the contracting parties, on importation into the territories of the other, shall not be subjected to other or higher duties or charges than those paid on the like articles produced or manufactured in any other country; provided that in respect of the goods now specifically enumerated in the existing legislation of the Union of South Africa the German Reich may not claim the minimum rates or rebates which can only be granted on such goods if produced or manufactured within Great Britain and Northern Ireland and the British Dominions, Colonies, Possessions, or Protectorates and when imported therefrom for consumption within the Union nor such minimum rates or rebates as have actually been granted to Canada and New Zealand respectively in respect of the articles specifically mentioned in Schedule II, Parts II and IV, to Act No. 36 of 1925 of the Union of South Africa.

The section does not limit the amount of the preferential rebates that may be granted; nor does it prevent the grant

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of further concessions during the period covered by the treaty, providing that in future they are to apply equally to all nations enjoying most-favoured-nation treatment; but before new privileges on commodities not at present enumerated can be granted solely to members of the British Commonwealth, the treaty as it stands would have to be denounced. The ease with which such changes could be made, on account of the short term of the treaty and the rapidity with which denunciation could thereafter be effected, has been overlooked in recent discussions; and no flagrant omissions have been pointed out in the schedules of commodities to which Imperial preference applies. It seems reasonable to expect critics to deal with those points.

The question arises as to the extent to which South Africa may in fact hope for economic benefits accruing to herself as a result of the further development of the preferential rebate system. In a previous article to which reference has already been made some attention was given to this aspect of this matter, and that ground need not be covered again here. Meanwhile, however, the fate of the treaty is undecided. With the elections upon us, Members of Parliament are not likely to take a long view, and there is a distinct possibility that the motion for the ratification of the treaty may be defeated in one of the two Houses. The Labour wing of the Government is by no means united in support of it. On the other hand, it is not improbable that, in due course, the Parliament which supported so enthusiastically the new tariff policy of the Government and the achievement of General Hertzog at the Imperial Conference will come to regard the form and content of the German treaty as their logical and inevitable outcome.

South Africa,
February 1929.

NEW ZEALAND

I. THE GENERAL ELECTION

A FEW days after the general election an intimate friend and former colleague of Sir Joseph Ward remarked that "the two men most surprised by the result were Coates and Ward." There was no reason why he should not have also added the name of Mr. H. E. Holland, the leader of the Labour party. And if the leaders of all three parties were surprised, so were at least 90 per cent. of their followers. The one point on which Mr. Coates and Mr. Holland throughout the campaign were in complete agreement was that the real struggle was between Reform and Labour. And the reduction of the National party at the general election of 1925 to 11 in a House of 80 and their poor showing in the late Parliament raised a strong presumption in favour of this contention. They were obviously doing far better under their new name (United party) with Sir Joseph as their leader; nominally a new one though really the hero of a hundred fights recalled to take charge of what at first looked like a forlorn hope. But that the United party still seemed to be a long way from endangering the position of the Reform Government a fortnight before the poll may be inferred from the admission of the *Evening Star* (Dunedin), a strong supporter of that party in a district where Sir Joseph's popularity is peculiarly strong. Its prediction was that "the Government, almost certainly, will go back to office."

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This was on October 31. On November 14 the electors gave the United party a lead over each of the other two parties, and the two-thirds majority of the Government had been reduced by about 50 per cent.

The campaign itself was not particularly exciting. The comparative apathy of the first week or two suggested that Labour with the greater enthusiasm and better organisation at its command would have a considerable advantage, but before the close the triangular contest was proceeding with an all-round vigour probably equal to that of an average campaign. The opening shots were fired on behalf of the Reform party by its leader, the Prime Minister, in a manifesto published on October 16, and on behalf of the United party by Sir Joseph Ward in a speech delivered the same day at Auckland. The Labour party's manifesto appeared the following day. A brief appeal was also addressed to the electors by each of the leaders the day before the poll. Mr. Coates and Mr. Holland had been touring the Dominion during the interval and delivering speeches in all the chief centres and in some of the smaller ones as well, Sir Joseph Ward was compelled by illness to curtail his programme.

The written text of their manifestos will, however, serve better than the leaders' speeches to indicate the points of the rival programmes. As the Government was on the defensive, the concern of Mr. Coates was to present its achievements as well as its plans for the future, and both sides of the case, together with his criticism of the rival programmes, were conveniently summarised in his concluding appeal, which is set out in the appendix. As might be inferred from the Prime Minister's last paragraph, the Labour party's manifesto was as severely criticised for what it failed to say as for what it said. The manifesto itself had nothing to say, and very little was heard on the platform about "the nationalisation of the means of production, distribution and exchange," which, as a Socialist party, Labour still cherishes as a fun-

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damental article of faith. The "usehold" tenure which was a much criticised point in the party's land policy three years ago has been definitely dropped. Some of the principal points in its manifesto will be found in the appendix. Sir Joseph Ward's summary at Auckland of the main points of the United party's platform is also appended.

Of all the points made in the different manifestos the one that attracted far the most attention was the £70,000,000 loan which Sir Joseph proposed to raise by the issue of Government Bonds at $4\frac{1}{2}$ per cent. interest, saleable at £95 per £100. As the cost of Mr. Downie Stewart's highly successful £5,000,000 loan worked out, as already explained in the ROUND TABLE,* at £5 3s. 5d. per cent. it is hard to see how Sir Joseph Ward can expect to raise £60,000,000 to lend to settlers at $4\frac{3}{4}$ per cent. There is the further difficulty that the State Advances Department which would have the handling of this money has already lent large sums at $5\frac{3}{4}$ per cent.

But, apart from Sir Joseph Ward's bold financial proposals, there was little in his programme to distinguish it from Mr. Coates's, except the declaration in favour of preferential voting. Under an Act passed during Sir Joseph's last administration, a second ballot had to be taken in the general elections of 1908 and 1911, whenever the leading candidate failed to obtain an absolute majority of votes; but the system proved so unsatisfactory that, when it was repealed shortly after Mr. Massey came into power in 1912, there was little regret. Nothing was, however, put in its place during the régime of the Reform party. The Labour party is now in favour of proportional representation, and its attitude towards preferential voting is uncertain. Sir Joseph Ward, however, made common ground with Labour when a motion of no-confidence was brought against the Coates Government. Some of his followers hesitated to commit themselves to support a

* See THE ROUND TABLE, No. 73, December, 1928, p. 219.

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motion of such a kind if moved by Mr. Holland, the Labour leader, who was then Leader of the Opposition; but Sir Joseph himself was emphatic.

Don't you think (he said in a speech at Invercargill)* I would be a frightful hypocrite if, criticising the way the country is being managed, I didn't vote to put the Government out? I'd vote with Mr. Holland like a shot.

Otherwise Sir Joseph Ward's short campaign was noteworthy for the energy he put into a small number of speeches and the extraordinary enthusiasm that he aroused. His Invercargill meeting was described by the *Southland Daily News* as "the most impressive political meeting ever held in the south." At Dunedin on November 10, His Majesty's Theatre, in which he spoke, was likened by the *Evening Star* to "a beleaguered citadel," and in the size and the keenness of the audiences both inside and outside the building it saw "the electrifying last-hour advance being made by Liberalism."

The result of the poll was as follows:—

United	27	Country party	1
Reform	26	Independent	1
Labour	19	Independent United ..	4
		Independent Reform ..	2

The only completely independent member, however, is the Speaker, Sir Charles Statham, and if the others were to be classed in accordance with their declared sympathies the position would be as follows (the figures for the two previous elections are also shown for the sake of comparison):—

	1922	1925	1928
Reform	39	55	28
Labour	17	13	19
United (Nationalist)	19	11	32
Independent	5	1	1

* *Southland Daily News*, November 9.

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Of the three parties, it will be noticed that Labour has been least, and the Reform party most, affected by the swing of the pendulum, but the grossly misleading character of the test, in so far as the actual changes in the voting are concerned, is shown by the percentages of the aggregate vote polled by the various parties on each occasion. According to the calculations of the *Evening Post* of November 27, they were as follows :—

	1922	1925	1928
Reform	42·71	47·06	36·29
Labour	23·30	27·65	26·91
United (Nationalist)	30·38	20·38	30·53
Others	3·61	4·81	6·27

With 47 per cent. of the votes, the Reform party in 1925 won nearly 70 per cent. of the seats. About half the loss which it has just suffered is a mere correction of an extravagant miscalculation. The United party, on the other hand, with almost exactly the same percentage as in 1922, has increased its representation from 19 to 32—an advance of about 75 per cent. But, whatever may be said against an arrangement, common to ourselves and Great Britain, which combines utterly unscientific methods of representation with the three-party system, the extraordinary chances which are possible under it certainly give a sporting interest to our elections.

The result, as already stated, was unexpected. It comes as “a pleasant surprise even to the Liberal newspapers,” said one of them, the *Christchurch Star*. Everybody had felt certain that the Reform Government’s majority would be considerably reduced, partly because it had been obtained in large measure by a clever exploitation of Mr. Coates’s then unknown personality, and by arousing expectations which could not possibly be fulfilled; partly because the severe economic depression of 1926–27 and the collapse of the experiment in controlling the export of dairy produce had shaken the confidence of the farmers who constituted the backbone of the party, while the spread of

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unemployment had increased its unpopularity in the towns; and partly because relying upon its majority, the Government, which had little platform ability, had seemed to take things too easily, and so failed to get credit for the solid work that it had done under great difficulties, to make up for this loss of popularity. But the completeness of its recovery from the unpopularity which had been most acute in the trough of the depression eighteen months previously had been exaggerated. At the same time, too little allowance had been made for the advantage which the United party gained in securing Sir Joseph Ward as its leader—an advantage which was probably more due to his personality than to his policy. His personal success was the more surprising seeing that he had returned to politics in 1925, since when he had not particularly impressed either the House or the country. Yet when the leadership of his reconstructed party was offered him on the eve of the general election he rose to the occasion, and not only put new life into his followers, but made a deep impression on the public. The thoroughness of the Government’s defeat is emphasised by the fact that no less than four Ministers, Mr. A. D. McLeod, Mr. O. J. Hawken, Mr. F. J. Rolleston and Mr. G. J. Anderson—a third of the total—lost their seats.

The fact that the strongest of the three parties holds just 40 per cent. of the seats has naturally given rise to a good deal of speculation. Sir Joseph Ward’s original contention was that, as the electors had emphatically declared their want of confidence in the Reform Government, it ought to resign at once. But Mr. Coates, whose position was much the same as that of Mr. Baldwin after the British general election of 1923, took the view that, as the electors had not expressed confidence in any other party, it was not for him to resign without first consulting Parliament. A special session was accordingly called for December 4, and on the 7th Sir Joseph Ward’s motion of no-confidence in amendment of the Address in Reply was supported by the

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Labour party and carried by 50 votes to 28. Sir Joseph Ward, who after the ambiguous verdict of 1911 had been compelled to make way for Mr. Massey's first Reform Government, was thus, after the lapse of sixteen years, able to turn the tables on his opponents.

On December 10 the new Ministry was sworn in. It consisted of :—

Sir Joseph G. Ward—Prime Minister, Minister of Finance, Minister of External Affairs, Minister of Stamp Duties, and Minister in charge of Public Trust, Legislature, State Advances, Land and Income Tax, and High Commissioner's Departments.

G. W. Forbes—Minister of Lands, Minister of Agriculture, and Minister in charge of the Land for Settlements, Scenery Preservation, Discharged Soldiers' Settlement and Valuation Departments.

T. M. Wilford—Minister of Justice, Minister of Defence, and Minister in charge of Police, and War Pensions Departments.

Sir Apirana Ngata—Minister of Native Affairs, Minister of Cook Islands, and Minister in charge of Native Trust, Government Life Insurance, and State Fire Departments.

H. Atmore—Minister of Education, and Minister in charge of the Scientific and Industrial Research Department.

W. A. Veitch—Minister of Labour, Minister of Mines, and Minister in charge of the Pensions and Electoral Departments.

E. A. Ransom—Minister of Public Works, and Minister in charge of Roads and Public Buildings.

W. B. Taverner—Minister of Railways, Minister of Customs, and Minister in charge of Publicity and Advertising Departments.

J. B. Donald—Postmaster-General, Minister of Telegraphs, and Minister in charge of Public Service Superannuation, Friendly Societies, and National Provident Fund Departments.

D. de la Perelle—Minister of Internal Affairs, and Minister in charge of Registrar-General's, Statistician's, Laboratory Printing and Stationery, Audit, and Museum Departments.

J. G. Cobbe—Minister of Marine, Minister of Industries and Commerce, Minister of Immigration, and Minister in charge of the Inspection of Machinery Department.

A. J. Stallworthy—Minister of Health, and Minister in charge of the Mental Hospitals Department.

T. K. Sidey—Attorney-General, and Leader of the Legislative Council.

The team has been well received. It is not only considered to be as good a selection as the material at the

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disposal of the new Prime Minister permitted, but it provides what appears to be a far more promising alternative to the Coates Cabinet than seemed probable before the election. It was, of course, inevitable that the leader of a party which had been so long out of power should have to make use of a large proportion of untried men. The only two of Sir Joseph Ward's colleagues who have had previous experience of office are Mr. Wilford, who served in the National Cabinet during the war, and Sir Apirana Ngata, the ablest member of the Maori race—one of the ablest members, indeed, of the House—who is expected to do well with the portfolios of Native Affairs and the Cook Islands. But there are other things worth noticing about the Cabinet besides the official inexperience of ten of its thirteen members. One is that its total number is two more than the full strength of the party last session, and another that four of the new Ministers have never been in the House before. One of these, Mr. W. B. Taverner, has received the exceptionally onerous portfolio of Railways, but his record, both in business and in the public life of Dunedin, of which city he is Mayor, is such that nobody expects him to prove the weakest member of the team.

The outlook remains uncertain, but there is no longer talk of an early dissolution and the new Ministry seems likely to have a fair run. The best guarantee that there will not be another appeal to the country is the knowledge that the party, supposed to have precipitated it, would certainly be the chief sufferer. Anything in the nature of a coalition is quite out of the question, and there is at present no suggestion of any working understanding between the Government and either of the other parties. But Mr. Coates, who played the man when the numbers went up, and pleaded for "country before party," and on the no-confidence motion is generally considered to have made the finest speech of his life, is clearly going to make a broad-minded and conciliatory Leader of the Opposition. The Labour party has still less ground for a factious or

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obstructive attitude and it quite reasonably, moreover, expects the new Government to be far more to its liking than the old one. So Sir Joseph Ward will evidently be given a fair trial in a very difficult position. His most obvious danger, however, is indicated by the number and importance of his portfolios. The inexperience of the Prime Minister's colleagues has induced him to undertake what in the circumstances would have been an intolerable burden even for a strong man in the prime of life, though the way in which Sir Joseph's election campaign was interrupted showed that the time has come when he should be husbanding his strength.

II. THE LICENSING POLL

IN the licensing poll, as in the general election, the unexpected happened, and with a quite unexpected thoroughness. Twenty years ago the prohibitionists had the best of the fighting, but in recent years the disparity has gradually lessened, and on this occasion the tables were turned. Never was the propaganda for the attack so weak, or that for the defence so strong. A further set-back for prohibition seemed inevitable, but the actual event far exceeded expectation. The figures were as follows :—

	Votes.	Percentage of Total.
Continuance	374,502	51·07
State Purchase and Control ..	64,276	8·76
Prohibition	294,453	40·15

Not only does the continuance vote, for the first time, exceed the prohibition vote, but the two first issues in the list have now an aggregate majority over prohibition of 144,325, or nearly 60 per cent. of the total. The percentages which prohibition polled of the total vote at the last four polls are as follows :—

1919 .. 49·71	1925 .. 47·32
1922 .. 48·57	1928 .. 40·47

Appendix

At the same time the policy of local no-licence continues to hold its own in the twelve "dry" districts. The aggregate vote in these districts on the question of restoring the licences which were voted out when local option was in full operation was as follows :—

	Votes.	Percentage of Total.
Restoration	56,825	45·74
No-licence	68,755	54·74

In the Wellington suburbs district the vote against local restoration (7,317) exceeded the vote for national prohibition (5,509) by 1,808; in Wellington East the excess was 1,766.

APPENDIX

*Mr. Coates's Concluding Appeal to the Electors**

In one of the most difficult economic periods (said the Prime Minister) New Zealand has ever experienced, the Government, with no other desire than to act in the best interests of the whole of the country, has consolidated and promoted the primary industry of the Dominion in the following directions :—Nearly £10 millions advanced to settlers in the last three years—Rural credits (long-term advances)—Rural intermediate credits—Reduction in railway freights for encouragement of production—Guaranteed assistance to fruit-growers (mostly small men)—Stabilised prices for wheat-growers—Assistance to pork industry (great benefit to small farmers)—Assistance to poultry industry—Establishment of Massey Agricultural College for latest scientific research and herd-testing.

May I set out again a few of the essential points in the Government's programme :—Safe finance—No extravagant borrowing—Relief in taxation—Progressive public works development—Improved highways and country roads—Improved railway services—Co-operation of railway and motor interests, especially heavy traffic, and rectifying economic disabilities—Extension of hydro-electric schemes—Sound policy of land settlement based on existing legislation by assistance to part-time farmers near towns, to small holders in rural districts, to men who desire to band together in the purchase of holdings suitable for subdivision, by opening up pumice and other

* *The Dominion*, November 13, 1928.

New Zealand

unoccupied lands ; all tending to increase our exports and consequently our national wealth—Assistance to primary industry by increased financial facilities—Expediting of applications now in the hands of the Advances Department from settlers and workers—Easing the burden of local rates—Encouragement of secondary industries—Public health extension—Modern vocational education—Assistance to those of our returned soldiers who are only now revealing the effects of war strain—Remedial action on analysed causes of unemployment—Promotion of industrial peace and of social welfare—Equal opportunity for all our citizens—No fanciful promises.

The Government cannot promise to work the miracle which the United party professes to be able to work. It cannot promise to reduce the national revenue and increase the expenditure and yet have no increase of taxation. We certainly do not attempt to win the public confidence by such electioneering devices. . . . Naturally the Labour-Socialist party hopes to gain seats by splitting votes in some constituencies. Wherever the three parties have representatives in the field a vote for the United candidate will be, in effect, a vote for the Labour-Socialist party.

Some Points from the Labour Manifesto

The Labour party's policy is framed to help the man who uses the land, and to handicap the speculator ; and the party on entering office as the Government will make provision for land settlement by maximum assistance to competent farmers in the development of all cultivable land now unoccupied. Purchase (compulsory where necessary) of the larger land holdings suitable for closer settlement. Settlement of acquired land on perpetual lease conditional on occupancy and use. Stimulation of closer settlement and prevention of aggregation by increased tax on large holdings of first and second-class lands. State provision of facilities necessary for the transfer of land. . . .

To restrict public borrowing to the minimum consistent with the natural development and progress of the Dominion, make full utilisation of the Public Trust Office and Post Office Savings Bank, extend the State Advances Office to provide the credit necessary for primary production and house building at minimum rates of interest, with State guarantee behind all loans raised for these purposes, and to establish a State Bank with a special department for agricultural banking.

To establish a national health insurance scheme for the payment of maintenance during sickness ; extend the family allowances system to provide an adequate payment to mothers of large families ;

Appendix

adjust old-age, widows' and other pensions to a level sufficient to maintain a reasonable standard of living ; and to enter into a reciprocal agreement with other countries of the British Commonwealth for the payment of pensions.

The Labour party is neither a free trade nor a protectionist party. Its policy is to fully support the establishment, development, and maintenance of the primary and secondary industries natural to the Dominion.

At every available opportunity it has protested in Parliament against the wage reductions and salary cuts, and the treatment of the members of the public service whose salaries were unjustly reduced when the Public Expenditure Adjustment Act was passed. On its return as the Government the Labour party will take immediate steps to restore the 1914 standards, and to establish a basic wage sufficient to ensure an adequate standard of living.

The Labour party will provide for full investigation of the transport systems of the Dominion (rail, road and water) to determine the most economical method of transporting passengers and goods so as to ensure the maximum efficiency, with provision for maintaining and developing the State services.

The unemployment problem is related to immigration, and the Labour party's policy is to appoint an employment board to organise employment so as to minimise the ill-effect on the labour market due to seasonal occupations ; to institute unemployment insurance on a contributory basis with equal payments from employers, employees, and Government, and to provide for the regulation of immigration in accordance with the demand for labour and the opening up of land for closer settlement.

In accord with its policy as provided in its Preferential Voting Bill the Labour party will make provision for preferential voting at all referenda when more than two issues are on the ballot paper.

The system of boy conscription now existing in the Dominion is harmful in its effect, wasteful in its operation, and entirely opposed to the British system of freedom. It is admitted by all who have studied the present system of defence that reorganisation is urgently needed. The Labour party will therefore abolish the present system of conscription, reorganise the defence system of the Dominion, and give full support to the outlawry of war, the League of Nations, and all efforts to secure disarmament by consent among the nations.

A policy of conciliation and justice will be pursued in New Zealand's administration of Western Samoa, with recognition of the right of the Samoans to participate in the government of their own country ; the right of fair trial for all persons charged with offences, and provision for safeguarding the economic interests of the Samoans by the marketing of copra.

New Zealand

Sir Joseph Ward's Summary of the United Party's Programme

Increased money supplies for business people, farmers, and homes for workers, both in town and country—The completion as early as possible of main railway lines now authorised—£70,000,000 to be raised in ten years in regular amounts: £60,000,000 to lend to settlers at $4\frac{3}{4}$ per cent., and 1 per cent. sinking fund for 32½ years; and £10,000,000 to complete authorised through lines of railways; and construction of short, isolated lines to cease—Secondary industries to be fostered by subsidy rather than by a high protective tariff—Government requirements wherever possible to be procured locally—Electoral reform to ensure that successful candidates represent an absolute majority by the adoption of preferential voting—Closer settlement upon more liberal conditions and the prevention of aggregation. Acquisition of estates, voluntary if possible, but where compulsory, owners to be paid by Government bonds—Financial assistance where the nature of the land renders it desirable—A vigorous roading policy designed to assist in opening up settlement—A more expert valuation of land based on its productivity—An extension of the rural credits and intermediate credit system—Assistance for the irrigation of certain areas—A revision of the scale of income tax, making the tax more equitable in its incidence—Company taxation to be reduced and finally repealed—Customs tariff to aim at reduction in cost of living; and food supplies, not locally provided, to be free—State trading for profit is not a legitimate function of the State, and should be abolished—Non-interference in private enterprise—Government by regulation and Order in Council to cease—Taxation of commercial motor traffic to be reduced—Present system of education to be maintained—Defence: To honour our moral obligations to the Motherland—Encouragement of the tourist traffic.

New Zealand,
December 1928.

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF THE BRITISH COMMONWEALTH

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NAVAL DISARMAMENT

THE speech which Mr. Gibson delivered at Geneva on April 22, on behalf of President Hoover, and the reception which it has received from public opinion both in the United States and Great Britain, have largely wiped out the malaise which has disturbed Anglo-American relations since the failure of the Geneva Naval Conference in 1927 and the publication of the proposed Anglo-French compromise last autumn. It makes possible a fresh start towards naval disarmament. And it makes it possible under far more favourable auspices, because during the last year a great deal of thought has been given on both sides of the Atlantic to the underlying causes of the 1927 failure, and there is now a far better understanding of the difficulties which have to be overcome.

President Hoover's programme is, in effect, a proposal

(a) to extend the Washington ratios so as to cover all classes of naval vessels which are not already limited ; *i.e.*, cruisers, destroyers, and submarines ;

(b) to reduce and not merely to limit naval armaments ;

(c) to introduce a flexible formula whereby the relative value of the various types of vessel can be assessed on an agreed basis, so as to enable each nation, within defined limits, to have the kind of vessels it needs by maintaining rather more in one category and reducing the number in another category.

At the same time he emphasises the fact that "any approach to the disarmament problem on purely technical

Naval Disarmament

grounds is bound to be inconclusive," that armaments must be relative, *i.e.*, based on what other naval Powers possess and not on absolute needs, and that "we need no exact balance of ships and guns which can be based only on the idea of conflict—what is really wanted is a common-sense agreement, based on the idea that we are going to be friends and settle our problems by peaceful means."

These ideas have been welcomed by the Prime Minister. Sir Austen Chamberlain, speaking on April 27, said that the Conservative Government accepted parity "fully and with intention," was ready not only for a limitation but for a reduction of armaments, and considered that this reduction should apply "throughout the whole field of naval construction." The leaders of the other parties in this country have also welcomed President Hoover's initiative with enthusiasm and are strongly in favour of the reduction of armaments. The other naval Powers have been no less emphatic in their approval.

But although the general principles of agreement are thus in sight, the problem of detailed agreement is not so easy as public opinion often believes it to be. It is proposed, therefore, in this article to consider briefly some of the major difficulties which have still to be overcome.

I. THE TREATY CRUISER

THE recent naval controversy between the United States and Great Britain has its basis in the traditional conflict of view between the two countries about belligerent and neutral rights in time of war. Great Britain has always taken the view that she has exercised high belligerent rights not merely to protect the world-wide British Commonwealth, its trade routes and its communications, but to defend liberty against the attempts of European military autocracies, such as those of the Bourbons, Napoleon,

The Treaty Cruiser

and William II, to destroy it. She has claimed, in fact, that her navy has been used to maintain the freedom of the world. The United States, on the other hand, has always taken the view that the rights of peaceful neutrals ought to have precedence over the rights of nations trying to settle their disputes by war, and has therefore sought to limit belligerent, and to extend neutral, rights in time of war. She claims that she has always stood for the freedom of the seas.

The real root of the trouble has been that Great Britain has claimed to be the sole judge of when the seas should be closed—or partially closed—to neutral trade in the interests of "public right," and that the United States has claimed to trade with all belligerents irrespective of whether a matter of "public right" was involved or not. The inherent contradiction of the two positions was well illustrated by what happened in the Great War. In 1916, after a continuous fire of verbal protests against the arbitrary action of Great Britain in issuing Orders in Council restricting neutral trade, the United States, on President Wilson's initiative, authorised the construction of a fleet of 16 super Dreadnoughts with the avowed purpose of making it impossible for Great Britain or Germany or any other naval Power in any future war to interfere with American neutral trade according to its own interpretation of international law. In 1917, after the proclamation of the unlimited submarine blockade by Germany, the United States entered the war to "make the world safe for democracy," and adopted all the naval practices against which she had previously been protesting.

In 1918, President Wilson proposed that the "freedom of the seas" should be accepted as one of the agreed bases of peace,* but its discussion at the Peace Conference was

* The second of the Fourteen Points reads as follows:—"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."

Naval Disarmament

vetoed by Mr. Lloyd George. President Wilson, therefore, resumed in 1919 the construction of the 1916 Dreadnought programme which had been suspended during the war. By 1921, naval competition had set in once more. Great Britain had decided to inaugurate a programme comprising four *Hoods*, and Japan had adopted the well-known eight : eight programme to be completed by 1928. The Washington Conference was summoned to deal with this situation and with Pacific questions. At that Conference Great Britain abandoned her traditional two-power standard and accepted in principle "parity" with the United States; the 5 : 5 : 3 : 1.67 : 1.67 ratio was applied to the battleships and battle cruisers of Great Britain, the United States, Japan, France and Italy; and a considerable tonnage of old and partly constructed new battleships* was sunk so as to bring the total battle fleet tonnage down to 525,000 tons each for the two principal naval Powers. No agreement, however, could be reached about cruisers, destroyers, and submarines, partly because France objected to the 1.67 ratio and refused to limit the kind of vessels which are useful to the weaker naval Powers, and partly because of the inherent difficulty of applying "parity" to the widely divergent needs of a world-wide commonwealth and a compact national State. The sole limitation agreed to was that cruisers should not exceed 10,000 tons or be armed with guns of more than 8 inches. The only explanation which has so far appeared of why the limit was set so high is that it was prompted by the fact that Great Britain at that time had two 9,900 ton cruisers armed with 7.5 inch guns in commission, and two more under construction.

Whatever the explanation, it has been this "treaty cruiser," as it has been called, which has since dominated all technical naval discussions. It has a speed of nearly 32 knots or more, can overtake and destroy every vessel

* *Note.* The United States scrapped some 456,800 tons of new construction on which £30,000,000 had been spent. Great Britain scrapped 400,000 tons of older ships in addition to 1,760,000 tons scrapped after the Armistice.

The Treaty Cruiser

of lesser size and can escape from battleships and battle cruisers by its superior speed. Inasmuch as the battleships and battle cruisers are themselves limited in number, and keep together as a fleet, the "treaty cruiser," with its speed, range of action, and gun power, has come to occupy in post-Washington naval discussion almost the same position as the Dreadnought occupied in pre-war naval discussion. By 1924, every naval nation had authorised the construction of these vessels, though Great Britain went ahead with her programme far more rapidly than her neighbours. The position in March, 1929, was as follows :—

		Completed.	Authorised or under con- struction.	Total.
British Empire :				
Great Britain	8	10	5 (6 ?)	15 (16 ?)
Australia	2			
United States	..	0	23	23
Japan	..	1	7	8
France	..	2	4	6
Italy	..	2	4	6

There are, however, also a number of other vessels more or less comparable to the "treaty cruiser," which must be taken into account. Great Britain has under construction or authorised two vessels of 8,400 tons armed with 8 inch guns and with a speed of 32 knots or more. She has too the four pre-Washington cruisers already mentioned, of about 9,900 tons, armed with 7.5 inch guns, but with a speed of only 30.5 knots, *i.e.*, less than that of the battle cruisers. Japan has four 7,100 ton, 33 knot, 8 inch gun ships in commission. Nobody but a naval expert could appraise the exact relative value of these ships as compared with the "treaty cruiser" proper.

In order to complete the picture it is further necessary to take into account smaller and older cruisers, armed with guns of 6 inches or less. Of these, Great Britain has two cruisers of 7,500 tons armed with 6 inch guns and

Naval Disarmament

with a speed of 33.7 knots, which were laid down in 1918 during the war. She has also thirty cruisers of from 3,750 to 4,850 tons, armed with 6 inch guns, and with a speed of less than 30 knots, all but one laid down during the war, together with three slow pre-war, 6 inch gun cruisers of 5,400 tons. There are also three Australian and two New Zealand cruisers of similar type. According to a speech of the First Lord of the Admiralty in Parliament on March 14, Great Britain proposes to lay down two new 6 inch gun cruisers this year. She has thus altogether 42 small 6 inch gun cruisers built, building or authorised, in addition to the 15 or 16 "treaty cruisers" and the 6 intermediate vessels already mentioned—a total, allowing for obsolescence, of 63 or 64.

The United States, on the other hand, has ten post-war 9,000 ton, 33 knot, 6 inch gun cruisers of the *Omaha* class, and 22 old pre-war cruisers of varying sizes and gun power and of very little value, which with the 23 authorised "treaty cruisers" make a total, allowing for obsolescence, of 55. Japan has 17 cruisers, built during or after the war, of 5,600 tons or less and armed with 5.5 inch guns, and four pre-war cruisers of the same type. France has three post-war cruisers of 7,873 tons, with a speed of 34 knots and 6.1 inch guns, and ten pre-war cruisers. Italy has twelve pre-war cruisers and four 5,000 ton, 37 knot, 6 inch gun cruisers building. Finally, Germany has four 6,000 ton, 32 knot, 6 inch gun cruisers completed or under construction, and has authorised the new 10,000 ton long range 11 inch gun cruiser, now generally rated as a battleship, which has caused such a sensation in naval dovecots all over the world.

These are the bare bones of the cruiser controversy. The United States, however, though at present inferior in cruiser tonnage, is superior in destroyers and submarines—the great majority built or commenced since 1914. The following is a summary of the "first and second line" vessels of the two Powers submitted to Congress last

What is Parity?

January by Mr. Walsh, the Senator from Massachusetts, and said to be compiled from the Navy Department's tables of October 1, 1928.*

	United States		Great Britain	
	Number.	Tonnage.	Number.	Tonnage.
Capital Ships ..	18	525,850	20	556,350
Airplane Carriers ..	3	78,000	6	107,550
Cruisers	40	334,425	64	397,140
Destroyers ..	295	340,994	187	230,470
Submarines ..	124	92,979	74	75,425
Mine Layers ..	18	32,770	2	11,810
Monitors	—	—	4	28,820
Total ..	498	1,405,038	357	1,407,565

The only other factor of importance is the stage of construction of the "treaty cruisers." According to the latest available information, Great Britain has ten completed (two of which are Australian), five (including the 8,400 ton, 8 inch gun cruisers) laid down and two, possibly three, authorised; the United States has thirteen laid down and ten authorised; while Japan has one completed and seven laid down, as well as four 7,100 ton cruisers with 8 inch guns of the *Furutaka* class.

II. WHAT IS PARITY?

IT is easy to determine what parity is in battleships and battle cruisers, because a battle fleet usually moves as a unit from defined bases, within a defined radius, and its main purpose is to find and destroy the enemy's fleet. Parity, therefore, can be based on "tonnage and gunnage." But when we come to consider vessels whose main function is to protect or intercept commerce, it is not so easy. All sorts of other considerations enter in. Various tests have been suggested, such as security, population, wealth, volume of overseas trade, mathematical

* The discrepancy in the cruiser figures is mainly due to the fact that the table is based on the assumption that cruisers have an effective life of fifteen years only.

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parity, and so forth. None of these will, however, really bear analysis as a test.

Let us take first the test of security or vulnerability. On that basis the British Commonwealth ought to be entitled to a vastly greater number of cruisers, because it covers a quarter of the earth's surface and is scattered all over the globe. The internal communications between its vital parts, between Great Britain, Australia, India, South Africa, Canada, and so on, are across the oceans. Great Britain, still the heart of the Empire, is an island which imports most of her vital food supplies and much of her essential raw materials from across the seas. On any such test a political entity containing 450,000,000 people living in all the five continents is entitled to a larger defence force than a compact nation of 120,000,000 people, practically self-contained, almost completely "secure" from attack, because it is protected by 3,000 miles of sea from its nearest armed neighbour, and possessing only a few outlying dependencies in the Pacific. If security is to be equal, the naval quotas must be different.

To concede the principle of vulnerability or security, however, is to concede the right to the permanent command of the sea to Great Britain. In his speech to the Senate on January 3, introducing the Bill for the construction of the 15 cruisers, Senator Hale, the Chairman of the Naval Affairs Committee, stated that the total volume of American overseas trade (\$9,000,000,000) was now as great as that of Great Britain, that the American mercantile marine was only half that of Great Britain, and that Great Britain had 227 merchant vessels of 4,000 tons with a speed of 15 knots or over, and capable of mounting 6 inch guns, which could be used for naval purposes, as against 70 such vessels possessed by the United States. He also submitted a map of the world showing that the United States had three defended dry-docks and three fuel stations overseas, all in the Pacific or the Caribbean, as opposed to thirteen defended dry-docks and eight fuel

What is Parity ?

stations overseas distributed over all the oceans of the world belonging to Great Britain. The logic of this statement leads straight to the conclusion that to enjoy parity the United States must have ship for ship in cruisers and also an equal strength in naval stations in every ocean of the world, in order to have an equal chance of protecting her trade—a conclusion which would be tantamount to a right to have a navy which could destroy the British Commonwealth at will.

Wealth and population are hardly more satisfactory as a basis for parity. If the United States were to claim a large navy on the ground that her population is nearly three times as large as that of Great Britain and her wealth five times as great, the retort would be made that the British Commonwealth consists of five self-governing nations, numbering nearly 70,000,000 people, and responsible for nearly 400,000,000 other people, and that the territory in which these people live is many times as large and certainly as rich as that of the United States.

So, the usual plan is to fall back upon mere technical formulas, such as "mathematical parity," *i.e.*, exact equality in number, type and power of ships in all classes. But, whether this is really parity or not depends upon the total tonnage allotted and the categories into which it is divided. At Geneva the British Admiralty said that it had to possess a large total tonnage in order to protect so vast an Empire, that there were clearly two classes of cruisers, large or "offensive" cruisers and small or "defensive" cruisers, and it declared that parity meant equalising the large cruisers at twelve or fifteen each and putting the balance of the tonnage into small cruisers armed with guns of 6 inch calibre or less. This, of course, was tantamount to a proposal for perpetuating the British command of the seas, taking geography and other factors into account. The United States Navy Board, on the other hand, said at Geneva that only treaty cruisers were of any use for American purposes, and that parity meant the right to

Naval Disarmament

put the total cruiser tonnage into any type of cruiser up to the treaty maximum. This, of course, was tantamount to a proposal that the United States should be given an "offensive" strength in the long radius 8 inch gun cruisers which could destroy the interior communications of the British Empire, because it would have the power to annihilate the somewhat larger number of smaller British vessels into which most of the British quota of tonnage would necessarily be put.

The truth is that strategically and technically "parity," like every other abstract standard of armaments, is an absurdity. The value of a vessel depends upon innumerable factors which cannot be defined or foreseen. There is no way of achieving parity on a technical basis. Parity is a political idea, implying that the United States and Great Britain rule out the possibility of war between themselves as an element which they need take into account in deciding their naval requirements. It is only on this foundation that any Anglo-American naval agreement is possible. If either side starts out to provide for the possibility of war, competition is inevitable, for each must try to provide a naval force which will be able to impose its will upon the other when the war comes, a competition which, as all history shows, leads on to alliances and world war. But if both sides start out on the basis of the Rush-Bagot treaty which provides that neither Canada nor the United States shall maintain armaments against one another, because they will settle nothing by war, agreement is easy. For, if war is ruled out, it really does not matter what ships each of them has, provided that the disparity is not so glaring as to give rise to a big navy propaganda in either country, on the ground that parity has given way to inferiority.

The broad solution proposed by President Hoover is thus perfectly acceptable on the fundamental assumption that each side absolutely rules out the contingency of war against the other. On the one hand, Great Britain can be given a somewhat larger total tonnage provided that the

What is Parity ?

excess is put into small cruisers of the 3,500 to 4,000 ton type, armed with 4 to 6 inch guns, which she needs to patrol the coast line of a quarter of the inhabited globe. On the other hand, the United States can have a rather larger number of "treaty" cruisers, which appear to suit her needs better. Or alternatively, the Dominion navies might be excluded from the British quota.

There are still difficulties, no doubt. What is the minimum reasonable need of the far-flung British Empire in the way of cruisers, ruling out all possibility of conflict with the United States ? It is far easier for the United States to make a big reduction in her programme than for Great Britain to reduce the number of ships that she has in commission. What is the effect of the possession by other navies of, say, large numbers of fast cruisers, submarines, etc. which lie athwart the British communications, but not across those of the United States ? A successful naval agreement must, if it is to last, include all navies ; in some ways an Anglo-American agreement is the easiest part of the whole business, because the ratio of "parity" is already agreed to in principle. The difficulty in the case of France and Italy, and to some extent in that of Japan, is to determine the ratio. Finally, any agreement must provide not only for a limitation and a precise definition of types and numbers ; there must also be detailed tables governing age and replacement, for competition in *matériel* is as dangerous as competition in numbers. As the controversy over the alteration of gun mountings, and the efforts of Admiralties to include obsolete vessels in their navy list in order that they may be able to "replace" them with modern vessels, clearly show, it is essential that the agreement should be so precise as to prevent any risk of serious disagreement as to what it means, or the suggestion that its effect can be defeated by technical skill.

None of these problems, however, seem to be insoluble, or indeed difficult, if Mr. Hoover's fundamental

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condition—the renunciation of war—is respected, and if its inevitable corollary, the purpose for which armaments are to be used, is changed. As Mr. Gibson stated at Geneva, the United States Government “feels that genuine disarmament will follow only from a change of attitude towards the use of force in the settlement of international disputes.” What does that mean?

III. DISARMAMENT AND THE OUTLAWRY OF WAR

THE principle underlying the Pact of Paris, that is, the total renunciation of war as a method of settling international disputes, is the key to the problem of disarmament, as it is to the problem of the freedom of the seas, and of the peace and freedom of the world.

Let us consider first the general problem of disarmament. So long as nations rely upon their own armaments for their security or the maintenance of their rights, they are bound to maintain such armaments as they think will secure them victory in the event of their having to use them. Security is not absolute; it is relative. In a world in which war is still regarded as the ultimate resort, the security of every nation must depend upon its having armaments which will, in fact, enable it to make its neighbours insecure. Hence the eternal sequence of competition, alliances and war throughout history, since the end of the Roman Empire. The only condition of disarmament is that the nations should renounce war altogether as the method of settling their disputes, and the test of whether they really renounce war as an instrument of national policy is that they should also renounce armaments as the instrument of their national security. For so long as they rely upon armaments, they are really relying upon war.

It is just the same with the problem of the freedom of the seas. As a remarkable pamphlet recently issued by the

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Labour party has pointed out, both the British and the American naval doctrines are now obsolete. On the one hand, it is futile for Great Britain to continue to claim the right to impose a private blockade at her own discretion on the modern world. She is no longer strong enough to enforce it. The aeroplane and the submarine, and the rise of the naval power of the United States, have profoundly changed both the conditions of sea warfare and the international position of Great Britain. The acceptance of parity in 1921 was, in effect, the relinquishment of the earlier British claim to command the seas. On the other hand, the United States can no longer stand on her old doctrine of neutral rights. As the last war proved, it is no longer possible to distinguish between contraband and non-contraband, public and private property, in time of war. The development of war-making on a nation-wide scale means that all national resources and man-power are now mobilised as part of the war machine. The only issue left to-day is whether there shall be any belligerent or any neutral rights at all. The practice of the last war went to prove that if war is allowed to break out neutral rights will practically disappear. The old question of the freedom of the seas, *i.e.*, the relative rights of belligerents and neutrals in a war-infested world, has now become merged in the supreme question of whether war is to be tolerated any longer as a method of settling international disputes. If war is effectively outlawed, individual nations will have no belligerent rights at all in their private quarrels, just as they will have no neutral rights as against international action taken to prevent or to stop hostilities. If war is not outlawed, every war will rapidly become a world war, because the neutrals will only be able to preserve any right to trade by coercing the belligerents to stop interfering with their trade.

The problem of disarmament, indeed, both naval and military, is inseparably bound up with the larger question of whether the Peace Pact, the Covenant of the League

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of Nations, the Bryan treaties, and the rest, are going to be made effective instruments for the prevention of war and for the settlement of international disputes of every kind by pacific means. Under the Covenant every member of the League of Nations has undertaken to submit any dispute in which it may be engaged, either to judicial settlement, to arbitration, or to investigation and report by the Council or the Assembly of the League during a period which may be as long as nine months, before it can lawfully go to war. Under the Bryan treaties, or their equivalents, which have now been negotiated between the United States and more than forty of the most important States in the world, every dispute which will not yield to diplomatic methods must be referred to an international commission for investigation and report within twelve months. Under the Pact of Paris practically all the nations have renounced war as an instrument of their national policy, which means that even after the League authorities or the "Bryan" international commission have reported, the signatories are still debarred by treaty from using war as an instrument of their national policy. Finally, under the Covenant, members of the League are bound to sever financial and commercial relations with any State which goes to war in violation of its obligations under the Covenant.

These treaties clearly provide a formidable barrier against war and a far-reaching machinery for the pacific settlement of international disputes, *if they are lived up to and made effective*. Whether they will be effective depends mainly upon whether armaments are in future to be used as the instruments of individual national security, or as the instruments whereby war can in the last resort be prevented. So long as nations rely upon armaments as the instruments of their national security, they will have competitive and bloated armaments, and sooner or later they will use them against one another. Directly they cease to rely upon armaments as the primary guarantees of their national

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security, they will have to create in their place international guarantees against war. What those guarantees will be has not yet become clear. They may be export embargoes, as proposed by various resolutions in the Senate of the United States. They may be the closing of frontiers and of the seas. They cannot be primarily naval or military operations, for the coercion of one State by other States, unless the latter possess an irresistible preponderance of force, spells war. Such a use of armed force must be the ultimate remedy in international affairs, as it is within the State.

In any event, however, the development of effective international guarantees against war depends upon the reduction of all armaments to the police level. For, just in proportion as national armaments are diminished, will the propaganda of militarism and the risk of war grow less and the validity of the international guarantees increase and the risk involved in giving them be less. Readiness, on the one side, to reduce armaments and, on the other side, to assume responsibility for the prevention of war are the acid tests of whether the nations are ready to make the Covenant, the Pact of Paris, the Locarno and other treaties, the effective instruments for settling world problems by peaceful instead of warlike means.

Progress towards this goal will be gradual. The first step lies with Great Britain and the United States, for the inexorable basis of the movement towards disarmament is the total renunciation of war as a method of settling disputes, and these are the only two world Powers which can wholeheartedly say that they have ruled out war altogether as the method of settling any disputes which may possibly arise between them. That, however, is only the beginning. An agreement for the mutual renunciation of war will be ineffective until it deals also with the situation which will arise when war threatens or breaks out in the rest of the world. All serious Anglo-American disputes in the last 150 years—in 1812, in 1861, and in the years 1914-17

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—have been concerned with the problems which arise when one Power has been a belligerent and the other a neutral. A partial solution may be found in an understanding whereby Great Britain renounces the right to interfere with neutral trade in the interests of her own national policy and the United States renounces the right to enforce the neutral claim to trade in defiance of international action taken to prevent or stop war or to curb an outlaw State.

But this solution does not go to the root of the problem and raises almost as many new difficulties as it solves. The only final solution is that the two great naval Powers and as many others as possible should recognise that the primary object of their policy must be the prevention of the settlement of international disputes by war, instead of by pacific means all over the world.

This aspect of the question may not seem to be urgent, but experience will probably prove that it is urgent. Take the real core of the Anglo-American naval problem. So long as the peace of Europe is regarded as the concern of Great Britain, but not of the United States, every European crisis is almost bound to become an Anglo-American conflict, involving the question of whether American trade is to be interfered with in the supposed interest of European justice and peace. There is no way of getting rid of this constant threat to permanent Anglo-American understanding except by recognising that the prevention of war in Europe or anywhere else in the world is a vital and primary concern of both Powers. This does not mean that the United States must concern herself with the solution of the internal problems of Europe any more than that Great Britain should concern herself with the solution of the internal problems of Pan-America. What is the common concern of the whole world is the prevention of war, for war is like fire; once lit it is liable to spread in every direction. The adjustment of the dispute can be left to regional or local organisations. This is what happened in the recent Bolivia-Paraguay dispute. The prevention of

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war was recognised to be a matter for the whole world, the settlement of the dispute was recognised as the concern of Pan-America alone.

The core of the disarmament problem is thus the total renunciation and prevention of war. Disarmament can make no progress on any other basis, for so long as armies and navies exist they will be used either as instruments for making war in a national interest or as the ultimate instruments by which resort to war as a method of settling international disputes can be prevented.

Whether the coming naval disarmament conference will raise these larger issues directly, it is difficult to say. It may be possible to limit the armaments of the three main naval Powers for a period without dealing with them. These issues will certainly be raised, however, when land disarmament comes up for consideration, for security against war is the essence of the problem of European disarmament, and in the long run the problems of land and sea disarmament are one, just as the freedom of the seas and the freedom of the world are one.

The fundamental question which confronts the twentieth century is whether the nations can rise to a level at which the races and peoples of the earth will be viewed as a single commonwealth, or whether they will continue to regard them as a collection of diverse self-centred States owing no loyalty or duty to one another, but only to themselves. A Commonwealth has been defined as :

a community the members of which are individually dedicated to promote one another's liberty and welfare, in obedience to the principles of justice and truth which they embody in their laws.*

In the pre-war world war was legitimate, international machinery for the settlement of disputes by peaceful means was practically unknown, and armaments were the means by which nations settled their differences by fighting instead of by reason. In a Commonwealth resort to

* THE ROUND TABLE, No. 23, June, 1916, p. 392.

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violence is renounced and prohibited ; disputes are settled by an appeal to reason and justice ascertained by pacific methods, and the only purpose of police force is to prevent violence and to insist upon respect for the law. The next naval conference may prove to be the first step towards a general recognition of the truth that only by setting out to build the world commonwealth will it be possible to secure a general reduction of armaments and to end war as an instrument of national policy among men.

UNEMPLOYMENT

I. CONFIDENCE OR COMPLACENCY

THE General Election, which is impending as this article is written and will have been decided before it is published, is remarkable for the attention which is being devoted by all parties to the continuance of unemployment on a large scale and to their proposals for diminishing it. It is conceivable that the verdict of the electors will not primarily be determined by their judgment of those proposals. They may well be influenced by considerations of a more genuinely political character, by the fear, for example, of an inconclusive result and the desire to have in power a Government with an independent majority. But it is clear that whatever party is returned at the polls will face a public opinion expectant of results.

The Liberal programme has been variously regarded as fantastic and criminal, as unrealisable but inspiring, as literally attainable. It has, however, even in those who have most derided it quickened the spirit of enterprise, and in the course of the electoral campaign probably most candidates will be more deeply involved than they might wish in the implied promise of performance. The cynic may say that this is the only feature common to all elections ; but there is this difference, that we are here dealing not with an isolated political problem such as Home Rule, but with the future of Great Britain as an industrial nation.

It may not be beside the point for THE ROUND TABLE,

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which is interested in general problems rather than in party programmes, to put to itself and to its readers some of the questions which are bound to confront any Government that may take office. Is unemployment, on the scale with which we have now been familiar with it for eight years, inevitable? Is it a sign of decay, a necessary consequence of changes in the world's industrial organisation and technique, or is it a transitory condition which public guidance and private effort can overcome? Within what limits can government action be helpful, at what point does it become dangerous?

We shall do well at once to accept certain changes and tendencies to change as final. Great Britain can never again be the workshop of the world. Economic nationalism has come to stay. Industries have been and will continue to be built up behind tariff walls in Europe, in Asia, in Africa and in the new world. Two processes have been operating simultaneously. The creation of new States in Europe has separated centres of industry from their former markets. The main textile industry of Russia has been left more or less high and dry at Lodz in Poland. The industries of the old Austro-Hungarian customs union are divided between the Succession States—Austria, Hungary, Czecho-Slovakia, Poland and Yugo-Slavia. Broadly speaking, every industrial agglomeration leads to the establishment of complementary industries within the same customs boundary, however limited the market, however extreme the degree of protection required. Outside Europe, whatever may be the comments of the theoretical economist, the manufacture of cotton goods, and now of railway material, in India and the rise of a steel industry in South Africa are practical realities from which there is no escape. We see everywhere, therefore, a tendency for countries which were once the best markets for our staple industries to become self-sufficing or even our competitors in the outside world. There is little chance that this growth of competitive industry will be stayed. Tariff walls are built

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on firmer foundations than the walls of Jericho, and it will need more than the trumpets sounded at Geneva to overthrow them.

Of even wider importance is the progressive mechanisation of industrial processes. Every industry to-day tends to become more automatic. A comparatively small expenditure of capital can often increase output while reducing the human labour required. Supply tends to outstrip demand. An inefficient industry can only hope to survive, that is to continue to provide employment, by becoming efficient, and the process of becoming efficient always means the creation, temporarily at least, of unemployment. Continual readjustment is the essence of modern industry, adaptation of products to suit the market, improvement of productive methods in the light of invention.

We are driven to ask whether the world can stay the pace. When every year fewer human hands are required for a given output, when modern mechanical processes more and more facilitate intensive competition, when every nation seems impelled by a destructive impulse to join the ranks of industrial producers, doubts may arise as to the power of the world to control this monster, modern industry, which it once created for its own service. Is it worth while to seek to revive the industrial life of Great Britain, or should we be wiser, in a spirit of prophetic gloom, to act on the assumption that our industrial future is restricted and that, just as we were the leaders from the birth of mechanical industry, so we are the first to apprehend the signs of its decay?

Such doubts seem to us to overlook two essential factors, the power of invention and discovery and the extent of the unsatisfied markets of the world. Experience suggests that no bounds can be set to the possibilities of scientific invention. We only know that hitherto it has given us new products and new uses for old products at least as fast as they were needed. Steam succeeded water-power, the internal-combustion engine is succeeding steam. Not

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content with the earth and the sea, we have taken to the air; crabbed and confined by wires, we launch ourselves on the waves of the ether. When cotton is becoming a drug in the market, we revolutionise our textile industry by the discovery of artificial silk. He would be a bold man who would say to-day that we had exhausted the uses of coal. Wherever we turn, new sources of potential wealth are being laid bare—a copper field in Central Africa larger than England, mineral deposits in Canada on a scale hitherto undreamed of. To meet the growing productive capacity of the world are the ever-growing needs not only of its industrial populations but of its undeveloped areas. More than half the human beings in the world still live in conditions not substantially different from those in which their ancestors lived. They are on the fringe of modern material progress, but for good or evil nothing can prevent its impulse from penetrating into their lives.

It is such considerations as these which have led many minds to the conviction that industrial development, so far from having reached its zenith, is in its infancy. Confidence engenders prosperity, and this particular belief accounts for much of the driving force in American industry to-day. No doubt it has its dangers, the speculative fever and the discounting of the future beyond all prudent limits, though even that would be denied by many Americans whose judgment enforces respect. Our own trouble may well be thought to spring not from over-confidence or even from premature despair, but from a complacent acceptance of things as they are. Take, as an example, the final report of the Balfour Committee. It is almost five years since the Labour administration appointed a Committee to enquire into "the conditions and prospects of British industry and commerce, with special reference to the export trade." The Committee published in six interim reports data which it had collected on different aspects of the problem and it has now supplemented these with a final report

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embodying its conclusions.* The report is a monument to the industry, the knowledge, the prolixity and the lack of imagination of our public service. As might have been expected, after nineteen members had spent four and a half years with expert assistance in examining 240 representative witnesses, it is full of useful information. Its comments on that information are distinguished mainly by an unrivalled talent for the solemn platitude, an unfailing respect for the existing order and a rooted determination to avoid any conclusions which might disturb the genial unanimity of the Committee.

Our review leads inevitably to the conclusion that the foundation of healthy international commercial intercourse is fair and considerate treatment on both sides. . . . We should fail in our duty if we did not represent most strongly that British trade interests in foreign countries cannot be adequately safeguarded unless each Ambassador and Minister is personally imbued with a real sense of their importance. . . . We do not desire to enter into the merits of these complicated discussions. . . . No doubt all these considerations will be taken into account by the Royal Commission on Transport. . . . On the whole, we consider that, apart from objections of principle to any legal restriction whatever of hours of labour, the balance of argument is in favour of the view that an International Convention for the limitation of hours of labour would be beneficial to British industry, provided that it were widely accepted and effectively enforced, and provided that it made adequate provision for necessary elasticity and for authoritative interpretation.

And so on, for 324 pages. Imperial Preference is admirable, if taken in small doses. It is too early to form any opinion as to the value of safeguarding or the results of railway amalgamation. Rationalisation of industry is very desirable, but extremely difficult. After so much inconclusive wisdom it is a relief to the reader to find a Minority Report by the Labour members of the Committee, even though it contains nothing but the usual clichés of Socialism by degrees—nationalisation of the mines (*vide* the Sankey Report), and of the railways, public control of the Bank of England, etc.

*Cmd. 3282 March 1929.

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A casual observer who judged the record of the Conservative administration only by the comments made on it in the speeches of the Prime Minister might suspect the Government of favouring an attitude no more helpful than that of the Balfour Committee. In fact, where industry is concerned the Government has done good by stealth. By reducing the age-limit for old age pensions from 70 to 65 it has facilitated the retirement of workers at that age and so relieved a congestion which was felt mainly in the inability of the young to find work. The derating scheme, however complicated its provisions, cannot fail to be a stimulus to the heavy industries of the country. By promoting the formation of the Agricultural Mortgage Corporation, the Government has made available for one of our most important and on the whole one of our most backward industries financial facilities which are almost universal abroad, and have been open to the farmers even in countries such as Poland for a hundred years. Where it is reasonable to reproach the Government is for a certain inertia, a failure to appreciate the scope of the transformation which has come over industry throughout the world and its reactions on our own position, a reluctance to use the legitimate powers of the State to guide and inspire for fear of lapsing into illegitimate interference.

II. HOW THE STATE CAN HELP

BEFORE we consider at what point intervention by the State becomes interference, it may be well to glance at what industry has done and has still to do to help itself, since it is from within that the main effort towards recovery must come. Perhaps the most remarkable achievement of industry in the last two years is the changes which have been brought about in the relations between employers and labour. It is not merely that trade disputes have been singularly rare and the wish to avoid them strong,

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for that is not in itself uncommon in times of adversity. The real innovation is the wide recognition on both sides that all those engaged in industry have a common interest to work for its prosperity and, as things are, a common duty somehow or other to make the capitalist system function. The Conference which has been meeting for months past between the General Council of the Trades Union Congress and Lord Melchett's representative group of employers has made no small contribution to this result. It would, in our view, be difficult to exaggerate the significance of any action which helps to break down the old notion of two opposing camps in industry, of masters and men, each with their own problems and their selfish and conflicting interests. Without the free and loyal co-operation of management and labour, the essential remoulding of our industrial organisation would be impracticable. In a comparative estimate of the advantages held by each of the great industrial countries in an age of intensive world competition, probably no single factor of strength or weakness should be allowed to outweigh the relations between employers and workpeople. If, as we firmly believe, those relations are in this country grounded in reason and mutual respect to a degree for which we can search elsewhere in vain either in the old world or the new, then on a long view there is no cause to despair of the competitive future of British industry.

For the immediate and urgent task of rationalisation, every ounce of goodwill is needed. Rationalisation means primarily the elimination of waste in every form, whether it is the wasteful use of labour where the work can be better done by machines, the duplication of technical staff or purposeless competition between two factories manufacturing a product for which the demand is barely sufficient to employ one fully. Rationalisation involves drastic measures, the abandonment of many well-worn traditions, the subordination of private or sectional interests; it requires capital to carry out physical improvements; and,

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temporarily at least, it adds to the volume of unemployment which it is designed to reduce. At the moment it is not possible to say more than that the process has begun in British industry. A successful merger in the chemical industry, a few colliery amalgamations, a commencement in the Lancashire textile industry and in steel, a partial fusion of electrical manufacturers, an alliance of two leading firms of railway carriage and wagon builders—these exhaust the toll. That others will follow these examples is certain, but when so much depends on every possible step being taken to expedite the process, it is well that we should clearly appreciate some of the substantial practical difficulties which are retarding rationalisation in this country.

The first type of difficulty springs from the traditional strength of individualism in British industry. The psychology of the private business or partnership has survived far into the age of public corporations. We instinctively like best to produce on a small scale something different from the products of other people, however slight or unimportant the difference may be. As buyers we have a bias in favour of the small man. This individualism has in many ways served British industry well; it is mainly responsible for the high quality of our leading products. For the reason that quality and specialisation will always command a market, our industrial system is not likely to become a mere replica in miniature of that of the United States. On the other hand, it cannot support indefinitely the failure of those engaged in the same industry to co-operate in their common interests. It is no tribute to the good sense or national outlook of the leaders in an industry, if the beginnings of rationalisation come, as they have come in the electrical manufacturing business, through the passing of financial control into American hands, after years of petty bickering have brought prices during a period of active electrical development to a level at which they show a quite inadequate return on the capital invested. On a still lower plane are

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those aspects of individualism which concern vested personal interests. Everyone who has had personal experience of projected rationalisation schemes is aware how widely held is the notion that a directorship in a limited liability company is, in effect, a life appointment, in some way entitling the holder to exact compensation for dispossession. More than one important fusion has broken down because the acceptance of this view would have destroyed its economic justification.

Difficulties of another kind arise from the errors or commitments of the past. The old location of many of our industries is to-day unsuitable. Sheffield has nothing to recommend it as the site of a modern steel works, with rail charges on its raw materials and on its finished product. The tendency is and must continue to be for industry to spread from the old industrial areas over the country as a whole. In that it will be immensely assisted by the national development of the electricity supply; but even that development is seriously hampered by past policy. Whatever may be thought of municipal enterprise on its merits—and probably it is fair to say that municipal electrical undertakings have on the whole been operated with reasonable efficiency—there is no rational connection between the boundaries of a municipal area and those of an area suitable for electrical development. The existence of innumerable boroughs with monopolistic powers within their boundaries must inevitably retard the distribution of a cheap supply outside those boundaries.

Finally, there are financial obstacles to rationalisation. Broadly speaking, our industrial concerns are overburdened with fixed charges. It may seem attractive, when trade is good, to mortgage a business in order to obtain cheap money, but the rub comes with adversity. All industry is in the long run speculative and should be elastic in its capital structure. The holder of an industrial debenture, charged on fixed assets, may have crippled the undertaking and yet in the end find that his privileged security is to a

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great extent illusory. A steel works or a shipyard have little value unless steel can be made or ships built there at a profit. We are now finding that rationalisation of industry involves sacrifices all round, whatever may be the theoretical distinctions between the risks proper to debentures and share capital. It may be necessary to sell fixed assets for shares in another company and to persuade debenture-holders to modify their security. It may be impossible or useless to write down share capital unless the burden of debenture debt can at the same time be relieved. The difficulty of such negotiations retards progress, and is often enhanced by the further financial problem of finding new money for an industry which is not earning profits.

We have endeavoured not to overstate the obstacles to rationalisation. There is no reason to doubt that they will be overcome, but it is conceivable that they will not be overcome quickly, unless the pressure of informed opinion can impart a sufficient impetus to the movement. No real attempt has been made to organise that opinion. A career awaits a President of the Board of Trade who has the energy and imagination to devote himself to the task and the ability to impose his personality on industrial opinion as Mr. Hoover was able to do in the Secretaryship of Commerce. It is reasonable to expect that a Government should be wholehearted in its support of rationalisation. The State, directly or indirectly, is a buyer of the first importance. Whatever may appear to be the immediate advantages of buying in the cheapest market, a Government is, on a long view, postponing the solution of the problems which it is meant to solve if as a buyer it encourages individualism when combination is desirable; and concerns which are endeavouring to promote the rationalisation of their industries are entitled, even at an apparent temporary sacrifice, to the support of the State. It is a short-sighted policy which encourages, for example, the multiplication of firms capable of manufacturing so specialised a product as a 132,000 volt transformer, for

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which the total world demand at any moment is strictly limited.

Governments, however, in the circumstances of to-day can do much more than buy intelligently. They can promote, by wise capital expenditure, the modernisation of the national equipment. Public economy is a laudable object of policy, but it is not attained by refusing to incur remunerative expenditure on capital account while failing to make more than trifling reductions in the totals of current budgets. Remunerative capital expenditure is one of the soundest forms of economy and there is no civilisation so ancient that capital expenditure wisely incurred would not be remunerative. It is the outstanding merit of the Liberal programme that it compels attention to this truism. Few of those even who are Liberals are likely to pretend that the particular works in which Mr. Lloyd George proposes that public money should be invested are necessarily the most remunerative. They are important primarily as a symbol of a new spirit, as an assertion of the rejuvenation of Great Britain in the industrial sphere. It is easy to criticise details, to suggest that the potentialities of road transport are exaggerated to the detriment of the railways, and so on *ad nauseam* on the lines of party criticism. To such comments it is a legitimate retort, "Produce something better and we will cheerfully accept it." No one who habitually uses the main roads of the country by day, or even more by night, is likely to feel much sympathy for the mentality which regards them as "speed tracks for wealthy motorists." In the completion of a national system of trunk roads, in the rehabilitation by electrification and in other ways of the railways, in the development of the Colonial Empire there is an urgent task worthy of the attention of any Government. To carry it out may involve consequences which the Liberal party has pledged itself to avoid. Government borrowing is bound to lower government credit, to raise the cost of money in the London market to the State, the Dominions

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and the municipalities, ultimately perhaps to reduce the sums available for such things as the protection of coffee in Brazil or for agricultural mortgages in central Europe. If we are compelled to choose between money rates lower than those of the outside world and the power to borrow for reproductive purposes on the lines which we applaud in any other country, even the orthodox economist may pause before he condemns borrowing.

In our view the State can and should seek to invigorate industry by casting its bread on the waters. This is not the limit of its functions. In the most favourable circumstances we shall be faced for some years with a difficult situation as regards employment. In order to become in the long run more efficient we must put people temporarily out of work. It is the business of the State to ease the transition. It can do this best by shortening the average working life. To extend by gradual steps the school-leaving age is in itself a reproductive investment. To facilitate earlier retirement is to promote the non-material aspects of civilisation. These are worthy objects of government policy and they are in tune with all our traditions. We have come to a critical point in our history. We can rest on our past, admit the unequal competition of a younger and fresher world and sink into a slow decay. We can say, as we have been too apt to say, "Give us peace in our time and all will be well in the end"—and in the end the result will be the same. Or we can face the future with the confidence born of an inherited pre-eminence, and with the help of those qualities for which the outside world has still an adequate respect rebuild in terms of to-day the structure of our civilisation. If we have the courage to envisage that end and the power by a united effort to attain it, the industrial future of Great Britain will not long remain in doubt.

EAST AFRICA: A PREFACE

OUR article on the East African question is by a writer with exceptional experience of the difficulties to which the contact of Europeans with backward peoples gives rise. The object of this preface is to emphasise one or two considerations which seem to us to be of vital importance.

Every authority who has investigated the situation and local opinion on the spot are agreed that, for any period that need be taken into consideration at present, responsibility for good government in East Africa must continue to rest upon the shoulders of the Imperial authority. Whatever opinions may be held about the merits of this or that proposal of the Hilton Young Commission, whatever steps may be taken to associate local elected bodies with the government or to enable them to share responsibility in local affairs, it is vital that the central fact should be kept clearly in mind that ultimate responsibility for policy, and for seeing that even justice is done as between the different races, rests and, for as long as we can at present foresee, must rest with the Imperial authority and not with any local representative body.

The corollary to this fact, in our judgment, is that local opinion should have a constitutional right to represent its views, not merely to the Governor or Governor-General on the spot, but direct to the Imperial authority in London, in the place where its final decisions are taken. In the last issue of *THE ROUND TABLE** an outline was given of the kind of Colonial Council before which the representatives of non-self-governing colonies should have a statutory right to appear. Its personnel should consist of persons of the type of Lord Milner, Lord Cromer and Lord Lugard. It would act in an advisory capacity only, for the ultimate responsibility for policy must constitutionally rest with the Secretary of State, the Cabinet and Parliament. But its existence would be a guarantee against the evils of bureaucratic autocracy, tempered only by questions in Parliament, which are themselves often interested, tendentious, and misleading, and an assurance that in debateable issues local opinion will be able to make its views known and felt in the seat of authority and power.

Secondly, inasmuch as the interests of all races in East Africa are bound up together, it seems to us essential that

* *THE ROUND TABLE*, No. 74, March, 1929, p. 249.

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provision should be made for local scientific research into their common problems as proposed by the Commission. Otherwise, both policy and administration will be unduly hampered by local discontent induced by misunderstanding.

Thirdly, the central authority which is to represent the Imperial power in East Africa must have adequate force of its own to enable it to give security for the maintenance of the peace. At present the burden of ensuring order in the last resort rests upon the local white community. Influence is not government, and as the final repository of power is the Imperial authority, to leave the ultimate responsibility for order with those who are not to call the tune, in the very matters which are most likely to lead to a breach of the peace, would be the negation of an elementary truth of British constitutional practice. This suggestion is not made with any idea of coercing the settlers or any other section of the community. All experience shows that attempts to govern through coercion lead straight to disaster. It is made simply because this elementary principle of all constitutional government has been ignored in the past, and is, in our opinion, one of the main contributory causes of the present-day difficulties.

The central authority must, further, be equipped with staff and buildings on a scale consistent with its needs and the maintenance of its prestige. Last, but by no means least, it is essential that the first High Commissioner or Governor-General should be an individual with exceptional strength of character. He will have a difficult task, and unless he is up to its burdens, the new constitutional system will not come into being and the present drift towards serious trouble will continue. For the problem is not merely one of setting up adequate machinery. A new convention has to be established, and for such a purpose it is the first stage that counts.

As regards the shape which the actual reforms are to take in a matter of first-class Imperial importance such as this, which affects the interests of more than one part of the Empire and has given rise to acute differences of view, the proper course seems to us to be to refer the issues to a joint parliamentary committee, on which every political party would be represented. Otherwise, there will be no assurance of continuity of policy.

EAST AFRICA: THE REPORT OF THE COMMISSION

I. THE CENTRAL PROBLEM

"The central problem which confronts the highlands of Africa is neither the future of the native races, as some believe, nor the future of the white races, as others believe, but to find the basis upon which black and white, with a number of Asiatics and coloured people as well, can live together in a country in course of rapid economic and social development."

"THE new problem of Africa" was thus stated in an article appearing under that title in *THE ROUND TABLE* two years ago,* and this is the fundamental problem dealt with in the report† of the Commission on "Closer Union of the Dependencies in Eastern and Central Africa," which, under the chairmanship of Sir Hilton Young,‡ toured through Africa from north to south during the early months of 1928. The Commissioners, cutting courageously beneath the formal terms of their reference, recognise, in the following passage, that this problem lies at the root of the specific questions with which they are called upon to deal.

In the course of the past century (they say) the dominant political problem of the Empire has been that of the relations between the Mother Country and the self-governing Dominions. A problem of perhaps equal importance in the present century will be to establish

* *THE ROUND TABLE*, No. 67, June 1927, p. 456.

† Cmd. 3234.

‡ The other members of the Commission were Sir Reginald Mant, Sir George Schuster, and Mr. J. H. Oldham.

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on a secure foundation the relations between the self-governing and the dependent parts of the Empire and between the white and the coloured races. This problem of the Empire presents itself in a peculiarly vivid and concentrated form in Eastern and Central Africa, and to the instinctive recognition of this fact may be due the widespread public interest in East African questions in recent years. The central problem of Eastern and Central Africa is to discover a basis on which white and black, with Asiatics as well, can live together under conditions of rapid economic change, and with adequate opportunities for political development. As compared with West Africa, the contacts of white and black are more extended and give rise to more difficult problems. As compared with South Africa, the contact is still in its early stages, and problems are less complicated, more amenable to treatment, and easier of solution. The manner in which the problems of Eastern and Central Africa are dealt with may influence the whole future development of the British Empire.

The Commission's report may therefore be regarded primarily as a contribution to the study of this "central problem." By its careful and discriminating survey of the factors to be taken into account, and its clear and balanced exposition of the principles to be applied, the report takes a high place among State papers devoted to the study of great Imperial issues; and it is bound, whatever may be the immediate action taken as the result of its principal recommendations, to have a very important influence on the formation of opinion, and the ultimate determination of the main lines of policy, on a subject which is vital, not only to the development of the British Colonial Empire, but to the cause of inter-racial peace throughout the world.

The report is concerned with six separate dependencies, Uganda, Kenya, Tanganyika, Zanzibar, Nyasaland, and Northern Rhodesia, and, in addition to the main political problem, a number of important economic and administrative questions receive consideration. This article will, however, only attempt to discuss the report so far as it deals with certain general principles affecting the foundations of policy, and the proposed constitutional changes in the three northern territories, Kenya, Uganda and Tanganyika.

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II. THE DEVELOPMENT OF BRITISH POLICY

THE Commissioners could not approach their task as if they had before them a clean slate on which they were free to outline a new policy. East African questions have become a well-worn subject of controversy. The terms of reference showed that the shape of the main problem presented to the Commission was largely determined by declarations of policy already made, either by His Majesty's Government, or by its official representatives; and in order to appreciate the significance of their report and its place in the sequence to which it belongs, reference to some of the previous documents is essential. Of these the first and the most important is the memorandum on "Indians in Kenya," presented to Parliament in July 1923. In it the Government of the day found it necessary, for the purpose of dealing with various questions affecting the status of Indians in Kenya which had become the subject of acute controversy, to make an important declaration of policy affecting the future of East Africa as a whole, and the passage containing this declaration must be quoted at some length because it has, to a large extent, marked out the lines of subsequent discussion.

The general policy underlying any decision that may be taken on the questions at issue must first be determined. It is a matter for satisfaction that, however irreconcilable the views of the European and Indian communities in Kenya on many points may be, there is one point on which both are agreed, namely, the importance of safeguarding the interests of the African natives. The African population of Kenya is estimated at more than 2½ millions; and according to the census of 1921, the total numbers of Europeans, Indians and Arabs in Kenya (including officials) were 9,651, 22,822 and 10,102 respectively.*

Primarily, Kenya is an African territory, and His Majesty's Government think it necessary definitely to record their considered

* The corresponding figures from the returns of the 1926 non-native census will be found in the Appendix which gives the population of South, Central and East Africa.

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opinion that the interests of the African natives must be paramount, and that if, and when, those interests and the interests of the immigrant races should conflict, the former should prevail. Obviously the interests of the other communities, European, Indian or Arab, must severally be safeguarded. Whatever the circumstances in which members of these communities have entered Kenya, there will be no drastic action or reversal of measures already introduced, such as may have been contemplated in some quarters, the result of which might be to destroy or impair the existing interests of those who have already settled in Kenya. But in the administration of Kenya His Majesty's Government regard themselves as exercising a trust on behalf of the African population, and they are unable to delegate or share this trust, the object of which may be defined as the protection and advancement of the native races. . . . As in the Uganda Protectorate, so in the Kenya Colony, the principle of trusteeship for the natives, no less than in the mandated territory of Tanganyika, is unassailable. This paramount duty of trusteeship will continue, as in the past, to be carried out under the Secretary of State for the Colonies by the agents of the Imperial Government, and by them alone.*

This statement has been generally recognised as an authoritative declaration of national policy which must govern the lines of all future development : but important and difficult questions have inevitably arisen as to the qualifications which may properly be implied in its very broad terms, and the practical measures to be taken for the purpose of giving effect to it.

The difficulties which have been experienced in interpreting and applying this declaration are partly due to the fact that the occasion for making it was created by a controversy between the European and Indian communities in Kenya ; the terms in which the Government announced its recognition of native interests, and its intentions with regard to the native population, were therefore chosen with reference to the situation created by this controversy ; the immediate object which the Government had in view in making the announcement was the justification of their proposed method of settling the rival claims of the two immigrant communities.

* Cmd. 1922, pp. 9 and 10.

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The chief questions which suggest themselves with reference to the interpretation of this declaration are— what exactly is meant by the principle of “ trusteeship ” for the natives, and by the “ paramountcy ” of the interests of the African natives ; and, further, whether the statements that the British Government “ are unable to delegate or share this trust ” which they exercise on behalf of the African population, and that this paramount duty of trusteeship must be carried out “ by the agents of the Imperial Government and by them alone,” are to be taken in their strict literal sense.

These questions were referred to in the report of the Parliamentary Commission which, under the Chairmanship of Mr. Ormsby-Gore, visited East Africa in the latter part of 1924. That Commission sought, in the following passage, to define what was meant by trusteeship :—

As Sir Frederick Lugard has pointed out in his well-known book entitled “ The Dual Mandate in British Tropical Africa,” we are not only trustees for the development and advance in civilisation of the African, but we are also trustees for the world of very rich territories. This means that we have a duty to humanity to develop the vast economic resources of a great continent. There is no reason to suppose that these two trusteeships either should or do conflict. Having said this it should also be added that Government cannot restrict its conception of its duties to these two main considerations, it also has a duty to perform to those individuals and communities not of African race who by their courage and enterprise, and often at the instance and with the encouragement of Governments in the past, have made their homes, or at least the sphere of their life's work, in Africa. To be more precise, Government has equally a duty to perform to the Europeans and Asiatics engaged in work in Africa, be they settlers, merchants, civil servants, or missionaries. The ideal before Government is not merely that of holding the balance between a series of interests, native or non-native, but of serving the highest welfare of communities as a whole. In fact the development of the community sense is one of its paramount tasks

To return to the question of native trusteeship, this duty has been regarded in the past as the special function of the agents of the Imperial Government and of the missionaries. But such a limitation is neither possible nor desirable. Britain will not be judged at the

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bar of history by the work of these two alone ; the trusteeship lies really upon the shoulders of every man and woman of European race in Africa. It is in very truth a white man's burden, and all Europeans in Africa must share in the work.

In order to face these responsibilities certain misconceptions too long current in the public mind have got to be removed. The first of these is that the interests of non-native and native must necessarily conflict. In order to be pro-native it is not necessary to be anti-white. To be in favour of white settlement in such portions of Africa as are climatically suitable for European homes, it is not necessary to be anti-native. East Africa can only progress economically and socially on the basis of full and complete co-operation between all races. The white man's leadership in this co-operation is not due to any inherent right on account of the colour of his skin, but because, and only because, by his education and his moral and intellectual development and his command over natural forces, he is equipped for such leadership. The Europeans in East Africa have the position, and therefore the dangers and responsibilities, of any aristocracy.*

It will be noted that in this passage the Commission very definitely laid it down that it was impossible to confine the responsibilities of trusteeship to the agents of the Imperial Government, and emphasised that the progress of East Africa was dependent on complete co-operation between the two races, and that in this co-operation European residents in East Africa must inevitably take the lead. The Parliamentary Commissioners were impressed "with the need for greater co-operation and understanding, not only between the five administrations (that is, the governments of the five territories dealt with) but between unofficial residents in the territories as well." They expressed the opinion, however, that the day was "still far off when such co-operation could be brought about by the imposition of federal government over the whole of the territories." They suggested, in the meantime, that there should be regular periodic conferences of Governors of the five territories. In accordance with this recommendation, a Conference of Governors was held early in 1926, in Nairobi. That Conference summed up its

* Cmd. 2387, p. 22-23.

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views of land and labour policy in the five territories in a memorandum which contained the following important declaration on the subject of what has come to be known as the "dual policy" :—

East Africa has two remarkable features which differentiate it greatly from British West Africa and from most of the Empire's other tropical possessions. In the first place, the population is very sparse by comparison with the extent of the territory and its potentialities. In the second place, large areas are by reason of their altitude suited climatically for European colonisation.

It is generally admitted that European control in some form is necessary to the welfare and development of the African peoples. In no other way can peace be secured, improper exploitation prevented, and the country developed to anything like its full producing capacity. Where the population is sufficiently numerous, the development can be carried on under European administration and the produce marketed by European merchants. This is the natural course of affairs in West Africa. But in East Africa the population is not sufficient to secure development in the same manner ; and if the whole country were to be handed over to a policy of native production alone under the guidance of European administration, it would have to be constituted an economic sanctuary so as to prevent the economic needs of the outside world from forcing some other form of development upon it. For these reasons East Africa has already been committed to what is known as the dual policy—that is, to a combination of non-native and native production.

The broad contrast presented by natural conditions in different parts of East Africa is illustrated by the difference between Kenya and Uganda. In Uganda the population is sufficient for native production on a very large scale, and the climate is also unsuitable for European colonisation. Uganda is, therefore, developing broadly on the same lines as West Africa. In the Highlands of Kenya, on the other hand, the native population is totally insufficient and unfitted to develop the country. Its present scale of production would, therefore, have been impossible unless the railway had been built across the Highlands and had brought in its train several thousand European colonists. The contrast presented by Kenya and Uganda in this respect may also be seen on a small scale within the territory of Kenya alone. It is also to be studied in Tanganyika.

The dual policy, however, raises considerable problems of its own. On the one hand, there is the obligation which rests on every civilised Government of raising the capacities of its human subjects to their fullest expression ; on the other, there is the equally impera-

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tive duty of developing to the utmost the productive power of its possessions.

We now come back to the White Paper of 1927, which contained the terms of reference to Sir Hilton Young's Commission. In that document the Secretary of State for the Colonies made an important declaration on the new developments of policy which it was now necessary to consider. After referring to the Governors' Conference of 1926, and other indications of a tendency towards some form of closer union between the territories, he proceeded as follows :—

The growth of European and other settlements in the East African dependencies raises the problem of the part which these communities must play in the political as well as the economic life of the several territories. Their claim to share progressively in the responsibilities of government cannot be ignored. These responsibilities, however, cannot be limited to the representation of their own community interests ; and if clashes between these interests and those of the vast native populations are to be avoided, their share in the trusteeship for the progress and welfare of the natives must be developed.

Quite apart from this necessity, the dual policy in regard to economic development should have its counterpart in the political evolution of the territories. Every year we are providing more educational facilities for the natives, and although in some places it may be many years before the native can take a direct part in the central Legislatures, his place in the body politic must be provided for, and steps taken to create the machinery whereby native self-government, at first purely local, and later over larger areas, can be developed.

These considerations point in two principal directions. First, an investigation as to how closer union and co-operation between the territories may be most effectively secured, and, secondly, whether it is possible to provide for increasing association of the immigrant communities in the responsibilities of government, and at the same time for the creation of more effective machinery for native representation.*

After further reference to the question of closer union between the three territories of Kenya, Uganda and Tangan-

* Cmd. 2904, p. 5.

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yika, the White Paper proceeds to say that, in the event of investigation proving that some of the East African territories are ripe for a federal constitution, consequential changes may be required in the powers and composition of the existing legislatures.

In any such changes (it continues) it will be essential to maintain the principle that the administration of the East and Central African territories is based on the exercise by His Majesty's Government of a trust on behalf of the African population, and that, while they may now be prepared to associate with themselves in that trust the members of the resident immigrant communities, they are still under an obligation to ensure that the principles of this trusteeship will be observed.

This string of quotations will have served its purpose if it has shown that, before the new Commission undertook its task, official commentators on the statement of policy contained in the White Paper of 1923 had been impelled to suggest important qualifications as necessary to a proper understanding of the original text. The combined effect of the comments quoted may perhaps be summarised as follows : The East African situation is too complicated to be covered by any simple formula. The statements as to the position of the Imperial Government as sole trustee for native interests, and as to the recognition of native interests as " paramount " are, if taken literally, too absolute in their terms. The whole duty of Government in East Africa cannot be summed up by saying that the Government is exercising a trust on behalf of the native population : its duties may begin, but do not end there : it is also a trustee for other interests, including those of immigrant settlers, and of the world at large, which is inevitably concerned in the development of the natural resources of these territories. The responsibility of trusteeship for native interests cannot in practice be confined to officials : in the discharge of duties which such trusteeship entails the active co-operation of the immigrant population is essential. In its efforts to balance the claims of different

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racial sections, the Government must not lose sight of the interests of the community as a whole: a clearer conception of these common interests is essential as a basis for co-operation between all elements of the population.

III. NATIVE AND IMMIGRANT INTERESTS

THE White Paper of 1927, which contains the Commission's terms of reference, while affirming the Government's adherence "to the underlying principles of the White Paper of 1923," went far towards recognising the necessity of supplementing and qualifying the earlier pronouncement in the manner suggested by successive commentators. It was criticised for this reason by those who held that orthodoxy required a strict adherence to the letter of the earlier document, and would allow no tampering with its leading generalisations, even in order to introduce qualifications which could be clearly implied from the context of the document itself. Thus the question was raised as to whether the policy announced in 1923 still stood in essentials, or whether it had been whittled away by subsequent comments until it was no longer recognisable:— Were native interests to be regarded as "paramount," and was the primary duty of Government to act as trustee of the native population? Was the settler community to be given any recognised share in the performance of the far-reaching obligations of this trust?

The members of the Closer Union Commission therefore found themselves faced with the necessity of putting their own interpretation on the policy broadly outlined in 1923, and of showing how far the various qualifications suggested could be reconciled with the general principles stated in that document, or were justifiable and worthy of acceptance on their merits. Chapter III of their report deals with this aspect of their subject and a quotation from the earlier portion of that chapter will show their

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general attitude and the foundation on which their detailed recommendations are based.

The chapter begins with a reference to the report of the Parliamentary Commission and their statement as to the threefold trusteeship, the obligations of which must be recognised in administering the government of the East African territories, is quoted with approval. Reference is then made to the "dual policy," that is, "the complementary development of native and non-native communities" based on this recognition of a trusteeship, which is not to be restricted to native interests alone, and it is stated that "the essential principle involved in the acceptance of the 'Dual Policy' is that native interests must be regarded as an end in themselves; i.e., that the natives cannot be treated as a mere accessory to the immigrant communities." In order to round off this statement of "the essential principle involved," it might perhaps have been as well, in view of previous pronouncements, to add that the interests of immigrant communities must likewise be regarded "as an end in themselves," and that the immigrants "cannot be treated as a mere accessory" to the native population.

The Commission then proceed to deal as follows with the question of what is meant by the "paramountcy" of native interests:—

The statement that "the interests of the African natives must be paramount, and that if, and when, those interests and the interests of the immigrant races should conflict, the former should prevail" is, if it is to be interpreted without qualification, of a very far-reaching nature, so much so indeed that in some quarters it has come to be regarded either as a threat of injustice, which it is right to resist, or as a pious declaration, which was never intended to be taken seriously. It would be disastrous to allow either interpretation to prevail, and, in the interests both of the native and the immigrant communities, it is important that the doctrine should be more precisely defined. A policy that for all time and in every respect, in any case of conflict, native interests must prevail, can hardly stand without at least some qualification. Indeed, the White Paper

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of 1923* itself proceeds immediately to qualify it by stating that "obviously the interests of the other communities, European, Indian, and Arab, must severally be safeguarded." If the two statements are to be harmonised, one can only conclude that native interests are not intended to prevail to the extent of destroying the interests of immigrant communities already established, and that their "paramountcy" must be subject to this limiting condition. It is in the interpretation of the latter qualification that the practical difficulty lies, for it might easily be given so wide a meaning as to destroy the value of the original declaration.

According to our view the paramountcy of native interests is to be interpreted in the sense that the creation and preservation of a field for the full development of native life is a first charge on any territory, and that the Government having created this field has the duty to devote all available resources to assisting the natives to develop within it. But if, after having settled what is necessary for the above purpose, there appears to be room for immigrant settlers—still more if these are likely to assist the advancement of the natives—then immigration can be permitted and even encouraged. Once this has been done the immigrants also deserve consideration, and it is equally a duty for the Government to protect their interests, provided that their needs do not involve any interference with the development of the natives in the field that has been created for them.

What therefore is required is, first, to define what are the essential native interests; secondly, to settle what are the conditions which must be created and preserved in order to give those interests a fair field in which to start and an adequate measure of protection and assistance for their development, and thirdly, to allow nothing to interfere with those conditions.

Subject to these requirements, the Government must do all in its power to help the immigrant communities.

This statement is valuable as clearing up ambiguities which have caused some confusion in the past, and as showing that a common-sense interpretation of "paramountcy" makes possible a reconciliation of views which might otherwise be regarded as conflicting. The definition of "essential native interests" which follows under five headings: "Land, Economic development, Labour, Education, Administration," contains valuable suggestions as to the main lines of policy. It needs to be closely studied

* Cmd. 1922.

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and cannot be quoted here, but in order to portray more fully the general attitude of the Commission towards the immigrant communities, one or two further short quotations are necessary.

Of the Indian community the Commission say :—

There can be no doubt that in the past the Indian community has played a useful, and in fact an indispensable, part in the development of these territories. Apart from the construction of the Kenya-Uganda Railway, the services of Indian artisans and mechanics have been widely used by the public at large on works for which European agency would have been too costly, and which the native is not yet fitted to perform. The Indian trader has been a potent factor in the process of civilising the African.

After reviewing the probability of a substantial increase in the Indian population, as affected by the prospect of native competition in retail trade as well as in handicraft, and expressing doubt as to whether any considerable number of Indians will ever become agricultural settlers, the Commission conclude by saying with regard to Kenya :

Even if the Indian population of Kenya does not increase materially it will always be an important factor which must be taken into account in attempting to solve the political problem.

With regard to the European community, the Commission point out that Western civilisation is represented in East Africa in three distinct forms, namely (1) by governments and Christian missions, whose functions it is to rule, guide and educate, (2) by European capital and enterprise directed by agents who do not seek for themselves any permanent footing in the country, and (3) by European settlers who not only invest their capital but also make their homes in the country. The Commission also speak of the value of European settlement "where there is a place for it, and the settlers are of the right type" as "a powerful reinforcement of Western civilisation."

It is quite certain, for example (they continue), that nothing like the present development of the highlands of Kenya could have been

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achieved without the introduction of a vigorous community of European settlers. While this development has increased the wealth of the world it may at the same time benefit the natives, since, on the best European farms, the natives may receive, through contact with their white masters, an education more practical and more formative than anything that they can be taught in the schools. Notwithstanding the difficulties to which it gives rise, white settlement provides a stimulus and example which may in the long run promote and hasten the progress of the natives.

Again in a later passage they say :

European settlement . . . represents an immense fund of energy introduced into these territories. Though its present dimensions are small, it has an enhanced importance through its association with the larger European civilisation of which it is the outpost. Among the present inhabitants of the territories the initiative and the political capacity are to a large extent concentrated in the European community.

IV. CONSTITUTIONAL CHANGES RECOMMENDED BY THE COMMISSION

AMONG the specific questions referred to the Commission the first place was given to the question of "closer union" between the different territories for the purpose of securing "more effective co-operation between them"; in the second place the Commission were invited to make recommendations in regard to possible changes in the powers and composition of the Legislative Councils of the different territories "(a) as the result of the establishment of any Federal Council or other common authority; (b) so as to associate more closely in the responsibilities and trusteeship of government the immigrant communities domiciled in the country; and (c) so as ultimately to secure more direct representation of native interests." The terms of reference directed the Commissioners' attention more especially to the need for co-operation between the different Governments in regard to transport and communications, customs, defence and research; but the Commission state

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at the outset of their report that, while there are possibilities of more effective co-operation in these matters, they find the chief argument for closer union in the need for a common native policy "which, while adapted to the varying conditions of different tribes and different localities, is consistent in its main principles." This conclusion has dominated their views with regard to constitutional changes in the different legislatures, as they consider it essential that the maintenance of accepted principles on native policy shall not be jeopardised, and that "if the immigrant communities are to be associated . . . in the trusteeship for the natives, this must not give them power to vary the terms of the trust." The Commission recommend the creation of a central authority for Kenya, Uganda and Tanganyika, and certain changes in the Legislative Council of Kenya. These recommendations, as set forth in a summary at the end of the report, will be found in an appendix to this article. The central authority for the three territories is to be built up gradually by successive stages, and the Commission's scheme covers the different stages of this gradual process.

The Commission strongly emphasise the close relation between the creation of this central authority for the three territories, Uganda, Kenya and Tanganyika, and the relaxation of official control in the local legislature of Kenya. The essential object of the creation of the central authority is stated to be twofold, (1) "to bring the authority of the Imperial Government into closer touch with local conditions," and (2) "to provide a living arbiter to intervene when in his opinion any particular piece of legislation affects racial interests or any essential part of Imperial policy." The Commission look forward to a clear formulation of the main principles of Imperial policy, "particularly on all matters affecting native interests and the relation between natives and immigrants, so that the need for the intervention of the central authority may be reduced to a minimum." An increase in the proportion of the unofficial

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representatives in the Legislative Council which must take account both of Indian and native interests is, like the building up of the central authority, to be a gradual process, "the underlying principle being that official control in the Legislative Council can only be relaxed according to the measure in which the effective power of the central authority is established, and the guiding principles of policy on matters which are subject to Imperial control gradually become more clearly defined and accepted."

It will be seen that the first steps towards closer union between the three northern territories are to be of a cautious and tentative character, and that in its early stages this union is to be dependent on the exercise of control by a single executive official, the High Commissioner or Governor-General, though the expectation is expressed that the "central authority" may ultimately become the central government of a unified state. The Commission appear to have felt that it would be out of the question in the early stages of union to combine the post of High Commissioner or Governor-General with that of Governor of any of the individual territories, and it is easy to appreciate the objections to any such plan, even if a Lieutenant-Governor were provided for the territory of which the Governor-General became Governor; but the result of freeing the Governor-General from special connection with any individual territory, and leaving him, as the Commission propose, without any separate staff of permanent advisers of his own, seems to make the working of their plan dependent in a dangerous degree on the personality of a single individual, and on his success in maintaining satisfactory relations, on the one side with the Governors and peoples of the three territories, and on the other with the Secretary of State whose powers he is to exercise on the spot, subject to a control from Downing Street the extent of which is left undefined.

A peculiar importance attaches to the proposals affecting the Legislative Council of Kenya, because these proposals

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raise the fundamental question as to the future course of political development in East Africa. What is the right system of government, and how is political power to be distributed, in a mixed State in which comparatively small communities of European settlers and Indian traders and artisans live side by side in the midst of a large native population which has not yet emerged from primitive tribal conditions?

There is at present an official majority in the Legislative Council of Kenya* as well as in the Councils of Uganda and Tanganyika, but owing to its larger number of European settlers, and the important part which they have played in the development of the country, Kenya has reached a more advanced stage, politically as well as economically, than either of the adjoining territories, and the claims of the European community to an increasing share of political power have to be taken into account. Further, the Commission have found that the existing constitutional arrangements in Kenya do not work satisfactorily. They point out that the unofficial members of the Legislative Council have gained an influence in the counsels of Government which is out of proportion to their numbers. Two of the European elected members sit also as members of the Executive Council, but are under no corresponding obligation to support Government proposals in the Legislative Council. Much of the work of the Legislative Council, moreover, is done by committees in which the official majority is not retained. In spite therefore of the existence of an official majority, power has in a large measure passed into the hands of the unofficial members.

The control of the Secretary of State is thus in practice subject to limitations which make its exercise difficult. While the elected members have acquired a large share of power in the government of the country, there has been no corresponding advance in real responsibility. The present system of government has thus already been undermined, and in order to restore stability some change is inevitable.

* For details of existing constitution of Kenya Legislative Council and of proposed changes, see Appendix.

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At the last general election for the Legislative Council of Kenya, held in February 1927, all the successful candidates for the eleven seats held by European elected members put forward a demand for such a change in the composition of the Council as would give the European elected members a majority over all other members—official and unofficial—combined. This demand was coupled in the same manifesto with a guarded reference to the question of closer union with other territories. In a memorandum presented to the Commission the European elected members urged that “federation should be no bar to the natural political progress of Kenya towards self-government, and that the time has come for the grant to the Colony of a new constitution providing for a European unofficial majority of members”; and it was further stated that “Kenya is not prepared to enter into any federation scheme unless she is granted a step towards self-government.” The grant of an elected majority of European members was thus asked for as a step towards self-government; and the Commission were invited to accept the assumption that self-government was the natural goal of political evolution in Kenya. The Commission therefore devote an important passage of their report to the question of “responsible government,” that is, government by an executive of Ministers chosen and dismissible by a popularly elected assembly. They point out that, in considering this question, they limit themselves

to a period of time within our present horizon. Within that period there will always be such wide differences in the stages of civilisation of the different races that any system of responsible government based on the democratic system of equality will be obviously impossible. During the period to which our vision is limited, responsible government can only mean that the predominant control over the whole territory would be vested in the local white community.

They discuss the possibility of responsible government for Kenya in this sense. In view of their recommendations as to the creation of a central authority for Kenya and the adjoining territories, it is perhaps rather unfortunate that

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they should in this discussion use the term, “Dominion government” as equivalent to responsible government, as the use of this term in relation to a territory, which is not destined to have an entirely separate government of its own, but is to be one member of a union of three territories, tends to cause confusion. The majority of the Commission regard responsible government as impracticable for Kenya, whether standing alone, or as a member of a federal group, on three main grounds:—(1) that it would place the control of government in the hands of a single small community, the other communities being permanently excluded from power, and would thus put that single community, in cases where there is a conflict between its interests and those of the majority, in the dangerous position of being “judge in its own cause”; (2) that these conditions might lead to a change in the composition of the electorate which would involve a premature transfer of control to the natives; and (3) that the Imperial Government must be in a position to discharge its responsibilities and to ensure the carrying out of a consistent native policy throughout the Eastern and Central African territories.

The Chairman, in his “additional recommendations” to which reference is made later, takes a more guarded view on this subject.

In the light of this decision on the question of responsible government, the Commission proceed to discuss the nature and extent of the changes now required in the composition of the Legislative Council. The majority regard their views on responsible government as barring the acceptance of any plan which would give the elected European members a majority. They propose, however, to make the following important modifications in the Council as now constituted: to reduce the number of British official members by four (from 19 to 15), and to add four nominated European members to represent native interests. The Council already includes one missionary appointed as a member for that purpose, and this proposal means, there-

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fore, that the Council will include five nominated representatives of native interests. The Commission point out that no suitable representatives can at present be found among the natives themselves, and that there is consequently no alternative at present to the representation of native interests by Europeans. It is suggested that suitable representatives of native interests may be found among missionaries or retired administrative officers, or may be chosen from settlers "who have acquired both a liking for the native peoples and a knowledge of their ways." The Commission say : "there can be no doubt that there are settlers who, dissociated from responsibilities to a European constituency, could bring an unbiassed mind to bear on native questions, and it would be a gain to have native interests advocated and supported by those who, as members themselves of the unofficial community, are specially qualified to interpret the native point of view to that community." In support of this proposal to add to the Council nominated representatives of native interests, who will not be subject to government control, they point out that, except for the nomination of the European missionary, the advocacy of native interests has under present arrangements been left with the Government, and that this puts the Government in the difficult position of having at the same time to represent the native side in a debate and to maintain an impartial attitude towards all the different interests concerned. "It has to fulfil the functions of both advocate and judge. If it concentrates on the former, it tends to be brought into permanent opposition to the unofficial party ; if it confines itself to the latter, there is no advocacy on the native side to balance the vigorous presentation by the elected members of the views of their constituents." Certain special measures are proposed for keeping the nominated European members in touch with native opinion, and well informed as to native affairs, so as to qualify them to act as effective advocates of native interests.

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The most important effect of the proposed change will be the removal of the official majority, and this, we are told, is intended to be "the first step in the progressive relaxation of official control in the Council, to be undertaken in proportion as the control of the central authority in essential matters is made secure and effective." While, however, the Government will under this proposal lose its official majority, it will not normally be possible for the unofficial members to defeat it unless there is a combination representative of all three groups of unofficial members, namely : elected Europeans, elected Indians, and nominated representatives of natives : while the official members, by combining with any one of these three groups, can obtain a majority. The Commission emphasise that this proposal is intended definitely to be a first stage in the process of increasing unofficial representation. They look forward to a progressive increase in the representation of native interests and a progressive diminution in the number of official representatives, and to a growing realisation of a community of interests between Europeans and Indians as representatives of the settled areas.

For the purpose of appreciating the Commission's scheme it is necessary to bear in mind that, simultaneously with this proposed change in the composition of the Legislative Council, they propose to endow the Governor-General, as representing the central authority, with special legislative powers, which will enable him to over-ride a vote of the majority of the Council, and to enact "any legislation which he regards as essential for the discharge of his responsibilities." This is obviously a provision of vital importance, not only for the purpose of preventing deadlocks owing to the refusal of supply, but also for securing the passage of any legislative measure on which the Government deem it necessary to insist. A wide definition is suggested of the Governor-General's responsibilities ; they will be "the maintenance of Imperial policy, the securing of justice between the different racial

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communities in Eastern Africa, and the co-ordination of services of common interest."

In order to complete the picture we must now turn to the Chairman's "Additional Recommendations" which, in effect, involve dissent from the majority's views on two important points.

(1) The Chairman does not agree with the absolute ruling out of responsible government as a suitable form of government for Kenya. His more limited conclusion is that "under existing conditions, and in particular as long as Kenya remains an isolated unit of administration and unrelated to any central authority in Eastern Africa, the forms of responsible government, and perhaps an elected majority also, as inevitably leading to responsible government, are inappropriate to the local conditions." On the other hand, he holds that "the establishment and development of a central authority, such as that which we propose, by providing an efficient arbitral influence to hold the balance between the conflicting interests of racial communities, would remove the objections of general principle to the forms of responsible government and to an elected majority in Kenya." He appears to contemplate the possibility of provincial self-government, as distinct from "Dominion government." He says on this point "the powers of a responsible government could, under the circumstances, never be as full as those, for example, in some of the existing Dominions, because they would be qualified by the powers of the central authority in the manner which we have specified. But the government of Kenya under the central authority could be carried on by Ministers responsible to the Kenya legislature, instead of by an official executive, without any departure from the general principles that we have followed in our recommendation."

(2) On the question of the changes in the composition of the Kenya Legislative Council, the Chairman makes an alternative proposal. Briefly, this proposal is to reduce

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the British officials from nineteen to ten and to add, in addition to the four new nominated representatives of native interests, three nominated members, one Indian and two Europeans, "to represent general interests." The effect of this proposal will be to give the unofficial European members, elected and nominated, a bare majority in the Council if they are united. If and when an increase is required in the number of constituencies returning elected members, he further proposes the addition of two elected European members, one elected Indian, and one British official. The Chairman's objection to the proposal of the majority is that, "while it abolishes the direct official majority, it replaces it by a state of affairs in which the official element could still control the legislature as long as it could get any one other racial group to support it." The result must be that the Government would be carried on in an undesirable atmosphere of bargain and of the strategy of the lobby." He urges that, in the absence of an official majority, there should be some "reasonably stable repository for the controlling influence in the legislature;" and that, "under present conditions, the only quarter . . . in which it can be found is in a majority of unofficial European members." He points out that, while this majority of unofficial Europeans will include both elected Europeans and Europeans nominated to represent native interests, and these two groups will differ in their special interests as representatives, yet, "in their more general interests and characteristics, they have a similarity that is of great practical moment. They will all be contributories to the force to which Eastern Africa now looks for its advancement along the path of civilisation, the force of European culture and political capacity." He points out finally that it is to the central authority that we "should trust for a balance in racial matters, not to a playing off of racial forces against each other in the legislature itself."



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V. ATTITUDE OF EUROPEANS IN KENYA

THE British Government have recognised throughout that no project for closer union of the three territories can be carried out without a large measure of local support. The Secretary of State said in the White Paper of 1927, "It will be a fatal error if any decisive step is taken before we have satisfied ourselves that such a step will be received with goodwill by those whose co-operation will be necessary for its success"; and Lord Plymouth, in his speech on behalf of the Government in the recent debate on the report in the House of Lords, expressly recognised that the various communities in East Africa have a right to a voice as to whether the recommendations in this report should be applied at all; and if they are to be applied, exactly in what way that application should be made. A brief reference to the attitude of Europeans in Kenya to the report as so far declared will therefore be appropriate here. Though only one among many communities which are entitled to be consulted, their position is exceptional both by reason of their political activity and the degree of power already attained, and the special bearing which the proposals of the report have on the part which they are to play in future. The leading members of the European community in Kenya, as the result of their first examination of the report, found apparently much to condemn and practically nothing to approve in the majority recommendations. The elected members of the Legislative Council and other representatives of unofficial opinion held a special conference to consider the report, and a statement of their views was issued within little more than a fortnight from the date when the report was first published. In this statement they express "profound disappointment" at the recommendation of the majority, and astonishment at certain assumptions, "more particularly the Commissioners' complete ruling out of responsible government in the

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future, and their premature anticipation of native participation in the central government." They ask the Imperial Government to repudiate these views, and refer to what they regard as pledges, express or implied, already given on behalf of the Imperial Government that Kenya can look forward eventually to full self-government. They interpret the report as propounding a theory "that the advanced and civilised inhabitants of the country must stand still till the backward races have reached their standard," and declare that this is an "impossible proposition which no virile and governing race could be expected to acquiesce in." They take exception to the reopening of the question of a common roll (for European and Indian voters) as bound to re-arouse inter-racial feelings and express the opinion that any legislature based on a nice balance of racial representation is bound to keep alive "racial antagonism and the subservience of statesmanship to party politics." They complain of the tendency to over-emphasise native interests and minimise those of the European which, they say, is bound to encourage a partisan anti-native policy which is at present absent. They regard the report as based "on a bureaucratic conception," and definitely opposed to the theory of trusting "our own people" on the spot.

This statement is obviously coloured throughout by the disappointment expressed in its opening words at the ruling out of responsible government. Allowance must be made for the fact that it contains first thoughts on a long and complicated document, that to some extent it appears to be based on a misreading of the Commission's views, and that it is framed in the uncompromising style of a political manifesto which is intended to give a lead to the European electors in Kenya. Later information indicates that, while the attitude adopted in this statement has received a great deal of support, Kenya opinion is not unanimous. Commercial opinion takes a more favourable view of the report and is anxious to secure as soon as possible the economic benefits of union; and among

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those who support the general attitude taken up in the manifesto, there appear to be many who recognise that the alternative proposals made by the Chairman would at least afford a basis of negotiation. It would certainly be unfortunate if the opinions of the Commission on the remoter issue of responsible government, which is admittedly not now in question, were allowed to prejudice fair consideration of the proposals contained in the report which affect the immediate future. There are many points in those proposals which might normally have been expected to find favour with European opinion in Kenya.

Apart from the general case to be made in favour of closer union, the strength of which is admitted by many of the leaders of European opinion, the features in the report which might be expected to commend themselves more especially to the representatives of local European interests are :

(1) The fact that for the distant and inaccessible authority of the Colonial Office and the Secretary of State there is to be substituted a High Commissioner or Governor-General, assisted by local advisory bodies and in direct touch with East African conditions ;

(2) The fact that the share of the local European community as custodian of native interests is to be recognised by the appointment of nominated unofficial European members to watch over those interests in the Legislative Council ;

(3) The prospect of obtaining a voice in the affairs of East Africa as a whole through the advisory bodies which are to be set up in association with the central authority, and which may eventually develop into a central legislature empowered to deal with the common interests of all three territories ;

(4) The removal of the official majority in the Kenya Legislative Council, which, whatever may be the defects in the composition of the new Council as proposed, in

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itself constitutes a step towards the acceptance of greater responsibility by the unofficial European members of that body.

VI. SOME COMMENTS

(1) *Responsible Government*

THE Commission base the case for closer union of the three territories mainly on the need of a common native policy. This is the first and, according to the Commission's view, the compelling consideration, though other considerations affecting economic development point strongly in the same direction. The Imperial Government has accepted under mandate the responsibility of trusteeship for the native population of Tanganyika : its declaration in the 1923 White Paper expressly recognised the same principle of trusteeship as applying to Uganda and Kenya. It must therefore, it is urged, reserve to itself sufficient powers to discharge the responsibility thus solemnly recognised in respect of all three territories. It cannot prematurely, before the protection of native interests has been fully provided for, hand over its responsibility for the large native population, forming almost 98 per cent. of the total population of Kenya alone, and more than 99 per cent. of the total population of the five mainland territories*, to small groups of settlers.

The Commission say that "the power to define and interpret the terms of the trust, that is, the principles of native policy, must remain with the Imperial Government. In proportion as its terms are clearly defined and accepted

* For purposes of comparison it may be noted that in Southern Rhodesia natives form about 95 per cent. of the total population. The native population there is one-third that of Kenya, and the European population is three times that of Kenya, but the number of Asiatics is small. In the Union of South Africa natives form 68 per cent. of the total population, and another 10 per cent. is composed of Asiatics and coloured persons. The actual figures are given in the appendix.

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so can others be allowed to share in its execution." Perhaps this formula hardly goes far enough in recognising the claim of the immigrant communities to be admitted into partnership: it might seem to imply that, in the earlier stages, the Imperial Government is, so to speak, to sit up aloft, and to dictate its interpretation of the "terms of the trust," without consulting local opinion. This is not, in fact, the Commission's conception of the position. They recognise that the actual interpretation of the "terms of the trust" must be a gradual process, and that the local communities have a well founded claim to be consulted in the working out of those terms; and they propose to provide effective machinery for such consultation. The main point, however, is that the Imperial Government cannot completely shed its responsibility for the natives in any of the three territories until there has been a great advance beyond the present stage of native development, and essential native interests have been both defined and made secure. The majority of the Commission at any rate are definitely of opinion that the control of the Imperial Government must continue to be effective until the distant day when the native population has advanced so far as to be able to stand on its own feet and to protect its own interests through its own representatives. In this respect they may seem to many to be insisting on a condition which can never be fulfilled. But, apart from any question that may be raised on this point, the unanimous view of the Commission is that for a very long period, to which it is impossible now to set any limit, the Imperial Government must be in a position to see that common principles are applied in all three territories for the protection of essential native interests, though in each territory full allowance should be made for the difference of local conditions. The correctness of this view is hardly open to serious dispute. Its acceptance, however, involves acceptance also of the Commission's unanimous conclusion that no territory can proceed independently to responsible

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government and thus take full control of its own affairs, and acquire freedom to follow its own native policy, without regard to the responsibility of the Imperial Government and to what is being done in the other territories.

If this is the true situation, the choice before Kenya is not, as local European opinion is sometimes apt to assume, a choice between either advancing alone to unqualified self-government, without regard to other territories, or surrendering part of its independence so as to unite with the other two in some form of union: in any case Kenya, as a unit, can only enjoy a qualified measure of self-government, and, in the absence of a central authority exercising control over the three territories, it must remain subject to Colonial Office control in certain essentials of policy. If this is the alternative prospect, then it is clear that from the point of view of political progress, Kenya has something substantial to gain from the proposed form of closer union, which means the establishment of a central authority on the spot, in whose counsels Kenya representatives will share, and thus be enabled to make their contribution towards shaping the policy for East Africa as a whole. The development of either Uganda or Tanganyika towards any form of self-government is admittedly hampered by considerations which do not apply to Kenya: Uganda seems likely to remain almost exclusively a native territory: and the case of Tanganyika is differentiated by the obligations imposed under the terms of the mandate and the larger foreign element in its European population. These circumstances may, from Kenya's point of view, make the idea of a formal alliance less attractive; but if the Commission are right in holding that Kenya and its neighbours must inevitably to a certain extent share a common destiny, the necessary relation between the affairs of the three territories will impose on Kenya, even if it stands apart, certain limiting conditions from which it cannot escape.

If then, in the words of the Chairman of the Commission, "as long as Kenya remains an isolated unit of administra-

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tion and unrelated to any central authority in Eastern Africa," the forms of responsible government are "inappropriate" what is Kenya's prospect of self-government as one member of a group of territories subject to such a central authority? The Chairman holds that, as time goes on, in view of possible developments, including the growth in influence of the central authority, the forms of responsible government may become appropriate in Kenya or in either of the other territories. It is a counsel of prudence, in putting forward proposals for the solution of constitutional or political problems, not to try to map out the future further than is essential for the purpose in hand; and it seems at any rate premature to express any decisive opinion adverse to the development of what may be termed "provincial self-government" in Kenya as a member of such a group. The majority consider that, owing to the wide range of the control which the central authority must have power to exercise, the establishment of responsible government "in the accepted sense of the term" even on a provincial scale will necessarily be barred until the natives "can take their proper share in the responsibilities of government." It would seem that their conclusion on this point is mainly due to the fact that they distrust the power of the central authority to assert itself effectively against a responsible Ministry backed by the majority of the European electorate on whose support for a long time to come any Kenya Ministry would necessarily be dependent. But might not the central authority, in fact, be made strong enough to prevail even in such an emergency? There are passages in the report which suggest that the Commission have hardly taken sufficient account of the value and binding effect of such guarantees as might be inserted in a constitution for Kenya or any other individual territory, for the purpose of protecting native interests. Apart from the spontaneous respect normally shown to definite constitutional provisions in any British colony, the Governor-General on the spot, with powers of direct

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intervention for the purpose of securing the fulfilment of such guarantees, would be in a much stronger position for getting his way than the remote Secretary of State has been in the past when, with no such constitutional instrument on which to rely, he has attempted to enforce his will on some controversial issue in a self-governing colony. Such guarantees could be extended to cover many of the "essential native interests" which the Commission attempt to define. Among the most important of these are Land, Labour, Economic Development, and Taxation. The Commission emphasise the importance of local government institutions for natives. They quote the Bunga, or General Council of the Transkei, as showing the development which native local government institutions have reached in the Union of South Africa. It must be remembered in this connection that "local government" is a very expansive term, and that local government institutions may be a very important factor in economic as well as political development. The Transkeian Council, under the guidance of the Chief Magistrate, provides for the promotion of native agriculture through its own training schools and a special staff of agricultural officers, and is enabled to meet the expenses of services, which elsewhere are the concern of the central government, out of the considerable revenue specially assigned to it by statute. It is difficult to set a limit to what may be achieved for native welfare and progress in native reserves by local government institutions if they are wisely guided and can be provided with an assured revenue. Conditions providing for the development of such institutions might be covered by constitutional provisions.

(2) *The Position of the Indians*

The Commission do not propose to disturb the relative representation of Europeans and Indians in the Kenya Legislative Council, as settled by the 1923 White Paper, which provided for five elected Indian members and eleven

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elected Europeans. The proposed abolition of the official majority will, however, affect the position of the Indian representatives, in common with that of the other unofficial members, and the proposals of the majority would put them in what may prove the dangerous and invidious position of being able to hold the balance between the official members on the one side and the unofficial members, elected and nominated, on the other. The majority hope that, if the Council is constituted in accordance with their proposals, the result may be to encourage the European and Indian members to act together as representatives of the interests of the settled areas. It seems, however, open to doubt whether, at the present stage in Kenya, the proposed composition of the Legislative Council is likely to promote such co-operation in defence of common interests.

The most important proposal in the report affecting the Indians is the suggestion that the question of establishing a common roll for Indians and Europeans should, after further inquiries as regards franchise qualifications have been instituted, be re-opened by the High Commissioner. The Chairman and the majority of the Commission differ in their attitude on this question. The majority consider that the "ideal to be aimed at is a common roll on an equal franchise": the Chairman is not prepared to concur in this view, as he considers that, under Kenya conditions, the advantages of a communal system are very great. He, however, in common with the other members of the Commission, looks forward to the reconsideration of the question in the future. The Commission are all agreed in holding that the change to a common roll for Europeans and Indians can only be made by consent, and that the consent of the Europeans cannot be obtained unless they are made to feel secure against being overwhelmed by numbers. The Indians are not claiming representation in proportion to their numbers. They ask only for "effective representation" and "equality of political status," and the Com-

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mission entertain the hope that if, in accordance with their recommendation, adult franchise is abolished, it may be found possible to adopt new franchise qualifications, applicable to both Europeans and Indians, which will give the Europeans a sufficient superiority in numbers.

In the present state of opinion among Europeans in Kenya, it seems unlikely that the proposed inquiries as to the possibility of establishing a common roll will have any positive result in the near future; the obstacles to acceptance of a common roll will probably prove insurmountable for a long time to come. Europeans in Kenya will, however, have to take into account the effect that maintenance of the communal system of representation has on the prospects of self-government. Even if dispensed with in the case of Indians, it may for an indefinite period be the only possible arrangement for the purpose of native representation. But under the communal system, as the Commission point out, the relative strength of parties, so far as party divisions are based on racial distinctions, is artificially fixed by the constitution. The ordinary play of democratic forces is therefore excluded. This important result of the communal system was referred to in the last number of *THE ROUND TABLE*.* The system, as there remarked, "imposes on each community cast-iron limits of representation in the legislature, alterable only at the pleasure of some external authority," and therefore "so long as it endures, involves a palpable bar to attainment of real self-government."

(3) *The True Character of the Political Problem*

There is an unfortunate tendency to mistake the true character of the political problem which presents itself in a mixed State such as Kenya. It is not simply a question, as seems to be assumed in some quarters, of resisting the claims to political power of a small but aggressive body of European settlers—who wish, for their own selfish purposes,

* *THE ROUND TABLE*, No. 74, March 1929, pp. 297-299.

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to lord it over the native population—and of providing for the natives paternal government, through the agency of wise and benevolent officials, until they eventually come of age and can look after themselves. To restrict the European settler to his economic and commercial activities, and to deprive him of political opportunity by denying him any share in the government of the country which he is helping to develop, would be a form of repression, and repression cannot be accepted as the solution in the case of the European any more than in the case of the native.

Stated in broad terms, the true problem is how to enable both Europeans and natives to become good citizens of their common country, and to contribute, according to their respective capacities, to its progress and welfare. This involves, on the one hand, the provision of adequate safeguards for the interests, both present and future, of the native population : those interests require that they shall have a full opportunity of development in the social and political as well as in the economic field, and that no artificial barrier shall be set up to limit their onward progress to the highest goal which they may eventually prove capable of reaching : and, on the other hand, it involves giving to the Europeans such a share in the government of the country as will allow reasonable scope to the special political capacity which they possess, and thus enable them to make their fullest contribution, as citizens, to the common welfare, without at the same time giving them a degree of control over the natives which is inconsistent with the safeguards required for the latter. One of the difficulties inherent in the situation is that, so long as the natives are unfitted for any direct share in political activity and have in effect to be treated as wards of the Government, it is impossible to give to Europeans adequate opportunity in the political sphere unless they take some part in controlling native interests as well as their own, and thus share in the Government's responsibility for promoting native welfare and development. This is a con-

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sideration which necessitates a slowing down of the rate of political progress for the Europeans, though, subject to the provision of sufficient guarantees for native interests, it must not be allowed to bar that progress altogether.

The Indian and Arab communities in Kenya are, of course, important additional factors which complicate the problem, but their presence does not alter its essential character ; these communities have claims to similar consideration, and the general principles already laid down must also be applied to them and to their relations with Europeans and natives, and with each other.

We are, however, here concerned primarily with the place assigned by the Commission's proposals to the European community. The Commission recognise that "the political experience and capacity of the immigrant communities are a great asset, of which the largest use should be made." Do their proposals comply with this requirement, or has an overmastering desire to provide completely adequate safeguards for native interests prevented them from giving adequate opportunities of political expression and public service to the Europeans ?

Any scheme for granting to a European community a share in the responsibilities of government in a mixed State, where the great majority of the population consists of backward native tribes, must be at once cautious enough to prevent abuse of power for selfish purposes, and consequent injustice to, and neglect of, native interests, and bold and trustful enough to make the partnership of the Europeans in the work of government a reality, develop their sense of responsibility and train them in the duties of leadership. South African history affords illustrations of the dangers to be avoided on either side, and of the difficulty of steering a middle course between a harassing and provocative exercise of Imperial control and a too hasty and confiding relaxation.

It is obvious that if the scheme is not cautious enough the native population will suffer immediate, and perhaps

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irretrievable damage, though the Europeans who abuse their powers may ultimately also pay an even heavier penalty. On the other hand, if it is too cautious, it is clear that the Europeans will suffer through denial of political opportunity and probably also through neglect of their legitimate material interests; it is perhaps not equally clear, but nevertheless true, that this injury to European interests will have an immediate and inevitable reaction on native interests. Europeans, settled among a backward native population, have an importance quite out of proportion to their numbers: it is impossible that they should be merely a neutral factor as regards native welfare and progress. They will either be a great help or a great hindrance; and, in order that they may be a help, the political scheme must not antagonise them but take them frankly into partnership. Further, if the European community grows steadily in strength, it will be difficult to prolong indefinitely a close political tutelage in order to maintain the safeguards designed for the protection of native interests. The Imperial power may conceivably tire in the future, as it has in the past, of attempting to control restless and dissatisfied dependencies in Africa, and when, with its withdrawal from active participation, the safeguards cease to be enforced by direct exercise of its authority, the atmosphere resulting from the intervening period of unrest and antagonism will be unfavourable to the creation of a State in which the different sections of the population can live and prosper together in a harmonious partnership, and maintain a just and efficient system of government.

Enough has been said to show the extraordinary difficulty and delicacy of the constitutional problem with which the Commission were called upon to deal, and the danger of dogmatic expressions of opinion for or against any particular scheme proposed for its solution. Descending, however, from the general to the particular, we may now revert for a moment to the Commission's proposals for constitutional changes in the Kenya Legislative Council,

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and the alternative proposals made by the Chairman. It is of course essential to remember that the definite proposals made only represent the first stage in a gradual process of relaxation of official control; but, so far as the proposals of the majority are concerned, the only development which they appear to contemplate for a long time to come is a further increase in the number of representatives of native interests, and a corresponding decrease in the number of official members.

The Commission condemn the present constitution of the Legislative Council with its official majority on the ground that it has resulted in the elected European members obtaining a large share of power without a corresponding degree of responsibility. Do their proposals remedy this defect? That is, do they so alter the position as to give the elected European members an unmistakable share of responsibility; and are they thus calculated to develop a real sense of responsibility in the members themselves and their constituents? The basis of these proposals is that official control "can only be relaxed according to the measure in which the effective power of the central authority is established," that is, in other words, a new form of control from the outside is to be substituted for the present form of official control exercised from inside the Council. For the purpose of exercising this control the Governor-General is to be equipped with powers of "certification" as well as veto, which will enable him to over-ride a vote of the Council, and to enact any legislation which he regards as essential for the discharge of his responsibilities. This will include legislation needed for the protection of any racial section.

If the constitution of the Council were so altered as to give the unofficial European members a majority it would under present conditions in Kenya be desirable to make it very clear from the start that there was no intention of giving the Council so constituted the final say in regard to matters affecting the interests of races which were less

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strongly represented: questions where the interests of one racial section had to be balanced against those of another would then be discussed and decided in the Council on the clear understanding that if, in the light of the debate and of any other information available to him, the Governor-General were not satisfied that a fair settlement had been arrived at, it would be open to him to intervene. If, when the position was governed by such an understanding, the Governor-General did intervene for the purpose of overriding or amending a decision by the European unofficial majority on the ground that the decision was unfair to the interests of some other racial section, such intervention would be recognised as a legitimate exercise of his constitutional authority, and although it might be attacked on its merits, could not fairly be resented as inconsistent with the constitutional position assigned to the Council.

The proposals of the majority of the Commission are open to the criticism that having first created, in the powers to be conferred on the Governor-General, this instrument for controlling a Legislative Council in which there is no longer an official majority, they have, when actually framing their proposals, hesitated to rely upon it for practical purposes, and have preferred to constitute the new Legislative Council in such a way that the Government may always be in a position to obtain a majority by making use of the support of at least one of the three groups representing distinct racial interests. Would not a scheme which placed fuller reliance on the power of intervention by the "central authority" be preferable? If unofficial European members were strong enough in numbers in the Legislative Council to carry their proposals when united, subject to the risk of being over-ridden by the intervention of the Governor-General, would not their sense of responsibility be much more effectively stimulated, and would they not shrink from challenging the exercise of the Governor-General's authority, unless they felt confident that they had a very strong case?

APPENDIX

KENYA LEGISLATIVE COUNCIL

	<i>Present Constitution</i>	<i>As proposed by majority of Commission</i>	<i>Chairman's alternative Proposals</i>	
			(1)	(2)
British Officials	19	15	9	10
Elected Arab	1	1	1	1
Nominated Arab	1	1	1	1
Elected Indians	5*	5	5	6
Nominated to represent general interests (Indian)	0	0	1	1
Nominated to represent general interests (Euro- peans)	0	0	2	2
Nominated to represent Native interests (Euro- peans)	1	5	5	5
Elected Europeans	11	11	11	13

* Owing to the objections maintained by the Indians to communal representation, there is at present only one Indian elected member; the Governor has power to fill the remaining seats by nomination.

FIGURES OF POPULATION OF EAST, CENTRAL AND SOUTH AFRICA.

(Taken from the Hilton Young report or recent official estimates.)

	<i>Natives</i>	<i>Whites</i>	<i>Indians</i>	<i>Arabs</i>	<i>Others</i>
Uganda	3,123,581	1,752	11,613	Asiatics and others	
Kenya	2,682,848	12,529*	26,759	10,557	3,824
Tanganyika	4,319,000	5,274	9,411	4,782	798
Nyasaland	1,290,885	1,716	850	Asiatics	
Northern Rhodesia	1,140,642	5,581			
	(Census of 1925)				
Southern Rhodesia	834,473	39,174	3,500	Asiatics and others	
The Union of South Africa	5,196,203	1,708,955	181,233	Asiatics	573,008
Grand Total ..	18,587,632	1,774,981	Asiatics and others	826,335	

* Of these 2,199 are engaged in agriculture.

East Africa : The Report of the Commission

POSTSCRIPT

Since this article was written Sir Samuel Wilson, the Permanent Under-Secretary, has been sent out to discuss the recommendations of the Commission with the three East African Governments and any representative bodies or individuals "with a view to seeing how far it may be possible to find a basis of general agreement," and "on what lines a scheme for closer union would be administratively workable and otherwise acceptable." No final decision will be taken on Sir Samuel Wilson's report without submitting any proposals to Parliament. He is free to go into the whole question, but he "will not commit the Government or Parliament in any way." (*Hansard* March 27, 1929, pp. 2427, 2428.)

MR. HOOVER AT THE WHITE HOUSE

IT is a fast car, and a powerful car, and a smart car—the new Ford: but something passed out of American life on the day when Model T was discontinued. It had no grace at all—that Model T; no one of our vast car-conscious citizenry ever boasted of being its owner. Yet the cylinders expanded or exploded or whatever it is, and the flywheel went round and round. Best of all, the steering thing did what it was expected to do at the corners, until a plurality of such pleasing accidents grew into a pragmatic generalization. In a word, you could reasonably expect to get to the village and back without walking. And if, in the fulness of time, the "l'il ole bus" wouldn't start, or happened to stop in its tracks, or flung a vital part down to the broad highway, why, that too was all right. Homely stories, gentle humorous stories, came like butterflies out of thin air and settled in friendly fashion on its unpretentious frame.

With the new Ford in the place of the old, and with Calvin Coolidge out of the White House, nothing is left in this high powered society for its native wit to endear or for its native philosophy to accept with tolerance. The soft afterglow of our nineteenth-century civilization died away in the summer of 1928 when Calvin Coolidge and Model T both made it plain that they did not choose to run again.

Many stories, too, were told about Calvin Coolidge while he was still President. Very few of them, of course, had any basis in fact; so perhaps the final one of his administration should be taken with plenty of salt. "Mr. President," asked one of the press-boys at the last con-

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ference of all, "have you got anything to say about Prohibition before you go?" "Nothing," answered the "White House spokesman," "except that it is a very difficult proposition. I think I'll leave that for the Boy Wonder." (Can you do fifty miles an hour? God forbid! replied Model T, I do my stuff on the road, not in the advertising pages!) Yet the story of the Clever Reply to the press-boys, whether apocryphal or not, contains the germ of an idea common to the man who invented it and the men who have laughed at it. For this self-contradictory people of ours (perhaps not so hypocritical as we are alleged to be by those who are more sophisticated in the technique of self-righteousness)—anyhow, we perverse American people who enter the League of Nations by the front door only to slip out by the back, who pass naval construction Bills and universal peace pacts at a single Congressional sitting, we worship the edifice that only brains can build while we misprize—and fear—the brains that built it. Thus millions of voters who wanted Hoover and his works, and added a cubit to their stature by voting for him, now find the rarified atmosphere a little too thin, and have shrunk therefrom, hoping that the Boy Wonder will stumble over something and land, humiliated, at the level of their own mediocrity. "Periander, when the herald was sent to ask counsel of him, said nothing, but only cut off the tallest ears of corn till he had brought the field to a level; . . . and this is a policy not only expedient for tyrants or in practice confined to them, but equally necessary in oligarchies and democracies."

II.

TO continue: on the fourth day of March, according to custom, Mr. Hoover took the oath of office as President of the United States. So he has been in the White House for less than two months. That is too short a time, of course, on which to base judgments or venture

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predictions: but the new President is under observation, and there cannot be any great harm in setting down what has been observed. First of all, nobody calls him "Herb." To his greater glory or his lesser, they call him Hoover: they call him Mr. Hoover. Indeed, by an egregious oversight, one of the metropolitan papers called him just that, in a bold headline, one night. Yet if a certain dignity has befallen him, the man himself has acted very simply. He has sent back to the army stables the seven mounts which had grown fat for want of exercise under his predecessor: he has given up the *Mayflower*—the presidential yacht which could, if it would, repeat much revealing talk from the Harding regime, and no revealing talk from the Coolidge days. He wears a soft gray hat instead of a hard black one; and his like-minded wife not only drives her own car through the streets of Washington, but has asked the secret service men to let her go her own way, alone. He has gone off fishing once: and nobody knew when he went nor exactly where he went, and nobody took any photographs of him to sell to the papers. The man is not only a President, he is a great relief.

When, last August, he was formally notified that the Republican party had chosen him as its candidate, he made the usual acceptance speech. But in the course of it he said one noteworthy thing: "The Presidency," said he, "is more than an administrative office. . . . It must be the instrument by which national conscience is livened and it must, under the guidance of the Almighty, interpret and follow that conscience." There is nothing particularly noteworthy about making that statement, but it is rather unusual to find it acted upon. Perhaps the long rest from leadership that the country has experienced during the past nine years has made it ready for a drastic change. At all events, the country is getting one. To begin with, Mr. Hoover's administrative acts have been swift, aggressive, open and honorable. That silly figment, "the White House spokesman," through whose imaginary lips Mr.

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Harding and Mr. Coolidge chose to speak, that fanciful go-between whose statements could be disavowed by timid Chief Executives has gone ; and instead we are privileged to know the mind of a man who is not afraid of his own words. Then, too, the list of recent large tax refunds to private persons and corporations (long a mystery and perhaps a scandal) has been opened to public inspection by a simple five-line order from the White House. Likewise there is that little matter of appointments to the Federal bench. In the recent past such appointments, whether good, bad or indifferent, have been neither explained nor justified. We have taken the nominations with pleasure, with disgust, or with wonder, as the case might be : but a docile democracy has never raised a serious question about the nature of the President's responsibility. Mr. Hoover, oddly enough, has undertaken to "liven the national conscience" with respect to himself : and by publishing lists of the various people who have sponsored his nominees, he makes it clear that the nation is entitled to know the grounds for so important an act as the appointment of a Federal judge.

Lastly, the record to date would not be complete without some mention of Mr. Hoover's manifesto to the Republican party of the South. As the reader doubtless knows, Republicanism has scarcely been a boasting point among the first families of the South since General Sherman marched through Georgia, and since the negro got the vote. The first families, from 1865 on, have managed to preserve the integrity of that section of the country for the Democratic party. But in 1928 Hoover captured Florida, North Carolina, Texas and Virginia, thus breaking the "Solid South" with a vengeance. Nor was the Republican organization of many of the Southern States a negligible factor in his nomination. Nevertheless, in spite of his achievement, and in spite of the service they had rendered him earlier, he had not been a month in office before he rounded on the worst of them. Now was the time for

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them to clean house, and especially in South Carolina, Georgia and Mississippi were political conditions in his own party "intolerable." Let the corruption be ended in this golden moment when the party had won the respect and votes of four other States, or else, he threatened, the three worst organizations would be read out of the ranks of Republicanism. Just what will come of this manifesto is hard to predict, perhaps something, probably nothing : for the gentlemen of the four apostate provinces did not so much vote for Mr. Hoover as against that "wet" scion of Tammany Hall and the Roman Catholic Church, Al Smith. But in spite of what the outcome may be, there is no doubt that the President in this, as in other matters, has acted in a way that is swift, aggressive, open and honorable.

Such things have tended to reconcile people to Mr. Hoover's appointments to the Cabinet. That was to be the first test of his "greatness." But instead of drafting men of unusual distinction into the service of the Government as Ministers of State, he selected a somewhat-better-than-average group. Mr. Mellon and Mr. Davis were carried over from the Coolidge regime as Secretaries of the Treasury and of Labor : Mr. Good and Mr. Brown, as the new Secretary of War and the new Postmaster-General, were regarded as concessions to the party politicians, who expect to see two or more of the "boys" always in useful Cabinet positions. For the other six offices, Mr. Hoover had a free hand. He gave the Department of Justice to William D. Mitchell who had been its competent Solicitor General ; ex-Governor Hyde of Missouri became the Secretary of Agriculture : Robert Lamont, the former President of American Steel Foundries, is now the Secretary of Commerce : Charles Francis Adams of Boston is the head of the Navy Department ; the conduct of foreign relations is entrusted to Henry L. Stimson, formerly Secretary of War and Governor-General of the Philippines ; while Ray Lyman Wilbur, late President of Leland Stanford University, has taken charge of the Department of

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the Interior. These men have good records behind them ; if their names, severally or jointly, are compared with those of Mr. Coolidge's official family, they certainly will not suffer by comparison : nor is there any evidence that they lack independence of mind. Still, the impression was abroad at the time of their appointment that Mr. Hoover might have done better, and even to-day their full worth remains to be proved. It is not at all likely that they will turn out to be time-servers : but the President's ability is so great and the affection which he inspires among his immediate subordinates is so strong, that his Cabinet may fail to give him that sort of vigorous critical counsel which makes all the difference. But on these developments, we can merely wait.

So, too, we must wait for the Engineer to deal with the problem of law enforcement in the United States. In the meantime, his inaugural address of March 4 is the best guide to his attitude and intentions. He pointed to the increase of crime and to the decrease of confidence in rigid and speedy justice. For this state of affairs he blamed an "intricate and involved procedure" and an "inadequate organization." He was prepared to admit that the Volstead Act had aggravated the condition of violence and contempt for law : but he felt that people were prone to exaggerate the effect of prohibition as a factor for lawlessness. State authorities had not shouldered their share of the task : they had "failed to accept the obligation under their oath of office zealously to enforce the laws" : and the evils of their negligence were increased by private citizens, otherwise law-abiding, who continued to patronize an illicit traffic in liquor.

I propose (he concluded) to appoint a national commission for a searching investigation of the whole structure of our Federal system of jurisprudence, to include the method of enforcement of the Eighteenth Amendment and the causes of abuse under it. Its purpose will be to make such recommendations for reorganization of Federal laws and court procedure as may be found desirable.

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This is not the time and place to deal with the one most engrossing topic in the United States ; to picture the state of lawlessness in 1929 whether because of prohibition or coincident with it ; to describe Chicago and its gang warfare ; to discuss the case of the Canadian rum-runner sunk in "hot pursuit" miles away from the American shores, or the dozen instances of coast-guard cutters firing upon innocent American private craft. The condition of affairs is putrid, whether you look at the wholesale bribery and shooting which go with the "enforcement" of the law, or at the company of pimps who make a profit out of breaking it. The cleansing of the Augean stables was not a patch on *this* task : for it cannot be accomplished by turning the rivers Alpheus and Peneus through the stalls. That part an engineer alone might do : but an engineer who happens to be President and "proposes to execute and enforce the laws to the best of his abilities" has to reckon with millions of equally high-minded men and women who regard the present regime as the despotism of democracy. And his commission of investigation must be sensitive enough to understand why, on the one hand, a distinguished woman member of the Republican National Committee left it to oppose the Volstead Act, and how, on the other hand, the Congress of the United States which "opened with prayer" could let itself become the forum for a bull-fight. Surely nothing else can describe what took place in the House of Representatives towards the end of April when an apparent majority of members cheered the exploit of a policeman who had shot a boy of twenty-one in the back of the head and killed him, because, as it is thought, the boy was transporting whiskey across the bridge from Virginia into the District of Columbia.

The question is whether a solution can be found, or whether the problem has gone beyond us.

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III.

IN the course of the Presidential campaign, Mr. Hoover received certain representatives of the agricultural interests, and promised them that if he were elected he would call a special session of Congress to deal with their problem. He had attached considerable importance to the matter of agricultural relief in his speech of acceptance, partly because it is a pressing economic concern, but partly too because a presidential candidate needs the support of the farmer. Soon after his election Mr. Hoover proceeded to carry out his promise, setting April 15 as the day on which Congress should meet to work out a scheme for "further agricultural relief," and to propose "limited changes of the tariff." It is unlikely that any changes of consequence will be proposed in the industrial tariff schedules: partly because the President would veto any such legislative steps, and also because they would merely aggravate the disturbed mental condition of the farmer. Whatever may be the soundness or unsoundness of his getting protection on his product to the extent that the manufacturer now gets it on factory goods, it is scarcely to be expected that the manufacturer will be allowed much more protection than he now thrives under, for it would only increase the already great spread between the exchange value of the things the farmer buys and the things the farmer sells.

The chance of change lies in the other direction—a higher tariff on imported foodstuffs, thus letting the American farmer lift his price and lift his profits. But at present, since "farm relief" has taken precedence over tariff revision in the program of Congress, the tariff aspects of the agricultural problem must wait. The Bills before both Houses provide for the creation of a Federal Farm Board with adequate working capital to reorganize marketing

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and to assist farmers' co-operatives in selling their surplus crops. Certain Senators wished to propose something further—that debentures should be issued to exporters, to be paid out of tariff revenue on imports, thereby stimulating the shipment of export crops out of the country and raising domestic prices. But this scheme, known to be at variance with the President's ideas, was omitted from the House Bill (just passed by an overwhelming vote), and Mr. Hoover has so plainly indicated his mind to the Senate that they may omit it themselves. Said Senator Nye of North Dakota at the end of April—"There is no use wasting time on debenture and equalization fee proposals. The House and the President will not accept them. . . . We ought to agree upon a Bill promptly so that the farmers will get assistance in this year's crops." This practical counsel, offered by one of the chief representatives of the agricultural interests, may prevail with his colleagues.

But, when the time comes, it is likely that there will be certain changes upward in the tariff on agricultural products. Some revision is inevitable; perhaps because it is economically sound, but also because there is no other substantial way in which the President can redeem the implications of his pledge to the Western States. It goes without saying, however, that Canada's militant opposition to an increased tariff, and that which is heard more distantly from the Argentine, will make themselves felt; not in their own name and right so much as through the lips of American manufacturers who need the buying power of our northern and southern neighbors and will fight most vigorously to preserve it. But the important thing will be the extent of upward revision: and this, in the last analysis, will depend upon the strength which the farm group can display in Congress. The farm group is by no means a unit in its program, it is not particularly blessed in its leadership, it will have to withstand a good deal of organized and single minded opposition from the representatives of

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the manufacturing interests. So that, in all probability, agriculture will have to content itself with a Federal Farm Board, and with little else. In a word, the farmer is eccentric to an industrialized nation, and he will suffer accordingly.

IV.

THE state of the nation under prohibition may be of some interest (and cynical amusement) to those, if there be any, who live safely beyond the range of our coast-guard guns. And whether the farmer is relieved or not will be of importance abroad depending upon *how* he is relieved. But one feels that these things are really not so important to the rest of the world as the discussions which are taking place in Paris and Geneva concerning reparations and disarmament. The facts, of course, are as well known in England and on the Continent as they are in the United States. Better perhaps; so that it would serve no good purpose to relate a well-known story all over again. The outcome of both conferences is uncertain. But when they are over, however they turn out, we may be permitted to take a certain pride in the efforts of Mr. Young and Mr. Gibson.

"The United States fully accepts the profound truth that our own progress, prosperity and peace are intertwined with the progress, prosperity and peace of all humanity." These words from Mr. Hoover's inaugural address, a platitude from the lips of another man, now appear to embody a principle of political action. And of this principle, Mr. Young would seem to be a tireless and tactful agent. "I court for this administration a record for having further contributed to advance the cause of peace." Within six weeks from the day this sentence was spoken by the new President, Mr. Gibson made his gesture at Geneva.

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When the Pact of Paris was signed there was some solemnity and more mirth. The solemn fellows on the other side of the water suggested that the obvious thing to do was to take American professions at their face value and act upon them. But this was not done; indeed, no particular occasion was offered for doing it. And, anyhow, the suggestion seemed just one degree more fantastic than the Kellogg Pact itself. So time passed until the Disarmament Conference of 1929 was convened.

The strange thing about the situation in Geneva is this: that the "facts" are the same as they were in 1927; the parties to the controversy are the same; the technical difficulties are the same; and the background of mutual suspicion promised to be the same, if not worse. Now, for the time being, the face of affairs has changed: there is some likelihood of healing a festering sore, some chance of reducing ill-will, and of sparing the world an otherwise inevitable expenditure of money in dangerous competitive building. The difference lies in the sanctionless Kellogg Pact: an "ineffectual" collocation of words may prove to be the one effective instrument for peace in the long armament controversy. For it is of the vague contract which they embody that Mr. Gibson has spoken: the attitude which he has so far exhibited is consonant with them; and he has said frankly, with a New World naïveté, that Mr. Hoover has decided to try to base a policy on them.

Perhaps we are at the watershed, where the streams run into two seas. Before this article comes to print, someone at Geneva, for better or for worse, will have turned the waters in one direction or the other. If it is for worse, then the work will have to begin all over again. But, for a moment at least, men, standing upon a peak, will have "looked at each other with a wild surmise."

The United States of America.

April 30, 1929.

RUSSIA : THE AWAKENING MUZHİK*

(By an Eye-witness)

I. THE PORTENT

ON my first trip to Russia after the Revolution, soon after my arrival in the country, I happened to be spending a week-end in a village off the banks of the Volga. A backward village it was, surrounded by rivers of mud, isolated, it seemed, from the outside world, and from all possible contact with the surge of thought and emotion that the Revolution had released. On Sunday, the chairman of the local soviet called a mass meeting. He had sent word around the countryside that an *inostranetz* (foreigner) would be present, and urged everybody to come. Come they did despite mud and rain, on foot and in carts, youths and bearded old men, girls and grandmothers. Glowing with pride, the young chairman proceeded to expatiate for my benefit on the achievements of the local administration and on its ambitious plans for the future. He was a fervent orator, and the crowd listened with rapt interest as Russians always do to a good speaker.

All of a sudden somewhere from the fringe of the audience there boomed out a deep voice as startling as a thunderclap : —“Words, words, words, only words !” The speaker was an elderly muzhik. Barefooted, bareheaded, with a flowing beard and in a soiled linen shirt, he raised his arms

* Muzhik is the Russian for peasant.

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high above his head as though to quiet the murmur of protest that his interruption had called forth. “All for the benefit of the foreign visitor,” he drawled out mockingly. “Showing off. Look at me, *inostranetz*,” and he pounded his fists on his bulging chest, “I am the truth, the sole pùtrid truth in this beastly land.” Denunciations rained on him like hail from every direction, but he paid no heed to them. “I am sixty-five years of age,” he cried, “the Soviets did give me land, but what am I to do with it ? Can I eat land ? I have no horse, and what can I do with land without a horse ?” The chairman himself and several of his associates tried to stop him, but he raced on unperturbed. “In the old days,” he shouted, raising his voice above the tumult, “we had a Czar, landlords, exploiters, and yet I could always buy a horse if mine died, and boots too, and all the calico I could pay for. Now there is no Czar, there are no landlords, there are no exploiters, and yet—no horse, no boots, no calico, nothing. Remember that, stranger.”

I stared at the muzhik, at the ruffled chairman, at the heaving mob. It seemed so unbelievable that anyone in Russia would dare to lift his voice in such haughty disdain, in such flaming defiance of the proletarian dictators—least of all a muzhik. I remembered him so well in the old days, this lowly, miserable creature. How meek he then seemed in the presence of officials ! How humbly he would bow before a man in uniform or sometimes only in city clothes ! With what alacrity he would remove his hat before anyone he deemed his superior ! Shy he was, this unwashed, hairy, big-boned muzhik, and cautious in his choice of words, in voicing a grievance, lest he should give offence to the man who represented the *pravitelstvo* (government), and when he noticed any sign of annoyance or disapproval in the official's face, he would shrink back, apologise and beg for forgiveness. In his heart he may have cherished only hate for the official, but when face to face with him he used to be all meekness and docility.

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But here in this desolate village was the extraordinary spectacle of a bedraggled, mud-spattered muzhik, actually denouncing and haranguing officials—all government—with no more restraint or compunction than if he were scolding his son or whipping his horse! It seemed so terribly unreal, so unbelievably heroic!

At first I thought that it must be just an exceptional outburst, a dash of gall on a surging billow of despair. But further experiences in other villages dispelled any such supposition swiftly enough. It was the same everywhere I travelled. On trains, on highways, in market places, in Soviet offices, everywhere I heard the muzhik roaring out his laments and protests with a violence and an abandon that was almost terrifying. It seemed as if the Revolution had unlocked not only his mouth, but his heart, as if all the wrath and anguish that had gathered there in the ages was boiling out of him in hot, fierce torrents. He seemed to have become a law unto himself, this ageless and unaging muzhik, a fact all by himself, and the most startling and pregnant one in the land of the Soviets, if not in the whole world. It would be impossible to overestimate the significance of this outburst of audacity in the peasant. It implies many things, but most of all an awareness of self which was alien to him in the pre-revolutionary era. Clearly the Revolution has been blasting his passivity out of him and battering into him a pride, a self-respect, a dignity, which he never manifested in the old days. Yes, the peasant is now conscious of being somebody, not merely a soul, as he used to be labelled for statistical purposes in former times—a blank, impersonal object—but a man, an individual with a soul and a personality all his own. The peasant has found himself.

It could hardly have been otherwise. The Revolution made him the hero in the village. It elevated him just as much as it did the proletarian into a symbol of a new glory and a new day. At every step he was assured and reassured with fiery vehemence that he was the equal

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of everybody, aye more, the superior of the men who formerly ruled over him. He, the toiler and the producer, was vaunted as the pick and the king of men, the salt of the earth, the flower of the human race, entitled, as no one else is, to all its joys and blessings. From all directions flatteries, appreciations, sublimations were showered on him, and they soaked into him like rain into a parched soil.

Besides, for the first time in history he has actually been a conqueror. He has triumphed over the landlord. He has come to possess the earth. Rivers, forests, lakes, meadows, pastures, wheat land, rye fields, all of these have been wrested from the landlord, and the landlord himself, once so formidable and all-powerful, has been banished from the scene. Not even his shadow remains to darken the landscape, to remind a new generation of his former power and glory. He, the muzhik, has become the sole lord of the countryside. True, officials and Party men are trying to squeeze him into a new social mould, are scolding and harassing him and putting new burdens upon him, but, after all, on the land he is the supreme figure; it is now his. There is no one else left to dispute his right to it. There is no one lying in ambush to hurtle him out of his new possession. A complete victory over an ancient foe has been his, and the consciousness of triumph has only heightened his estimate of himself.

This rise of a new self-esteem has had far-reaching consequences. It has helped to kill his ancient dread of government. He no longer regards it with the terror and dismay of the old days. It is no longer an invincible force, above and aloof and beyond human control. Now government is something earthly, close to life, *his* life, *his* village, *his* everyday burdens and needs; something that will and must yield to pressure, *his* pressure. Now he can reach out with his hand and touch it in the very flesh, shake it, aye, slap it in the face. Its changed structure and form have only accentuated his sense of nearness and familiarity with it. Gone are its external trappings, vanished its

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external glitter. It has become a simple informal affair, like the village co-operative and the village mass meeting. Men in the government no longer wear gaudy, awe-inspiring uniforms, and seldom, except in the police, do they carry arms. In the villages they dress like muzhiks, talk like muzhiks, live like muzhiks. They *are* mainly muzhiks. There is nothing about them, their appearance or their manner to command special recognition, respect, or fear. Nor do they have to be addressed as Your Lordship, Your Gloriousness, Your Highness, not even as Mister, neither the chairman of the local soviet, nor the chairman of the highest soviet in the province, nor anyone anywhere. They are now all *grazhdanin* (citizen), just like any muzhik, indeed, any layman. Government no longer dwells above, in some mysterious, awful haze, but below, right on this earth, at one's very feet. It can even be stepped upon. One has only to enter a village soviet, to note the ease, the frankness, sometimes the violence, with which the peasant addresses officials, to realise how utterly lacking he is in that mystic dread of government which in the old days was so conspicuous and pathetic a part of him.

II. THE MUZHİK'S GRIEVANCE

SINCE he has lost his fear of authority and grown aware of his own individuality, the muzhik has become the most exacting individual in Russia. The "fruits of the Revolution," so long and eloquently promised him, he now wants to enjoy, and no vicarious satisfaction will satisfy him. In some instances his standard of living has risen appreciably since the advent of the new regime, or rather since its stabilisation, but this is not because of any beneficent action on its part. It simply means that he does not, much to the consternation of the Communist leaders, take his eggs and butter, his ham and cheese, nor even his rye and wheat, to market as readily as he once did. He

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has no special inducement to do so. He cannot obtain payment in gold since its circulation is prohibited, and paper money, even the *chervonetz*—for the present at any rate—does not interest him, though thus far it has bravely weathered the storms that have threatened to toss it into disuse. Besides, owing to the never-ending disparity in prices between farm stuff and manufactured goods, he receives little in return for his produce. Why, then, should he sell? Nor has he any real inducement to save money. Land-hungry, in the old days he would put away every kopeck he could lay his hands on with a view to the purchase of an additional strip of land. Land was the consuming passion of his life. Now he cannot buy land. There is none for sale. He could, of course, buy another horse or a cow. But then he would run the risk of being labelled a *kulak*,* and bring down upon himself a fresh swing of the tax gatherer's axe. So, instead of taking as much as he can spare of his produce to market, he sells as little as he can and consumes more himself. That is why, save when he suffers from a crop failure, the peasant is to-day the best nourished individual in Russia.

In one other respect the life of the peasant has grown richer. He has a more abundant variety of social diversions than he ever had in the old days. Theatricals, for instance, were scarcely known in the Russian village in pre-revolutionary times. Now they are widespread. Wherever there is a village school house, one is likely to find a little theatre. I have come across village club houses, far away from centres of civilisation, equipped with extraordinary stage paraphernalia. I once witnessed a village performance of Gorki's *Children of the Sun*, in which all the actors were ordinary muzhiks, two of them utterly illiterate, and it was a most creditable show. Amateur theatricals are one of the outstanding contributions of the Revolution to the village. Others are movie pictures,

* A *kulak* is a comparatively successful peasant.

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radios and loud speakers in the public squares, club houses, reading rooms, parades, picnics, and sport carnivals.

But the peasant is reaching out for more than an additional mouthful of bread and an occasional laugh. He wants boots, as he has never wanted them in the whole of his history. He is growing weary of his bark sandals. He has an eye, too, on city-made clothes which have always been a mark of distinction in the village. He is clamouring for textiles as he never did in pre-revolutionary times. He wishes to reconstruct his house, his barn, and his wagon. He has seen pictures of new agricultural implements, and he has heard so much from lectures about their advantages that he wants them too. Hedonist and materialist that he is, he desires to live his everyday life to the full. He wants to, but he cannot; for soviet plants do not churn out goods in sufficient quantities to meet his demands, and because of financial stringency the Government is only importing goods in insignificant quantities. It promises the peasant eventually to satisfy his needs; it pleads with him to be patient until new factories have been erected and put into operation; it almost implores him to forget his present deprivations and to wait until its industrialisation programme has been realised; but the peasant does not think in futures. He never did. "Eventually" means nothing to him. He was promised cheap goods—lots of them—nails, iron, steel, dry goods, implements, and he wants the promise fulfilled, at least in part. He does not understand and he does not really want to understand the reason for this cruel shortage of goods—goods which in the days of the *pomieshtchiks* (landlords) and the Czar he could always buy if he had the price. Now there are endless queues everywhere, and sometimes, after hours of patient waiting—yes, waiting often in rain and mud and snow—a clerk will step forward with the announcement that there is nothing more left in the co-operative, not a yard of calico, not a nail, not a bolt! And so the muzhik roars with rage.

The New Ferment

III. THE NEW FERMENT

TIME will only continue to fan this new consciousness in the peasant. It will spur him on to an ever-increasing self-assertiveness and make him more and more exacting. It cannot be otherwise. The stage is set in Russia for just such a result. Paradoxically enough, forces fostered by the Communists themselves are contributing to this end. For example, harsh as the proletarian dictatorship is, within its own limits it allows the peasant an astonishing amount of political self-expression. The Communists are indeed seeking with all the resources at their command to expand the peasant's political consciousness. Through lectures, movie pictures, posters, pageants, theatricals, above all through their pre-election campaigns, they are endeavouring to cultivate his understanding and his capacity for political action. At one time, of course, they rode rough-shod over village elections, both for the soviets and the co-operatives. They used to present their own nominee, and by the simple expedient of asking the assembled voters whether anyone opposed him, they would put him into office. The peasant did not know what to make of it. He grew sick of elections and stayed away. The Communists were then perplexed in their turn; some of them got alarmed. The peasant was slumping into his old apathy; he was nursing his ancient hostility to government. There was danger in that. They remembered Lenin's warning. The Revolution would, they knew, be a failure if the masses, including even the kitchenmaids, failed to learn to exercise the functions, if not the prerogatives, of government. So they changed their front and, since 1924, the peasant has been permitted to make his own nominations and to indulge in such discussion, however violent and vituperative, as he chooses. The Communists are, of course, still vigilant and in no

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way averse from exercising pressure, though it is nowadays done through indirect channels, usually by organising the poorer peasantry and pitting them against the particular group they wish to defeat or to chasten. Over-zealous members of the Party will still occasionally bring their old dictatorial methods into play. I have been in villages where this has happened. But if the peasant lodges a complaint, the elections are annulled, new ones are ordered, and the over-ardent Party-man does not always go unrebuked. Sometimes, indeed, he is subjected to severe discipline.

Nowhere can this budding political consciousness in the peasant be observed so well as at the *skhod* (mass meeting). There his face and mind are reflected in all their lights and shades, as in a mirror. What a mighty institution it is, this ancient, turbulent *skhod*, as old as peasant society itself and far more formidable ! In the old days it was for the most part an anarchic gathering, usually without a chairman, with unregulated discussion, people talking as and when they pleased, one at a time, many at a time, or all at once. Often enough it would end in a free fight, men leaping at one another to settle problems and other grievances with rock-like fists ; women were barred from taking part in it. To-day the *skhod* has been largely purged of its former chaos. There is always a chairman, and he tries to observe the decencies required by good behaviour. Women, moreover, are now admitted on the same basis as men. In importance the *skhod* transcends every other village institution. It is a barometer of peasant feeling. At it, muzhiks, young and old, unfold themselves with all their primitive freedom and with their elemental earnestness and passion. One hears words so stern and audacious at these meetings, indeed, that one actually forgets the dictatorship, the G.P.U., and all the other agencies of repression which have cast such gloom over the Russian city. Here the peasant unbares not only his mind, but his soul, for the whole world to behold, to

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judge, and perhaps to beware of. One sees here a new actor making his *début* upon the Russian stage, an actor of unmeasured proportions and untried powers, but with a new fervour, a new hope, a new insolence, above all a new determination to make himself heard and heeded. A people's tribune, a school, a court, above all a battle-ground for ideas and viewpoints—such is the village *skhod*.

Simultaneously with this political awakening and partly as a result of it, there is also a virile intellectual ferment at work in the peasant. Never before has he seemed so eager to know the world around him and his own relation to it. I do not remember ever visiting a village, either in European or Asiatic Russia, without finding myself, as soon as my presence became known, the centre of a mob of muzhiks, chiefly youths, teeming with curiosity. I have been deluged with endless questions about life, work, ideas and ideals in the outside world. Wherever I went these crowds would surge after me, anxious to catch every word that passed between me and the men and women I happened to be talking to.

The world war and even more the Revolution have cloven open the peasant's mind and stocked it with a fund of ideas ; but this has only whetted his curiosity to learn more. Through a number of visible and invisible channels new information on a host of subjects, hygiene, scientific agriculture, geology and, of course, Marxism keeps pouring into the village. Newspapers and books nowadays come regularly. Soldiers keep constantly returning from the army with tales about their experiences. Posters, flamboyant and expressive, convey their special messages. So do movie pictures, and lecturers keep circulating through the villages almost as freely as fish in a pool. Then there are endless peasant delegations. They start off to some provincial centre, or even to the capital, on prolonged excursions. Guests of the national government, or of a trade union or some factory or other, they visit museums, universities, industrial plants, theatres, exhibi-

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tions, parks, carnivals, and show places, always in the company of loquacious guides, and on their return they have stories of their own packed with fresh information to tell their neighbours. New schools are also springing up. However inadequately equipped or incompetently manned, they offer education, rudimentary though it be, to about half the peasant children. And both boys and girls are greedy to learn. In every village you find them poring assiduously over their books in the hope of some day getting to the university. For its doors are now wide open to the muzhik; he constitutes at least one-fifth of the students in the higher institutions of learning. Indeed, the muzhik is developing an intelligentsia of his own, out of which there may come a new peasant leadership, and who can tell what will happen in Russia when that comes? Will it, for example, tolerate the amazing spectacle of three million industrial workers outvoting one hundred and twenty million peasants at the national elections?

The village is humming with new thoughts and new ideas, not only political, social, and economic, but also moral. I am not using the word in an emotional sense only, though in this respect too there have been changes. Never a puritan, the peasant—female as well as male—has always been outspoken on the subject of sex. Men have demanded virginity in their brides, just as they have demanded dowries, though a one-sided standard of morality was never as deeply entrenched among them as among the townsfolk. Public opinion showered opprobrium on men who indulged in irregularities almost as much as it did on women. It is with reference to morality in its larger sense, as applied to everyday behaviour, to the relations of the individual with his fellow-men and the outside world, that the change is especially significant. And peasant morality sadly needed shaking up. Profane and inebriate, the muzhik has never made a virtue of truth-telling. He lied to escape taxes, fines, floggings, and gaol. He lied to the official; he lied to the landlord; he lied to his neigh-

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bour. He lied when he sold, he lied when he bought. He lied when he courted a bride, he lied when he married her. If he could cheat a buyer in the market place—well and good. His conscience remained unperturbed. The market place belonged to the outside world which was alien to him, his enemy, and he always regarded it with suspicion, sometimes with bitterness as well. I once told a group of university students that in America people often leave letters and parcels outside a letter-box and no one bothers to steal them. They would not believe it. It seemed utterly incredible to them that people could be so honest anywhere. A student happened to read that no one steals the milk cans that the farmers leave on stands along the roads in Denmark for the trucks to collect. He thereupon wrote to the newspapers saying that he had read a great deal of fiction in his youth, and that this story was about as true as the tales of Jules Verne or Captain Mayne Reid! I myself recollect a drive with the manager of one of the largest government sugar farms in the Ukraine. As we passed along we saw little straw tents in the gardens, orchards, and melon patches. In these tents there were guards on the look-out for thieves, especially at night. My companion asked me if it was equally necessary in America to keep guards and dogs in the gardens and orchards. When I told him that, as far as I knew, it was not, he was beside himself with surprise. How, he asked, was it possible? Did not the neighbours steal the vegetables and fruit? Were people in America really so honest? Later, when we reached his home, he introduced me to his foremen and managers, telling them with all the fervour of one who has made an epoch-making discovery, that in America farmers do not keep watch in their gardens and orchards, and people do not steal. They too looked upon the statement as incredible. Why should folk be so honest on American farms, and Russians such thieves? Beastly Russians! Keeping track of my luggage was a problem on the Russian trains. It is unsafe, when one goes to buy

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a newspaper or an apple at a station, to leave anything unguarded on one's seat for a single moment. I have never been in a train, in a depôt, or on a boat in Russia which was safe from robbery. I never dared to lie down in my bunk for the night without first buckling my typewriter and my suit case to my arm by a chain, so as to make sure of being jerked awake in the event of any attempt to haul them off. The muzhik has, somehow or other, never learned to respect the rights and possessions of others. Kind, hospitable, eloquent and song-loving, he has, nevertheless, a streak of depravity in his nature. He is not a bandit, but he is a petty thief. Oddly enough, he himself would be the last person in the world to deny this. How often have I heard an older muzhik, with that passion for self-abasement which was a habit, almost a virtue, in old Russia, openly confess that he was after all the beastliest of men !

The revolutionary leaders are making strenuous efforts to wean the peasant from his ancient vices. It is their aim to inculcate a new morality in him. They preach to him the virtues of truth-telling, honesty, respect for the rights of others—that is, where any such rights still exist. They have passed laws to stop parents whipping their children, and men beating their wives. If a muzhik uses bad language or spits on the floor in a soviet office, someone will instantly jump up and lecture him on the indecency of his conduct. Watching young peasant leaders bringing home to muzhiks in this way the error of their ways, I have over and over again had the illusion that I was in a sort of kindergarten where grown men and women are taught, not world revolution or Marxism, not even the “villainies” of British diplomats, but the fundamentals of sheer human decency.

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IV. THE COMMUNISTS' DILEMMA

ONLY in one respect has the muzhik remained incorrigible. He is as staunch a believer in private property as ever. He wants his own land, his own home, his own cow, and his own horse. Though the sale of land is prohibited, and although in some places it is subject to periodical subdivision, he regards his holding as his own personal property, just as much so as his stock and his implements. He has made it quite clear that, whatever else Moscow may or may not expect of him, he will neither scrap his individualistic ways nor entrust his fortunes to a communal form of society. And his resistance derives its force not merely from traditions as old as the ages, but also from everyday contacts. He works his own strip of land, takes care of his own horse, sells his own cow, gathers his own eggs, and plans and does everything else for and by himself.

To some of the revolutionary leaders this individualism is a source of galling annoyance, and to none perhaps was it more so than to Trotsky and Zinoviev. It drove both of them, indeed, frantic with dismay. They found capitalistic tendencies everywhere in the villages. The sort of social distinctions which spring from private property are more in evidence than ever, and the peasant's attitude is no more responsive to communism than it used to be. Trotsky has persistently harped on the fact that twenty-two million peasant households are run on a private property basis in Russia, and therefore arrayed against the aims of the Communist party. He would not allow any substantial accumulation of material wealth, and would find effective ways of “shaking out” of the peasant his surplus possessions. He would raise his taxes, exempting only the poor, and increase the already soaring prices of

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manufactured goods. By setting the poor man against his well-to-do neighbour, he would stop the latter from amassing property, or from winning a decisive voice in the political life of the community. He would keep a permanent revolution going in the village. In other words, he would subject the peasant to the political demands of the proletarian dictatorship.

At one time Trotsky with his peasant policy seemed to be a voice crying in the wilderness, a lone, tragic, dying voice. The majority of the Communists swept his proposals aside with the joyful intolerance of the religious zealot. They argued that they would alienate the peasant, would smash the *smychka* (union) with the proletarian, without which, Lenin had warned them, the Revolution could not prosper, could not even survive. They saw in Trotsky's policy ruin to everybody concerned, if only because it would kill the peasant's incentive to produce, still more to sell, and might even rouse him into active opposition and perhaps engulf the country in sanguinary chaos. Severest in their denunciations were the village officials and Party-men. As the peasant chairman of a village soviet once said to me, "I would not like to have the job of enforcing Trotsky's programme here. I'd rather go to gaol—it would be safer there." Not coercion, declared the Party, but reconciliation, tolerance, economic aid, above all intensive and many-sided cultural enlightenment would and should be the link which bound the peasant to the Revolution.

But to-day one cannot help wondering whether the majority have either the will or the power to abide by these resolutions. There is, at all events, plenty of evidence that they are eagerly incorporating into their new peasant policy whole planks from the very platform which they so recently condemned as a perversion of the principles of the Revolution. After all, they are for communism first and foremost, and the peasant is not. They stand for death to private property and the peasant will not give it up. He is thinking

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essentially as an individualist, as an accumulator, as a *bourzhui*.* True, he is co-operating with his neighbours in a vast array of activities. He was ever an eager and hopeful co-operator; he has always realised, and never so keenly as at this moment, that his only hope of salvation from material stress lies in co-operation. There is a huge population on the land and the average holding must always remain small in Russia, too small to warrant the individual in purchasing the implements that he needs. This the muzhik understands. He is combining with his neighbours and the community to get the prices of city products reduced, and those of village commodities raised, and to increase production through the joint use of modern machinery. These forms of co-operative action appeal to him. But co-operation is for him only a means to an end, and that end is personal gain. He stops dead when it comes to distribution, and that, of course, shuts the door on real communism, for real communism presupposes communal distribution just as emphatically as communal production. This is where the peasant and the Communist finally part company, and the split is fundamental.

As has already been pointed out, at one time, especially during the fight with Trotsky, both the leaders and the rank and file of the Party appeared to have repudiated any idea of coercion. They seemed resolved to rely chiefly upon methods of persuasion and social rejuvenation. But in the winter of 1928 they were faced with an extraordinary situation, one which, incidentally, Trotsky had warned them was bound to come. They found themselves at the peasant's mercy. They discovered, to their dismay, that he was not selling his grain. They appealed to his sense of good-fellowship and to his revolutionary consciousness, but it was of no avail. His grain remained in his barns, and he was content to leave it there until he could obtain his own price not merely in money but in goods which he needs more than money. Had he not been promised at the time

* i.e. Russian for *bourgeois*.

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that the NEP* was launched that he would never again be coerced into selling anything against his will ? It was not only that the export of grain was almost brought to an end : city after city had to go on bread rations, and the country was threatened with famine. So, in spite of promises, in spite of *smychka*, in spite of their vitriolic condemnation of Trotsky's policy, the Communist majority proceeded to empty the peasant's grain bins with their own hands, paying him, of course, the market price. The peasant's rage knew no bounds. His confidence in the Communists, in spite of their amazing social work in the village, visibly ebbed. There were bodily collisions with the grain collector ; blows were exchanged, sometimes even shots. Soon enough, however, the Communists realised that they were playing with dynamite. They called a speedy halt to their grain collection, and in a series of special pronouncements they have now reiterated their solemn pledge never again to repeat such methods.

But the forcible collection of grain was only one aspect of the new attitude towards the peasant. That particular expedient may never again be attempted, but the offensive against the kulak is a vital part of the new policy. The kulak is the peasant *bourzhui*. In America, or even in Germany, the average kulak would be a poor farmer. I have been in kulak homes which are the last word in discomfort. Usually the kulak himself is a man of energy and a splendid manager. There is no permanent kulak class. The kulak of to-day, once misfortune overtakes him, drops immediately into the *bedniak* (poor man) ranks, and the *bedniak*, on his side, if he is favoured with a good harvest, or manages to get hold of two or three horses or as many cattle, rises automatically to the rank of a kulak. He has made his pile, as such things go in Russia. He may also be found renting land from the man next door who has no implements or animals to enable him to work it himself.

* i.e. the New Economic Policy. See THE ROUND TABLE No. 47, June 1922, pp. 544-546.

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He has, in a word, become a *bourzhui* and a menace ! He has the power to "exploit" his weaker neighbour and he must be dealt with accordingly.

What, then, is such a man to do ? What is any peasant to do who runs his little farm successfully and keeps on amassing things until he suddenly finds himself a kulak ? Is he deliberately to avoid reaching such a position ? He is not like a factory worker ; his self-interest is derived not from collective but from personal effort. He knows no other kind. In his case personal gain will always necessarily remain the ideal and the sustaining force, just as colour and movement are for the artist, or sound and harmony for the musician. But the Communist frowns on personal gain. It is forbidden, and in his determination to pluck the very appetite for it out of men's hearts he makes use of methods that not only hurt but bleed, sometimes to death. At this very moment when Russia is more in need than any other nation in the world of a higher rate of agricultural production, the Russian Communists are penalising ability and thereby throttling productive capacity.

They are, of course, offering an alternative. They would substitute collective farming for individual holdings. That is the new slogan. They are quite willing, too, for the present at all events, to gratify the self-regarding instincts of the peasant by compensating him for his labour on the collective farm. They will make any concession, if only they can wean him from his individual holdings and a way of life which intensifies his individualistic proclivities.

Yet, in spite of flattering inducements and feverish agitation, the response to their appeal has been negligible. Hardly one and a half per cent. of the land has been collectivised, and that not always successfully. Even if the pace were quickened, it would take generations to do away with individual holdings, and, in the meantime, what is to happen ? How can the Communists expect to conciliate the peasant ? How can they hope that his attitude towards them will change as long as they persist—and

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this they must do if they are true to themselves—in doing everything they can to “shake down” or “out” of him his surplus possessions?

And the muzhik is no longer the man he used to be. His passivity is gone. The Communists themselves are, as we have seen, doing all they can to make a new man of him, to enlarge his knowledge of life, of the world, of himself, of society, of nature, of everything which is of importance and of interest to him. His self-respect, his spirit of independence, even his militancy are being fanned by them. They are constantly impressing him with the importance of political power, of social organisation. They are helping him to create the most formidable organisation on earth, a vast network of co-operatives and soviets, of which he is always to be an integral and audible part. They have almost placed him beyond the pale of cajolery and terrorisation. They have had to do so, if only to make him impervious to the appeal of the counter-revolution. Besides, without him they would be like a structure stripped of its framework. They could not hold together, they would sink in ruin. After all, he is the staff of life in this vast land. He is also the mainstay of the Red Army. Its morale might not stand too severe a strain if, for instance, a policy of coercion were to be renewed in the village; what then? The soldier is in close touch with his home. He responds to the laments of his own people and he would, in case of need, protect them without hesitation. It was the letters to the army more than anything else which brought the grain collection in 1928 to a sudden stop, and prompted the assurance that such proceedings would never again be countenanced.

The Communists are on the horns of a terrible dilemma. They need the muzhik. He is the bread giver, the main physical support of the Revolution. And yet, they cannot afford to compromise with him—not, at all events, beyond a certain point—for he is also the upholder of private property, the seeker after personal accumulation, in a word,

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individualism incarnate, and, as such, the deadly foe of communism. It is one thing to divide him into bedniaks and kulaks—that may serve as a temporary makeshift—but no such division will eradicate the propensity for private gain, or prevent its gratification. What then is the way out? On the answer to that question more perhaps than on anything else the fate of Russia, of the Revolution, and above all of the entire Communist experiment depends.

THE AUSTRALIAN LABOUR MOVEMENT

I. AFTER THE WAR

THE war changed all things. It has changed political groupings as much as it has changed international relationships. We need therefore to readjust our minds to the new conditions. The quarterly contributions from Australia to THE ROUND TABLE have from time to time described the leading incidents in our political history for the last seventeen years. But the changes which have taken place since the war are too big for incidental treatment, and it seems a suitable time to review the present position in a general way, and to describe the re-orientation of parties which has taken place since the war.

In this review the Labour movement must receive special consideration, because the Labour party is the most active and characteristic element in our political complex. When it entered the political arena it threw down a challenge to the older parties; it insisted on a new point of view. To the new objectives which it put forward the other parties had to react; it may be said to have forced the pace. Many of its ideas have received legislative sanction, and they have been subjected to a long test. During this process new and unexpected problems, both internal and external, have obtruded themselves, and the party now finds itself, after having attained a great many of its immediate aims, in quite a different position from that which it

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expected to occupy—with its world, in fact, still to win. It would be a mistake to interpret the Australian Labour movement in the light of the theories of orthodox socialism. Though influenced by the ideology of Marx and modern communism, the Australian movement is *sui generis*, realistic and nationalistic. It is this circumstance which gives to its history a wide significance. For the progress of the Australian Labour party from idealism to realism is the course which every socialistic party must follow, as soon as it obtains power and is faced with responsibility. Sooner or later, the garments of Karl Marx will be cast aside. In Australia, moreover, the Labour movement was never deeply committed to Marxism, and it shed it very early.

When the war broke out, a general election was pending, which resulted in a Labour victory. Mr. Andrew Fisher, who had pledged the last man and the last shilling which we possessed to the Empire, took charge with a strong team, and the Australian effort was satisfactorily conducted. But in 1915 Mr. Fisher became High Commissioner and his Attorney-General, Mr. W. M. Hughes, took his place as Prime Minister. Mr. Fisher was not a man of great ability: Mr. Hughes was exceedingly clever. But an exceedingly clever man is not always well placed as the leader of a party bound by a rigid pledge and managed by conferences and vigilance committees. Within eighteen months the party was split in two, and Mr. Hughes and most of its elder statesmen were expelled. The immediate occasion of this split was the submission of the conscription referendum to the people. The referendum revealed a deep schism in the community, and a body of opinion, largely Irish and Catholic, which was disaffected and relentless. Its immediate result was to send Labour into opposition in the Federal Parliament and to weaken it in all the States. But a basis had been disclosed upon which the party could build. Around it the trade union organisations soon regrouped themselves, and though the right wing working-man voted against the party on all issues relating to the war, the

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Labour machine retained its identity and its vitality, and for all ordinary purposes it represented the workers of Australia. Mr. Hughes and the small number who stuck to him were for ever out of the party, and with one or two exceptions they never found a comfortable home afterwards. To accommodate them a new National War party was founded and in 1917 a coalition Ministry was formed with Mr. Hughes as Prime Minister. This party retained office until 1923. At the election at the end of 1922, however, the Nationalists suffered heavy losses owing to the unpopularity of Mr. Hughes. A new agrarian party, the Country party, led by Dr. Earle Page had recently appeared. It had only fourteen members in the new Parliament, but this gave it the balance of power. A composite Ministry was therefore formed, known as the Bruce-Page Ministry, in which each party retained its separate identity. This Government has held office ever since. The Labour party had made gains in 1922 and were expected to make a further advance in 1925; but dissatisfaction with the industrial policy which they had forced on the country and serious industrial disturbances led to their heavy defeat. Since Mr. Hughes left it the party has never had a leader of outstanding capacity. Mr. Ryan and Mr. Theodore, both ex-Premiers of Queensland, have been members of it at different times, but they have not been allowed to lead.

In the States events developed on somewhat different lines. On the outbreak of war Labour Governments were in power in New South Wales, Western Australia and Tasmania. Since that date all the States have experienced Labour rule. Victoria until last year had been consistently anti-Labour, and Queensland has since 1915 been consistently Labour. Issues connected with the war were not nearly so prominent in State politics, but in nearly all the States National parties were formed, and they accommodated the "loyal" Labour men. In most of the States Country or Farmers' parties also came into being and gradually gained strength. In Victoria and New South

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Wales, indeed, they have become strong enough to hold the balance of power, and supply members to composite Ministries. At the present moment Labour is in power in Queensland and Western Australia, there are Nationalist Governments in Victoria, South Australia and Tasmania, while a composite non-Labour Government occupies the New South Wales benches. The changes have been rapid. In 1926 there were five Labour Governments and one non-Labour. In 1927 there were three Labour and three non-Labour. At the present moment there are two Labour and four non-Labour.

This brief historical note reveals Australian politics as subject to a sort of political triangle, and in order to make the position which Labour occupies clear it is necessary shortly to indicate the position of the other parties.

II. THE POLITICAL TRIANGLE

THE best way of appreciating the position of the Nationalist party to-day is to imagine that the Conservatives and Liberals in England joined forces some time ago so as to present a united front to the on-coming Labour party, and then managed on some great issue or other to split the Labour party and secure the support of the right-wing Labour men and Mr. Ramsay MacDonald against the extremists. The result would, of course, be in the first place to enhance the importance of the extreme section, and to set in opposition to it a number of heterogeneous sections in uncomfortable association. In Australia the Nationalist party contains one or two representatives of the old conservative elements of the community, individuals of a radical cast like Mr. W. A. Watt, and ex-Labour men like Mr. W. M. Hughes and Sir George Pearce, who have a similar outlook on social questions to Mr. Ramsay MacDonald and Mr. J. H. Thomas. The one bond of union is their opposition to, and fear of, red or

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Bolshevist influences in Australian Labour. The policy of the party must necessarily be liberal, if not radical, for conservative thought has no political currency. The competition of a powerful Labour party with proposals that make an attractive bid for popular support has led to the adoption by the Nationalists of a number of measures with a Labour tendency, and throughout Australia the inclination of the State to undertake activities and to control economic forces is more marked than it is almost anywhere else in the world. Wage regulation has thus become part of the Nationalist policy, and a system of protection through the customs tariff has, up to the present, been heartily backed both by the Nationalists and by Labour. Under these circumstances, the support given by the conservative sections of the community to the Nationalist party is a grudging one, their loyalty to the party leaders is questionable, and their attitude to the ordinary member contemptuous. Yet, in their financial and economic affiliations these sections have tremendous power. And so it comes about that, although the majority of the Australian people are non-Labour and the main currents of Australian thought anti-socialistic, the Nationalist party, which represents this dominant element politically, is not nearly such a powerful political instrument as it should be. It has, above all, proved extremely difficult for it to find a satisfactory leader. There is no doubt, however, that Mr. Bruce has up to the present been very successful in his leadership of the party. It is a little difficult to analyse the secret of his appeal, but he imposes his will on the party and receives more spontaneous and unquestioning loyalty than any other Nationalist leader has of late years received.

Possibly the element in the Nationalist position which has given rise to the greatest difficulty was the creation by the agrarians of the Country party as a separate third party. This party not only took away from the Nationalists their most conservative section, the farmers; but it had to secure

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its main support from voters who had previously voted Nationalist. It was, therefore, obliged to attack the Nationalists, and in that way it got the Labour second vote under the preferential system. There was thus more antipathy between the Nationalists and the Country party than between the Country party and Labour. Another consequence is that, although the farmer complains of costs being raised through high wage rates and a high tariff, the individual member of the Country party is powerless to support a policy which is antagonistic to industrial legislation and the tariff, because he owes his seat to Labour votes and he cannot alienate them by opposing these Labour measures. The party is therefore reduced to advocating bounties and other assistance of an eleemosynary kind for country industries, so as to compensate them for their high costs. Its declared object, moreover, of remaining a corner party and of influencing politics without taking responsibility, bade fair to reduce all politics in Australia to confusion. In the Federal Parliament, it is true, Mr. Bruce and Dr. Earle Page have now successfully worked in co-operation for nearly six years, and so rendered stable government possible. But the fact that the two parties remain distinct and never meet in common is nevertheless a source of endless friction. In Victoria, indeed, the alliance between the Country party and the Nationalists broke down on both sides. Nationalist voters were annoyed at the incompetence of the Farmer leaders, while fanatical agrarians condemned their leaders for joining a composite Ministry. In the recent Federal elections the losses of the Nationalist wing have, however, prevented a movement of protest on its part against the large agrarian representation in the Cabinet.

Against these two parties stands the Labour party, a party which, with far fewer initial advantages than either of the others, has come to occupy a most powerful position in the political field; a party which, though rarely supported by a majority of the electorate, has exercised and is still exercising a most important and not altogether

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desirable influence in Australian politics. The reason for this requires some analysis.

No doubt, one of the more important reasons for the powerful position which Australian Labour occupies is the embarrassments of the other two parties which have just been described. Labour is not without its own embarrassments; but, since the shocks of the war period have been absorbed, it has regained all its old strength and, except where patriotic issues are concerned, it polls a fairly constant mass vote. This vote would not, however, in itself give it a majority, and it is essential for it to secure additional support. Its success depends chiefly upon its organisation, one of the most efficient which any political party in English-speaking countries has ever built up. The Labour organisation is definitely a machine to which the individual is subordinated. Its details will be familiar to most students of politics: the Labour pledge, the management of the platform, the various conferences at which the chief political issues are fought out and decided, the executive which watches the parliamentary candidates, and the parliamentary caucuses at which the party decides the way in which the votes of all its members are to be cast. After years of activity the machine still works well, and there is no evidence that it is breaking down. There are, indeed, bitter quarrels inside the Labour movement. But the very fact that these quarrels have not affected the political fortunes of the party very seriously is the most convincing proof of the strength of the organisation and the elimination of individualism. The machine unfortunately renders free parliamentary politics of the traditional type impossible; but in the party struggle this is a tremendous advantage. The leader is always sure of his followers; he is subject to no humiliations and is never left in the lurch by independent individuals. He must, of course, respect the organisation, but so long as he co-operates with it, he cuts a respectable figure in the community. This factor gives to Labour policy a consistency and a solidity

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which attract many votes. Under such conditions, indeed, all parties are driven to use machine methods if they can. The Country party has endeavoured to create a machine, but it has had no success whatever as compared with that of Labour, while on the Nationalist side, great difficulty is experienced in most of the States in maintaining any adequate organisation at all.

Another signal advantage possessed by Labour is the fact that it is the "advanced" party and has succeeded in putting the other parties on the defensive. They are bewildered by the difficulties of modern economic experiments. Labour, however, essentially unreflective, still attempts to relieve modern evils by artificial expedients in which it professes the utmost faith. These make a powerful appeal to the less favoured sections of the community, and also to the enthusiast and the sentimentalist. The party has, too, a strong basis in the material interests of the class-conscious worker. It is more than a political party. It is the agent of the workers in their relations with the capitalist classes and, although from a general point of view it may be considered unenlightened, it shows due efficiency in detail in its management of their case. This factor carries with it, however, a certain element of weakness. It makes the Labour party essentially a trade union party, and in this way it forfeits the allegiance of other classes, especially the small tradesmen—its regimented following is, indeed, smaller than it might have been with a wider appeal. But its cohesion and organisation are all the stronger for this very reason. The Labour party rarely commands an absolute majority at the poll—its ideals and its platform would be subscribed to by only a small minority—but it has a certain rock-like strength for political purposes. It may, indeed, be said to be the most powerful single influence in our public life.

The strength of Labour's political position seems almost paradoxical when we remember the long series of strikes, of which so few secure any advantage to the worker, all

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cause great loss and distress, and many are complete failures. These strikes certainly show a lack of co-ordination between the industrial and the political elements in the party. For it must be recognised that there is an industrial wing which does not show complete loyalty to the political leaders and at times defies and humiliates them. This industrial element is largely concentrated in certain powerful and turbulent unions such as the Miners', the Seamen's and the Waterside Workers', to which the term "revolutionary" may properly be applied. But, even apart from them, there are few class-conscious workers who have abandoned the right to strike and, although the politicians hate strikes because they mean the loss of votes, and often try to ignore or forget them, this dual character is a prominent feature of the situation. It is remarkable, indeed, that its political effects are not greater than they are. This is probably due to the efficiency of the Labour machine, but it also indicates a very high degree of loyalty in the rank and file. Both the last general elections were held under the shadow of a great strike, and it was popularly supposed that Mr. Bruce's victory in 1925 was due to the strike of that year. The loss of seats, however, in the election of November, 1928, after a strike in which the leaders were hopelessly beaten and humiliated, seems to negative any such inference. The truth probably is that 1925 was a "prosperity" election, whereas in 1928 the people realised that economic conditions were worse than the Government would admit, and there was more discontent.

The main difficulty of the outside student of Australian politics is to trace the varying effect of Labour policy in the different political arenas in State and Commonwealth, and it is almost impossible to do this within the space available for an article of this kind. It used to be supposed that the State policy was more sober and conservative than the Federal. Certainly in the States politics were more concerned with routine matters closely affecting the

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interests of the people, in which idealism and sentimentality, the twin inspirations of socialism, were somewhat out of place. But as Labour became less socialistic and more opportunist, Labour parties began to make headway in State politics, and once in power it was difficult for the non-Labour parties to eject them owing to the imperfect interest shown by the public and to the assiduity with which Labour members attended to the parochial wants of their constituents. In the Federal arena, on the other hand, where great questions of national policy are worked out, there is more play for sentiment and idealism, and in the first fifteen years of the Commonwealth, socialist aims were determining factors in Labour policy. But the position has now changed, and since the war the party has never regained the ground which it lost by its opposition to the national ideal. On the other hand, the conservative section of the community have become more interested in the Commonwealth, and their old attachment to State rights has weakened. The hold of the Labour party on State politics has thus been strengthened.

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IT is exceedingly difficult to sum up the position of the Labour movement in a formula which is accurate for all its phases. But the cardinal fact in the present position is that the old theoretical socialism taught by Marx and his followers, which exercised so great a sway over the minds, if not the practice, of Labour pioneers, has lost its hold on the party. A party mainly dependent on the trade unions for active support which finds that it cannot get a majority by its own strength, has to cater for the allegiance of other sections of the community, and Labour does this by pursuing an opportunist policy, much of which is definitely anti-socialist, though dominated by a keen sense of class interest.

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Although the Marxian creed cannot be said at any time to have affected very profoundly the practice of the party, the difference is an important one. Socialism is a doctrine which professes to achieve benefits for the whole community. It has a basis in logical thought, an appeal to altruism, an idealism which enables it to make great claims on the intellectual and the enthusiast. The leader could represent it as a crusade which entitled the party to the unquestioning loyalty of its followers. He could preach solidarity as the watchword, and denounce any defection as treachery. The socialist creed was indeed a restraining influence which inhibited many of the vicious tendencies of actual politics. These claims cannot justly be made on behalf of a party which seeks by opportunist methods to secure the domination of a trade union group. The ideal of the Labour party is government of the people by the worker for the worker, and it is not unfair to say that "worker" in this connection is a euphemism for the trade union organisation.

The Australian Labour movement to-day is really a realistic opportunist movement which seeks to govern the community in the interests of the organisations and in the name of the working class. A change of atmosphere of this sort seems to be inevitable when the methods and the propaganda of traditional Marxian teaching are brought up against the realities of political life. Under such conditions Australian Labour is reduced to a hard core of simple human factors. It is the movement envisaged by Marx, but shorn of his idealism and his social and economic philosophy. It is akin to Bolshevism as it was after Lenin introduced the new economic policy.* When it is revolutionary it has not the idealistic justification which attracted the intellectual. It is dangerous because it tends to organise and attach to itself the crude mass mind. To be quite candid the party should discard the former appeals of

* For a description of the new economic policy (NEP) see THE ROUND TABLE, No. 47, June 1922, pp. 544-546.

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socialism. It still keeps some of the old socialist planks in its platform for the benefit of the enthusiast and the idealist. But the major articles of the old creed are so embarrassing that attempts have been made to get rid of them entirely. It has, for instance, been proposed to do away with the plank which advocates the nationalisation of the means of production, distribution and exchange, and to abandon practically all projects of land reform and nationalisation.

A definite effort is being made to secure a majority through the aid of the small farmer; country Labour members refuse to be called socialists. In the actual policies of Labour Governments, too, there is a complete absence of socialistic measures and one even finds a strong movement against State socialism in Labour Governments which have become implicated in it.

For the new rôle of the Labour party the Labour machine with its hive of busy workers is peculiarly fitted. Socialism required the help of the intellectual; for the new task he is not necessary. The trade union official, however, after graduating through the trade union organisation is exceptionally well equipped for securing and exercising power in the name of the masses. The whole system is, indeed, exceedingly well adapted to a regime in which the sovereign is the man in the street. The Liberal is bothered by a certain amount of book-learning and embarrassed by the relics of a political tradition. These give rise to a number of inhibitions. Where the Liberal hesitates, however, the Labourite acts, and those who have had actual parliamentary experience feel that there is an intensity and strength of will in Labour members which are rarely possessed by the man of education. They come from a hard school and have been in contact with realities and although this very fact makes them narrow and hostile to freedom and the play of abstract principles, it carries with it peculiar advantages under present conditions. The Labour leader is in the closest touch with the ideals and the prejudices and

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desires of the average man. He uses the idiom of the masses in his speech. Labour is essentially positive and, if it is unreflective, it is constructive. It rarely hesitates or marks time. It has a solution for nearly every problem. In this way it is always putting the other parties on the defensive. To Labour this is the greatest evidence of its strength. But it also makes the movement more dangerous, for it gives driving force to a crude life-force with which argument is impossible. It has discarded its intellectuals. It takes less and less interest in economic investigation and it is impatient with science; but it shows uncanny skill in selecting what the average man wants, and in formulating a policy which appeals to the half-educated mind.

For good or ill the Labour movement is bound to exercise a profound influence on the immediate future of Australia, and it is desirable to indicate briefly the main lines of the policy by which it seeks to attain its ends. These will be more effectively revealed by examining the projects which Labour puts forward, and which are mainly responsible for its successes, than by a perusal of its official platform. Regarded from this point of view the main characteristic of Labour policy is the crude nationalism or, let us say, the insularity or provincialism which inspires it, whether in relation to social, industrial or economic subjects. Australia as a whole is herself intensely provincial, but in all these matters Labour is an extremist. The development of a strong Australian nationality, capable of accepting the burdens and responsibilities of nationhood, is the ideal of every true Australian; but the perils of the post-war period have been such as to fill the most fervent Australian patriot with apprehension. In the Labour leader, however, there is no hesitation. He advocates the White Australia policy in a form which offends the susceptibilities of the Asiatic. He is anxious to put the same exclusive policy into operation against Italians, Maltese and other South European people. Australia should be kept for Australians and this is considered by him to justify opposi-

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tion to immigration. Australian standards must be protected; but no enquiry must be allowed as to whether those standards are real and capable of being maintained or whether they are only nominal. Taking a rude, quantitative point of view he assumes that immigration will destroy those standards. Australian wages must be kept up by making labour scarce. The idea that immigration might promote employment by creating fresh wealth makes no appeal. Intense sectionalism of this kind is, of course, incompatible with the international character of traditional socialism, and it is becoming more and more difficult to interest the Labour party in foreign affairs. Labour tends to become circumscribed by national boundaries, a development which will probably overtake all Labour parties in proportion as they succeed.

The same combination of a crude insularity with a quantitative view of economics is seen in the Labour attitude to the tariff. In Australia the Labour party are unquestioningly and uncritically protectionist. A tariff of 65 per cent. does not satisfy them. Their policy is really prohibitionist. They object to the importation of a single article which can be produced here. Managers of public utilities who import articles from abroad at a price from 25 to 50 per cent. below what they could be purchased for in Australia are held up to opprobrium. There is no doubt that in this the party not only represents the mass mind but is also able to count upon powerful support from vested interests. At the same time mass production in other parts of the world is making such a line more and more difficult to maintain. The industrial policy of Labour reflects the same crude, uncritical attitude. Their aim is to get as much as they can out of the machinery of industrial arbitration, irrespective of remote effects. The system of wage fixing is an immense strength to the movement because it enables the officers of the machine to promote the interests, or the supposed interests, of the worker. The peculiarities which distinguish the Federal jurisdiction give

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full play to this rôle, for there is no phase of business which cannot be brought under its control if it can be suggested that it has a bearing on an industrial dispute which is subject to Commonwealth jurisdiction. The result is that a very large proportion of Australian industry is to-day being controlled by four arbitration court judges. Under such conditions a full reaction to the changing conditions of the economic world is impossible and the consequences are regarded by many as a serious embarrassment to Australian progress, although there is at present no considerable body of people, even among economists, who would take the responsibility of supporting a movement against either the tariff or industrial arbitration. The attitude of the workers and their leaders and trade union officials is significant. Very little real benefit can be proved to accrue to the worker. The present basic wage varies little from the 7s. per day fixed by Mr. Justice Higgins in 1907 as a living wage, if the changes in the value of money are taken into consideration. All that the courts have since done is to adjust wages to differences in the cost of living. If, however, the Labour official is successful in his chase after rising prices, he takes the credit and his clients are satisfied. The distinction between real and nominal rates is not sufficiently appreciated. Of late years there has been little attempt to raise real money wages, but great stress has been laid upon the improvement of conditions—holidays, sick pay, hours of work and the like—the theory being that wage rates are tied to the indices and that any improvement must be in the conditions, which is a fallacy because all improvements of this kind end in higher costs. It will be seen that under this system no economy is obtained by higher wages for efficient service, and that the prescription by judges of conditions of work often seriously embarrasses the organisation of industry.

The large area of the economic field which is covered by State utilities working under Government control also affords great opportunities for the Labour organisation. Here it

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finds many thousands of State employees concentrated. There are, for instance, 28,000 railway servants in Victoria alone. With their relatives, these people control about 100,000 votes, or 10 per cent. of the whole electorate. It cannot be suggested that the interests of the public servant are identical with those of the outside worker. They are, indeed, often antagonistic. Yet 100,000 votes concentrated in a single interest are a wonderful find for the politician, and Labour generally gets them. In addition, the policy of State activities is to a very considerable extent influenced in such a way as to suit particular sections. A strong set is, indeed, being made against the independent control of public utilities. The movement is doing its utmost to get them all departmentalised, though such an attitude to public utilities is really treachery to socialism. For a well-managed and soundly financed State institution is an advertisement for that creed, and to destroy any chance of such a result by political manipulation is equivalent to sabotage.

To take another point, it was necessary for the party to formulate a policy that would attract the primary producer. The Labour industrial policy and the tariff policy have given rise to special difficulties in relation to the marketing of Australian produce. The farmer realises this to some extent, but politically he is not disposed to take up a wholly antagonistic position towards Labour, an attitude which is largely due to its skill in appealing to discontent. Moreover, Labour sees great advantages from its own point of view in the policy favoured by the farmer of marketing produce through pools organised with State assistance and made compulsory for farmers generally. This, of course, is an approach to socialism, and any party such as Labour, which got any large proportion of the primary produce of the State under its control through State pools, would be in a peculiarly advantageous position. The main object of these pools is to meet the world price, and the difficulty which they experience is largely the result of the tariff

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and our industrial laws. The farmer's object is to fix a price for local consumption which, after allowing for the export return, is sufficient to yield him a living wage. Such an operation would, of course, involve great difficulties for Labour, dependent as it is on the industrialists in the towns. It can, indeed, be represented as the counterpart in primary industry of wage legislation in secondary industry; but there is no doubt that the clash between the interests of the two sections has not yet come to a head, and thanks to the ignorance and indifference of consumer, primary producer and worker alike, the political propaganda continues without coming to earth. Nationalists have already had three great controls, over sugar, dried fruits and butter, which are costing the consumer many millions, forced on them, and they are strongly averse to taking on any more. Nevertheless, while primary producers are being forced out of business, something must be done, and it is easier to formulate marketing arrangements of this kind, however illusory they may prove in the long run, than to review the effects of the tariff and the arbitration system.

Engrossed in the pursuit of this opportunist policy, Labour has not had much opportunity of evolving any new social policy. There are, indeed, not many experiments in this line which have not already been tried in Australia, and very few of them which have been an unqualified success. In fact, on the social side Labour policy is rather an eleemosynary one of doles and special privileges for the small man and the poor. It has to be remembered, however, that Labour policy has a most important financial side, and that it is very much limited by financial inhibitions. With wealth evenly distributed and the average man a taxpayer, Labour cannot increase the people's burden, and its attitude is now a very sensitive one in financial matters. It realises its weakness and the tremendous pressure that can be put upon it by its own constituents. When in office, it is, in consequence, inclined to

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plead poverty and thus damp down the rising tide of claims on its bounty. In financial conferences the only Labour Premier who has, in recent years, given the impression of recklessness in finance was Mr. Lang of New South Wales. Mr. McCormack of Queensland, Mr. Gunn of South Australia, Mr. Lyons of Tasmania and Mr. Collier of Western Australia were all in favour of financial limitation to enable them to stop the rush. Labour have in the past violated most of the precepts of the financial code, but they have now learned by experience that it is necessary to have some protection against the promises they have themselves made to their followers, and Mr. Hogan of Victoria has used the plea of financial stringency with great skill to absolve himself from the necessity of carrying out a large part of his programme. There is no doubt that Labour gains tremendously through this sort of financial penitence. Some cynical financial authorities, indeed, assert that it is better, from this point of view, to have Labour in office than that it should constitute a powerful and irresponsible influence in opposition, constantly forcing the Ministry in power to raise its bid for popular support. Mr. Lang's financial policy in New South Wales was in the traditional Labour style, but generally speaking, it may be said that there is less danger from financial extravagance than from the economic consequences of the crude and unsound policy for which Labour is everywhere the inspiring force.

Thus, in all matters of policy, the strength of the Labour party shows itself in its capacity for interpreting and implementing the mass mind. Consequently its effect on Australian politics, both in the domain of thought and action, is to encourage the crude experimentalism which is their most conspicuous feature. If it should be asked what the future of the party is going to be, the only possible reply is that it will be dominated by the results of that experimentalism and the way in which it reacts on the community. Up to the present, Labour has successfully overcome

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extraordinary difficulties. To-day, however, there are others of a more subtle kind. The party is without its old enthusiasm and idealism. Yet, the material strength of the organisation cannot be maintained without fresh inspiration. Moreover, an opportunist realistic party of this kind is peculiarly subject to sinister influences. The liquor trade has immense power, and, in Victoria, the party is said to be financed by the bookmakers who, by this means, obtain exemption from special taxation. Certain financial adventurers clearly have a most powerful interest in the fortunes of the party, and the circumstances surrounding the election of Mr. Theodore to a Labour seat showed that its backers were prepared to go to great lengths. So far, it is true, bitter feuds, in which allegations of corruption are freely interchanged, have had little effect upon the party's position. But this absence of political reaction may possibly indicate a want of real political interest on the part of the rank and file worker, and in itself be a danger of a subtle and critical kind. Up to the present, charges of Bolshevism against Labour leaders have had very little effect upon the Labour vote. To the supporter of Labour the Bolshevik is the bogymen, and he refuses to be frightened. The cry is of value to the anti-Labour parties because it consolidates their ranks and detaches from Labour unattached sections whose support is necessary for electoral success.

Nevertheless, the party is probably approaching a crisis in its career. A machine, however powerful and efficient, which has no idealism to guide it and no enthusiasm to inspire it, is unlikely to handle the difficulties of the future successfully. It may minister to the apparent wants of the worker under the present regime, but a machine of this type as a rule shows little capacity to adapt itself to a new order. The crisis will probably come in the form of a breakdown of the system of experimentalism, State socialism and economic adventure, which has been carried to such lengths in the last generation,

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mainly as the result of Labour pressure. The economic side of Australian life has a sure foundation in the great primary industries of wheat and wool which, soundly conducted, are the basis of a profitable auxiliary system of primary and secondary industry. Encouraged by the easy circumstances which we owe to our strong economic position, we have sought to realise a whole system of secondary advantages by means of political experiments. This would have been difficult enough under the most favourable conditions, but in a political atmosphere these projects have been distorted and diverted by the political pull of special interests. The result is that we have a tariff which might be protective if it were restricted in extent and degree, but which has to be constantly raised in order to make it effective. Again, the worker's wages have to be fixed so that he may receive a benefit corresponding to the tariff, and they have been constantly raised to keep pace with the increase in the cost of living. Lastly, in order to make up for the costs which result from these favours to employer and worker, special concessions have to be made to the primary producer. In our great State public utilities, costs have, however, been so heavy that the managers cannot pass them on to the public, and they are, as a whole, losing money. We have, indeed, reached the stage when each fresh instalment of State aid adds to our burdens without producing relief. A halt, which may be painful in its immediate effects, has to be called. It will come automatically in the economic sphere if not in the political. At present there is an atmosphere of disillusionment and discouragement in the ranks of Labour. It has no formula with which to meet the present situation. Socialism no longer offers hopes of a millennium and its effect on Australian politics has been to leave a residuum of problems and entanglements in its wake. If a political and economic breakdown were to occur, it is probable that Labour would lose its dominating position, and power would be entrusted to conservative exponents of sound

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finance and *laissez faire* doctrine. The other parties are, no doubt, themselves implicated, and if they wish to play their part they should review the whole position and refrain from competing with Labour in putting forward unsound schemes. But disillusionment is not a political asset, and a good deal of the force of Mr. Bruce's appeal to the electorate is due to his robust faith in a system which seems to be passing away.

Melbourne,
March 1929.

POSTSCRIPT.

The elections held on May 11 in Queensland have resulted in the defeat of Labour after fourteen years of office. The Nationalists and the Country party will probably have 46 seats in the new State Parliament, as against 26 Labour seats. (See *The Times*, May 13, 1929). This event makes it necessary to correct the statement at the end of Section I. There is now only one State, Western Australia, with a Labour Government.—EDITOR.

INDIA IN SUSPENSE

I. THE INDIAN SCENE

PREVAILING views about Indian affairs cannot fail to be deeply coloured by certain events which have recently brought into prominence the existence of various tendencies of a highly dangerous character. It is, of course, inevitable under modern conditions that news items relating to India should be of a sensational kind—accounts of Hindu-Mahomedan riots, murders, strikes, sabotage and the like—which are not a normal part of her ordinary life, and it may, therefore, be objected that such reports give an utterly false impression of the real Indian scene. There is weight in this objection and it is true that only a comparatively small proportion of India's vast population is directly or personally affected by such incidents. Nevertheless, their frequency and some of the attendant circumstances show that they are not fortuitous or isolated happenings. They are symptoms of a serious disease bred in the dark underworld of politics, which past experience has shown to be capable of producing dire effects on the whole body of the State. An attempt must be made to diagnose this disease, to trace it to its origin, and to suggest a remedy. The murder of Mr. Saunders, the young police officer, in Lahore last December, the interminable strikes in Bombay, Calcutta, and elsewhere, begun or prolonged without sufficient economic reason, the murders, assaults, arsons, and train-wreckings which have arisen out of the strikes, and, lastly, the astounding bomb outrage in the Legislative

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Assembly at Delhi in April, may not all be links in the chain of cause and effect, but they are symptoms of the same disease. They mark the recrudescence of the revolutionary as an element in Indian politics; they are a sign of the activity and influence of Communist agents, and, conversely, they are an indication of the extent to which the influence of the older political leaders has been replaced by that of younger men seeking a short cut to leadership and fame, ignorant or heedless of the ruinous dangers to which their course is leading.

This is the dark side of the picture. For the moment, however, let us turn away from it to contemplate a brighter side—the work of the Statutory Commission. For that way lies the high road to the political future of India, a road which will continue to be trodden in spite of the obstacles placed across it by misguided and ignorant men. When Sir John Simon left India after his first visit a year ago, it was already clear that there could be nothing like a complete boycott of the Commission; but it would have needed a bold optimist to predict that they would receive as much support as they have received from associations and individuals representing nearly all the different interests and communities in the country. It will be seen later that even in circles hitherto identified with the boycott, interest is undoubtedly growing, and this interest is accompanied by an intention on the part of many to take a part in the further stages of the enquiry, and certainly to have a share in the working of the constitution, whatever its character, which emerges from the labours of the Commission and the deliberations of Parliament and the two Governments. The plain truth is that the Commission's work has progressed smoothly, in spite of one or two spectacular demonstrations, the importance of which was magnified out of all proportion by the Indian press. The number and variety of the memoranda submitted and of the witnesses examined show that the Commission has received ample material on which to base its report, and the Nehru

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report and its accompanying propaganda have, as will be clear from what follows, made the views of the boycotters themselves available.

Of ordinary politics and the doings of the various political parties little need be said, for there is only one thing that counts at the moment and that is the investigations of the Commission and the way in which political India is reacting to them. This reaction has taken two directions. The one leads to association and co-operation, the other to an attempt at a rival report containing the plan of a constitution which might be accepted by representative political opinion in India. This report which is known as the All-Parties, or the Nehru report, is of singular interest, for it has acted as a catalytic, and produced effects of profound importance. As will be shown, these leave a fairly open field for the Statutory Commission, since the report has failed to win the general approval for which its framers hoped. For some time past, the old groupings in the legislative bodies have been changing. The Congress party (the old Swaraj party) appears once more to be on the verge of a schism similar to the secession of the Responsive Co-operators four years ago, which may prove even more disastrous to the party in its consequences. Its two chief leaders, Pandit Motilal Nehru and Mr. Srinivasa Ayangar, have quarrelled over the very basis of the Nehru report, namely, whether India is to be a Dominion, or completely independent. The report itself is drawn up on the basis of Dominion status, but Mr. Srinivasa Ayangar stands for independence. The Mahomedans in the Congress party too are, almost to a man, opposed to the report, and the next regrouping will see many of them in a Mahomedan party pledged to its overthrow. The other important organised party in the central Legislature is the Nationalist party, and it too seems to be in the throes of dissolution. Its leader, Pandit Madan Mohan Malaviya, is a staunch supporter of the report, but the Hindu Mahasabha group has misgivings based on the belief that too much has been

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conceded to Mahomedan intransigence. Others, including the deputy leader of the party, Mr. Jayakar, who is also the leader of the Responsive Co-operators and the outstanding figure among the important Maharashtra (Mahratta) politicians, feel that Pandit Malaviya has identified himself and his party too closely with Congress politics and are showing signs of a desire to move further towards the right. The general elections both for the provincial and central Legislatures are due at the end of the year, and if they are held they will, in all likelihood, consummate the process of regrouping; but a strong body of opinion representing every political party favours putting them off until after the publication of the Commission's report. In fact, from whatever direction we approach Indian politics at present, we always come back to the Commission. It dominates everything.

From this general view, we may now turn to a more detailed examination of the individual features of the Indian scene. Its dark side consists of one or two recent political murders or attempts at murder already referred to, of the exploitation of Indian labour by people who are under Communist influence or Communist direction; of the crimes which have accompanied the strikes; of the attempts to organise the youth of India for political purposes, and, lastly, of the threat sanctioned by the All-India National Congress last December to resort to civil disobedience, that is, to general non-co-operation, unless the Nehru report is accepted as the basis for the next constitution and steps are taken before the end of the year to bring such a constitution into being. The degree of importance to be attached to this threat will be seen later.

It is not easy to trace the different elements in the present situation back to their origins, which are obviously many and deep-seated, but it is desirable to attempt the task, at any rate on broad lines. To begin with, the two most important of them, the youth movement and labour agitation, may be taken by themselves. Mr. Saunders was

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murdered by two youths, and the bombs were thrown in the Legislative Assembly the other day also by two youths. Again, the demonstrations against the Commission were made almost entirely by youths or boys organised for the occasion by older men. For months past an intensive propaganda has been carried on amongst university students and others with a view to direct political action, and an All-India Youth Conference held at Calcutta shortly after the session of the All-India National Congress passed a number of highly inflammatory and seditious resolutions. It is true that the political leaders of the country are not involved in the youth movement, but they are not actively discouraging it although there can be no doubt that most of them clearly realise its dangers. The result is that the extremists, and would-be leaders on the look out for chances of getting into the limelight, have been able to work a great deal of mischief among their immature followers, and the Saunders murder and the bomb throwing in the Assembly amply prove that the youth movement contains the seeds of grave peril. The demonstrations, particularly at Lahore and Lucknow on the occasion of the Commission's visit, were used to whip up excitement among the youth, and the unfortunate death of Lala Lajpat Lai, after the fracas in Lahore, has been turned by public speakers and by the press to the same account. In short, the youth movement is being used as a weapon in political warfare, a development which no one, whether Indian or Englishman, who has the welfare of India at heart, can fail to deplore.

The singular apathy displayed by the chief Indian political leaders in this matter has been matched by their attitude towards Communist attempts to organise labour for revolutionary purposes. Whatever excuse there may have been for their failure to realise what was going on, and the danger involved, at the outset, there could be none after the introduction of the Public Safety Bill in the Legislative Assembly last autumn. This Bill sought to give the Government of India power to remove from British India

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certain alien Communist agents—in effect, British Communist agents—found to be actively engaged in an attempt to realise the aims of the Third International. In introducing the Bill last September,* the Home Member pointed out the range of their activities and described their results, in so far as these could be made public, and when he re-introduced the Bill in February, after its first failure, he amplified his previous statement. It was a powerful and well documented indictment, and the essential truth of the Government's case could hardly be denied. Yet none of the leaders of the Opposition parties came to its help. Some of them indeed went so far as to describe the Public Safety Bill as nothing more than an attempt by the Government to arm itself with further powers of repression. The strikes and outrages which had been shown to be, partly at any rate, the result of Communist activities were ascribed to economic causes, the financial and economic policy of the Government, and, by more than one speaker or writer, even to the natural desire of a subject people to achieve political freedom! If such was the line taken by the leaders, what could be expected of the rank and file? As a result, the situation has steadily deteriorated, and a spirit of lawlessness and defiance of all constituted authority has been growing among large sections of the industrial population. Thus we find another concentration of highly explosive material to which any spark—and who can tell from which quarter it will come?—might at any time set fire. Mr. Gandhi's threatened civil disobedience campaign next year would be a veritable bonfire.

Thus, in the youth movement and in the new type of labour agitation in India, many of the springs of the present unrest in the body politic can safely be sought. It is now necessary to cast our eyes further afield and to scan the general background. For at least the last ten years, most Indian newspapers, and many Indian political leaders, have directed a continuous fire of hostile criticism against the

* See THE ROUND TABLE, No. 73, December 1928, pp. 107-109.

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Government. Its actions have been misrepresented and its motives challenged on every possible occasion, and the strongest and best organised of all the political parties has taken, as its policy, automatic and consistent obstruction to everything which the Government proposes to do. This abuse has paid, both in politics and in journalism, and Government has now become the personification of everything that is wrong in the lives of a number of people. The effect of this on the young and the ignorant must necessarily be profound, and the more moderate Indian politicians now perceive that vilification of the Government has gone too far. It is possible that there may be something of a reaction against it, but the general atmosphere produced by reckless writing and reckless speaking by Indian politicians, some of them of high standing, for so many years, has undoubtedly been one of the main factors responsible for the events and circumstances to which what we have called the dark side of the Indian scene owes its colour. Only one thing can effect an immediate improvement and that is for moderate Indian political leaders, who happen to be in a large majority, to give public expression to their misgivings, and to refrain from any action that might increase unreasonable hostility to the Government.

II. THE NEHRU REPORT

A SHORT time ago, the Nehru report was described in these pages as the sum of the reactions to the Statutory Commission by that part of political India which had decided to abstain from direct co-operation with its work, and it is important to trace the fortunes of that report since the middle of October. The commencement of the opposition which, it now appears certain, has wrecked it, has already been described.* The importance of the Nehru report is due to the fact that it represents the absolute

* See THE ROUND TABLE, No. 73, December 1928, p. 104.

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maximum of what the boycott leaders can do in the way of framing a generally acceptable constitution for India. In the words of Pandit Motilal Nehru himself, it represents the maximum possible of agreement—and yet, there is nobody in India who can honestly say to-day that the report as it stands is accepted by the whole of any community, not even by the Hindus, among whom it finds practically all the support that it has obtained. And the objections raised by its chief opponents, the Mahomedans, are on points which must be regarded as fundamental in a political constitution, namely, the composition of the electorate; the distribution of seats in the legislatures among the different communities; the redistribution of provinces, to some extent on communal lines, and the various safeguards for the interests of minorities which the political leaders of the majority community believe to be inimical to the growth of Indian nationality. The main provisions of the report have already been given in *THE ROUND TABLE** and need not, therefore, be repeated here. They should, however, be borne in mind in reading the pages that follow.

By the middle of October, it was already clear that the more conservative and orthodox section of Mahomedan opinion, broadly speaking the section represented by the right wing of the All-India Moslem League led by the Punjabi leader, Sir Mohammad Shafi, objected to the way in which the report had treated the above-mentioned points, and, strangely enough, this section has found a supporter in the most extreme of Moslem extremists, Mr. Shaukat Ali, the most prominent figure in the central Khilafat Committee which represents what is left of Mahomedan non-co-operation. But a large part—a full half—of Mahomedan opinion had not yet declared itself. In particular, Mr. Jinnah, the leader of the other half of the All-India Moslem League, had not yet shown his hand, and many other Mahomedans of influence remained on the fence with him. The Sikhs too were far from being unanimous in

* See *THE ROUND TABLE*, No. 73, December 1928, pp. 101-105.

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favour of the report, and Hindus generally, both in the Punjab and Sind, regarded with disfavour the proposals to separate Sind from Bombay and to make the North West Frontier province into a Governor's province, that is, a province with a legislative council and all the machinery of dyarchy. Far and away the most notable development in the situation since October has been the way in which Mahomedan opinion has ranged itself with practically complete unanimity against the Nehru report. Our readers will remember that the report was presented for the acceptance of the representatives of various political and communal interests at Lucknow at the end of August.* The proceedings at that meeting showed its sponsors that it would be desirable to re-examine the position and see if anything could be done in the way of reaching an agreement, or of making a bargain, with the less conservative Mahomedan leaders. Mr. Jinnah, as one of the originators and chief supporters of the All-Parties Conference from whose deliberations the Nehru report had resulted, was known to be anxious to come to some agreement with the Hindu leaders on the subject of the electorate, the distribution of seats in the legislatures and safeguards for minority communities generally, and the All-India Congress Committee, that is, the executive body of the All-India National Congress, an almost exclusively Hindu organisation, showed signs of being prepared to help him in this object. The matter came up in Calcutta in the latter half of December, at a time when nearly every important organisation in the country holds its annual session. A grand meeting of the All-Parties Conference, known as the All-Parties Convention, was held a few days before the meetings of the All-India National Congress and Mr. Jinnah's half of the All-India Moslem League. The former, however, displayed considerable intransigence in the matter of Mahomedan claims, and Mr. Jinnah and his followers declined even to be present at its deliberations until the eve of their con-

* See *THE ROUND TABLE*, No. 73, December 1928, p. 103.

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clusion, when Mr. Jinnah attended in order to put the claims of his community forward in the shape of a number of amendments to the main resolution recommending the Convention to accept the Nehru report. His arguments were roughly handled by Mr. Jayakar, the Maharashtra leader, and so decisively rejected by the Convention that he left with a deep sense of mortification. Immediately afterwards, he dissolved the session of his Moslem League and made it clear that the time for negotiations between himself and the Hindu leaders had passed. The course of events, in fact, was forcing Mr. Jinnah and his followers back to the position occupied by Sir Mohammad Shafi, and the next development was an earnest attempt on the part of the Mahomedans to achieve unity of action so that their community might the better uphold its claims. A striking demonstration of Mahomedan unity was, it so happened, to be made a few days after Mr. Jinnah's infructuous attempt to achieve Hindu-Mahomedan unity at Calcutta. It took the form of the great rally at Delhi on December 31 and January 1 under the leadership of the Aga Khan. Meanwhile, however, the All-India National Congress held its annual session and accepted Mr. Gandhi's resolution recommending civil disobedience unless some steps should be taken by Parliament before the end of 1929 to implement the Nehru report. The development of Mahomedan opposition to the report is of profound importance in view of the adoption of this resolution, and for reasons to which we will come in a moment.

Nothing could have been a greater success from the Mahomedan point of view than the Aga Khan's meeting, for it comprised literally every possible section of Mahomedan political and religious thought, from the most conservative to the most extreme. Sir Mohammad Shafi was there and so were the Ali brothers; Mr. Jinnah's wing of the Moslem League was represented in strength, and important religious leaders, who had hitherto kept aloof from politics, attended in order to mark their sense of

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the urgency of the occasion. The meeting had only one purpose in view, namely, to state clearly and with all the authority conferred by its fully representative character, the respects in which the Mahomedan community insisted that the Nehru report should be altered before they would accept it as a fair solution of India's constitutional problem, or as affording adequate protection for the rights of a minority community. The resolution, which was unanimously adopted, was of portentous length. It contained the now familiar Mahomedan demands, that is, the maintenance of a separate electorate, the reservation of one-third of the seats in the legislatures for Mahomedans, the separation of Sind with its strong Mahomedan majority from Bombay, the promotion of the North West Frontier province (which contains an overwhelming majority of Mahomedans) to the status of a Governor's province, statutory provision for the adequate representation of Mahomedans in the public service and, generally, guarantees for the future welfare—economic, political and religious—of their community in any future constitution which might be drawn up for India. On all these points the delegates held that the Nehru report was unsatisfactory. There is considerable significance in the terms of this resolution and in the way in which it was drafted. The extremes of Mahomedan political thought were present in the persons of Sir Mohammad Shafi the Conservative, and the Ali brothers who lead the extreme Mahomedan left and claim unqualified independence for India. The resolution omitted any mention of independence or Dominion status. It merely postulated a federal constitution for India with residuary powers for the provinces. This latter provision is important, for, if the Mahomedan claims were to be conceded, and if Sind, the North West Frontier, and Baluchistan were in consequence to be made into full provinces, there would be five out of eleven Indian provinces (excluding Burma) with a Mahomedan majority and, presumably, Mahomedan control over the provincial politics. With residuary powers

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left to the provinces of a federal India, the Mahomedan community would clearly be in a strong position over a great part of the country.

It is perhaps unlikely that the Mahomedans will insist upon every item in their Delhi resolution, but they will certainly stick to the clauses relating to the electorate, to the reservation of seats, and to Sind and the North West Frontier, and the degree of unity achieved by them on the subject of the report is not likely to decrease. Indeed, a debate which took place in the Legislative Assembly in the middle of March, showed that it had grown firmer in the two and a half months which had elapsed since the Aga Khan's meeting. The debate arose out of a motion of censure against the Government by the leader of the Congress party on the general ground of lack of response to India's claim for a constitutional advance. The Nehru report inevitably became the centre of the debate, for the first Mahomedan member who spoke pointedly asked what sort of constitutional advance was desired, and he plainly stated that Mahomedans would have nothing to do with advance on the lines of the report. Every other Mahomedan speaker except one—and they were drawn from every part of the Assembly, including Pandit Motilal Nehru's own party, the Congress party—followed suit. Particularly important was Mr. Jinnah's denunciation of the report because it showed that every section of the All-India Moslem League—the representative body for the whole of Mahomedan India—rejected the report as a basis for the future constitution.

The latest scenes in the Nehru report drama, at any rate up to the time of writing, took place in Delhi and Surat at the end of March and the beginning of April. At Delhi Sir Mohammad Shafi's and Mr. Jinnah's wings of the Moslem League met in order, as it was hoped, to unite once more in an undivided All-India Moslem League, whilst at Surat the annual session of the All-India Hindu Mahasabha took place. As already made clear, the events in

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Calcutta last December left the Mahomedans determined to achieve political unity among themselves, a determination to which effect was largely given by the Aga Khan's meeting. But the split in the Moslem League offered a constant menace to the unity so hardly won, and Mr. Jinnah and Sir Mohammad Shafi, after holding informal conferences in Delhi in February, decided to hold simultaneous meetings of their sections of the League in Delhi at the end of March. The delegates assembled at the appointed time, but Sir Mohammad Shafi could not attend on account of illness, and in his absence, his leading followers found themselves unable to agree with Mr. Jinnah on certain points. This disagreement made it possible for the few Mahomedan delegates who belong to the Congress school of politics to bring the proceedings to a standstill, and the open rapprochement which had been looked for did not materialise. The pourparlers between Sir Mohammad Shafi and Mr. Jinnah, however, showed that there were no longer any insuperable obstacles to joint political action—at any rate as far as the Nehru report was concerned—and it seems certain that the next meeting of the All-India Moslem League will be a meeting of the United League. At the moment of writing, the Mahomedan community is ranged with all but complete unanimity against the report.

Hindu political opinion of all shades is, on the whole, favourable to the report, but the steady growth in the strength of Mahomedan hostility towards it has, not unnaturally, provoked some reaction on the Hindu side. At different times during the past few months, individual spokesmen and public meetings have given expression to the uneasiness which is felt by many Hindus at what they regard as the surrender of national interests in face of Mahomedan threats, and the delegates to the last annual session of the All-India Hindu Mahasabha at Surat did not fail to make this point of view clear. In particular, the chief figure in Mahasabha politics at the moment, Dr.

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Moonjee, a veteran Maharashtra politician whose word is, for all practical purposes, the word of the united Mahasabha, declared after the Surat meeting that since the Mahomedans had rejected the Nehru report out of hand in spite of its many concessions, the Hindu Mahasabha would have nothing to do with it until the Mahomedan attitude changed. Without any doubt this is the attitude of many Hindus, and in the Punjab, the North West Frontier and Sind, a large majority of them refuse to accept that part of the report which attempts to solve the questions at issue between the two communities.

It is also worth noticing that Sikh opinion is moving more and more against the report, and it is by now clear that the majority of this important community feel that the proposed constitution would not safeguard their interests or give them their due weight in the government not only of the country but of their own province, the Punjab. Lastly, the leaders of the famous "Justice" party in the South of India have recently shown signs of disapproval of certain fundamental proposals in the report, and it seems likely that this large and important body will ultimately decide that the report does not serve the best interests of India. The truth is that the Nehru report was written with one main object, to lay down the lines of a future constitution for India which would meet with the approval of a majority of both Hindus and Mahomedans. It was, in fact, an attempt, and a sincere and courageous one, to solve the present Hindu-Moslem problem which is almost entirely a political one. As we have seen, this main purpose has failed, and it seems clear that the report is not going to play any important part in future constitutional developments.

The Statutory Commission

III. THE STATUTORY COMMISSION

THE Nehru report has been dealt with at some length because both it and the events which followed it constitute the other half of the story of the Statutory Commission. The report is the result of the best thought, and most earnest efforts of the leaders of the movement to boycott the Commission. It represents the maximum amount of agreement possible even amongst the members of a small sub-committee of the All-Parties Conference—an *ad hoc* organisation formed for the purpose of achieving Hindu-Mahomedan unity, and, as previous articles have shown,* far from fully representative of all interests—and yet the report has not the slightest chance of acceptance by the Mahomedans, to mention only the most important of the interests affected. No attempt is here being made to belittle the Nehru report. It represents an earnest effort on the part of earnest men to solve a great problem. In this fact indeed lies its importance and the value of its lesson for India and Great Britain. For the events already described bring forcibly to our notice a great truth which is as obvious as the Himalaya mountains, which has for years been enunciated by writers and speakers—Indian as well as foreign—but which is to-day being overlooked because it is so easy to use the words, India and Indians, as a sort of mental shorthand to denote a great and varied assembly of peoples, countries and conditions. We save ourselves trouble by using these words, but if in using them we never lose sight of the reality that "India" means a collection of countries as large and heterogeneous as those of western and central Europe, and that two individual "Indians" may be further from each other in language, race and tradition than an Englishman and a Spaniard, it

* See THE ROUND TABLE, No. 71, June 1928, p. 574, and No. 73, December 1928, p. 101.

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would lead to a far truer conception of the Indian problem than is general to-day. The truth is that there is no Indian nation. But there is one in the making—if the British are resolute and generous enough to persevere in their self-imposed task of creating one. For what is it which holds together these widely diverse and scattered peoples and territories so inaccurately called India? Hinduism undoubtedly supplies spiritual unity of a sort. But the binding force in a practical sense is their common subjection to British rule. For generations that mighty centrifugal force has imposed unifying conditions on the bewildering variety of Indian circumstances and Indian peoples. Under the shadow of that power, the different races, one might almost say the different nations, of India have lived secure from the age-old terror of invasion from without. The immense growth of communications, the spread of education and, perhaps more than anything else, the use of a common language, English, have brought all these varied peoples together, physically and mentally. British rule has made them citizens of one State, and so it is perhaps natural that the subjects of that rule, as well as foreigners, should regard the State as a nation and think and argue accordingly. Such an assumption is, however, a profound mistake. Withdraw British rule and the magnetic force which holds the different parts of India together is gone and the parts fall asunder again.

All this is trite enough, but it needs to be reaffirmed in present circumstances, and the events described in the foregoing sections have reaffirmed it in a manner which can neither be denied nor overlooked. Had India been a nation, the Nehru report would have been a vastly different document from what it is, and its fate would also have been different. Behind the Mahomedan opposition to it is the fundamental fear that the Mahomedan community will be swallowed up by the Hindus. Behind the opposition of Sikhs, Punjabi Hindus and Sindhi Hindus is the fear of being subjected to their Mahomedan neighbours—a tradi-

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tional and instinctive fear. The depressed classes, whose number is not less than that of the total population of the British Isles, do not want the constitution foreshadowed by the Nehru report because they fear that, if British rule loses its ancient vigour, neither they nor their children can ever hope to attain to the full stature of equal citizenship with their Hindu fellows. And so it goes on, classes, communities, interests, all afraid of each other because at present they are units brought into fortuitous touch, not parts of a single national organism. Nothing but good can come of a clear understanding on this point, and to the extent to which it makes such an understanding possible the Nehru report is a document of value both to India and to Great Britain. The net result of its publication and of the fight which has raged round it has been to prepare the way for the publication of the report of the Statutory Commission, for there is no rival to it in the field, nor can one now be produced. The big issues between Hindus and Mahomedans have now been fought out, not only before the Commission and the Indian Central Committee, but also in the country generally. Herein lies the crux of the Indian political problem. It is not a question of the suitability of this or that constitutional device or administrative arrangement. The problem is how to arrange for an advance by a number of heterogeneous, unequally developed, and in some cases mutually hostile peoples and communities to a common goal, Indian nationhood. Between the British Government and the overwhelming majority of Indian politicians there is no quarrel about the goal. The dispute is mostly about the pace of the advance, and to a lesser degree about the line that it should take and the method. The problem is one of frightful difficulty and it cannot be solved either by the British or the Indian people acting apart. But the publication of the Nehru report should, on the whole, make the next step easier because it has brought home to every Indian political leader what the work of constitution making for this country means. One com-

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munity will not trust another ; but in the last resort, in spite of platform and newspaper oratory to the contrary, they will trust the British Parliament and the British people and, notwithstanding the mists of controversy to-day, a change even in the attitude of many of the most prominent promoters of the boycott can already be seen. It is a change too which, in the writer's opinion, will become more definite and more apparent with every month that passes.

The publication of the Commission's report is the event for which political India is now waiting. Just as the leaders of political thought turned from a policy of mere non-co-operation some years ago, so they are now turning from one of boycott and mere negation. The delegation which will represent India's case before the Joint Parliamentary Committee next year will include representatives of every school of Indian political thought, and the new statute, when it comes into operation, will find everyone except the extremists prepared to work it. This is a bold thing to say, but it is warranted by the circumstances. Sir John Simon and his colleagues, both British and Indian, have done their work well. Its amount alone is a staggering tale. Every possible shade of opinion has been expressed notwithstanding the absence of representatives of the political parties which stood for the boycott. The views of these parties have been fully given in the press, at public meetings, and in the proceedings of the various legislative bodies. Above all, the Nehru report has, as already made clear, left no doubt about their aspirations. They could not indeed have been brought more forcibly or fully to the attention of the Commission. In all these ways and in hundreds of memoranda and oral statements, Sir John Simon and his colleagues have ample material to work upon. Nor can organised hostile demonstrations and organised misrepresentation conceal the truth that in every part of India they have met with co-operation, except in the case of certain political parties, and the opinions of these, when

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traced to their source, are found to be those of a comparatively small body of men. Even their views, moreover, have in some instances changed since they first agreed to the boycott, and they are changing still. The events described in the two preceding sections have materially helped to bring about this alteration in the attitude of many of India's leading men, and the next few months may see it become still more definite. For the dangers of the course to which Mr. Gandhi and the supporters of his resolution at Calcutta would commit India, if they had their way, are only too clearly perceived. The Nehru report can hardly be accepted by the British Parliament for the reasons already given. If it is sought to give effect to the resolution of the Calcutta Congress, what will be its instruments ? Not the political parties and the political leaders, for none of them will have anything more to do with non-co-operation, the evil results of which are still in evidence. However desperately Mr. Gandhi and his associates may strive to keep their new non-co-operation movement free from violence, it will inevitably pass into the hands which were responsible for the ills described above, and strikes, bloodshed, and riots, and all the economic loss and human suffering that must accompany such disturbances will follow. The terrible inter-communal riots in Bombay last February, with their hundreds of killed and injured, are a grim and irrefutable proof that now, and for years to come, any widespread agitation will inevitably develop into Hindu-Moslem rioting on a scale not far short of civil war. India is tired of these things. And so it comes about that opinion is veering round more and more to the path of constitutional progress and nation-building to which Sir John Simon's report will point the way.

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GREAT BRITAIN : THE GOLDEN MEAN

THE physical conditions which govern the dates when this article has to be written and printed form a difficult obstacle to overcome. Prophecy about the outcome of the general election would be singularly futile, when every reader will stand possessed of the result by the time this review reaches his hands. At the same time, no critical survey of the post-election political situation is possible to one who has to write under pre-election conditions.

In these circumstances it would not serve any useful purpose to attempt the usual analysis of political forces and opinions which forms the basis of these periodical reviews. (Some comments on the industrial situation will be found elsewhere). The strange and exciting portents that mark the approach of a general election in Great Britain have for several weeks forced themselves upon the ordinary citizen. The popular press, under its several millionaire owners, has been manœuvring for position—sometimes even committing itself to opinions. But these opinions (as the initiated know) reflect more often the particular relations, or lack of relations, between the individual proprietors and the leading statesmen, than the considered judgment of editors. The hoardings have been enriched with vast and spectacular appeals, recording the achievements and defining the ambitions of the several political parties. The leading oratorical champions have

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issued their programmes from the platform and by means of the wireless—the latter a new method of political propaganda, which seems to require but scarcely yet to have developed a new technique. In addition, in every constituency throughout the length and breadth of the land, the candidates of each contending party, by every known resource of spoken and written appeal, have claimed the suffrages of the people. What will be the result of this formidable onslaught the writer of these words cannot know. What has been the result every reader will have learned.

One reflection is, perhaps, worth making. No one who has followed the course of politics during the last few years can fail to have noticed one sign of the times. We are no longer left with no other alternatives except the dictator or the soviet. The Socialist party has been moving to the right as the Conservative party has been moving to the left. The wild and subversive ideas of a few years ago have faded into the background. The Socialist programme no longer requires for its adornment the old flag of revolution; rather it appears top-hatted, frock-coated, bespatted and adorned with the Albert watch-chain of respectability. Liberalism is more socialist than the Labour party. Conservatism is more advanced than Victorian Liberalism. Labour is approximating to nineteenth century radicalism.

These changes, however disconcerting they may be to the partisan, are eminently satisfactory to the patriot. The gradual approximation of party programmes to one another, the steady movement towards common sense away from extremism, the unconscious but powerful forces of gradualism as opposed to revolution, all these are welcome indications that the old country is at last recovering from the shocks and ravages of war and settling down to the quieter controversies of peace. Parliamentary and constitutional government becomes possible when all parties accept the general structure of society. It is impracticable, as Lord

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Balfour once pointed out, when the citizens of a great nation disagree profoundly about fundamentals. And it may perhaps be said, without exaggeration, that socialism is dead in all except the rank and file of the Socialist party. The leaders have ceased to believe in it.

This steady process of moderation has profoundly affected party politics. The whole temper of the nation is cooler than it was five years ago. Passions, then excited to breaking point, are now calmed and soothed. The fortunes of the Socialist party, from the narrow party point of view, may be greatly favoured by this change; the interests of the nation must be greatly served by it. Perhaps, when the history of these times comes to be written, this steadying process may prove to be at once Mr. Baldwin's political grave and his political monument.

NOTE

The following figures show the state of parties in November 1924, when Mr. Baldwin assumed office, and at the dissolution.

	November 1924	Dissolution 1929
Unionists	419	396
Labour	151	160
Liberals	40	46
Independents	5	7
Vacant	—	6*

* The vacant seats were Aylesbury, Carlisle, Cambridge University, Ince, Mansfield and Thirsk and Malton.

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I. POLITICAL

OUR political wild men are always anxiously watching for an opportunity to blow the embers of ancient hatreds into a fresh blaze, and they have had some splendid opportunities during the last few months. Mr. de Valera's forcibly prolonged visit to Belfast is an excellent case in point. The die-hards both north and south of the Boyne were sadly in need of a tonic when this admirable chance for staging an explosion took place. The Northern Government, faced with real domestic issues that are dividing its supporters, and an imminent general election, naturally welcomed a chance of consolidating its followers by a display of the strong hand against the common foe, whilst Fianna Fail hailed with equal delight the chance of a comfortable martyrdom for their leader. An exclusion order of long standing was in existence against Mr. de Valera's entrance into Northern Ireland, and consequently the Belfast Government were entirely within their rights in ordering his arrest when he went to Belfast early in February to open a Gaelic League bazaar. But a great deal of water has flowed under the political bridges since that exclusion order was made, and Mr. de Valera has now definitely adopted constitutional methods of agitation and is leader of the Opposition in the Dail. Moreover, less than a year ago he was permitted to attend Cardinal O'Donnell's funeral at Armagh without molestation. Bearing these facts in mind, it would seem that the situation might have been well met by immediately returning him forcibly but politely to Dublin, and such a course would have satisfied both justice and good manners. Unfortunately other counsels prevailed, but the Free State as a whole refused to be provoked, and after the passing of sundry fiery and eloquent resolutions by public bodies and

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a futile debate in the Dail, Mr. de Valera was left to enjoy his enforced holiday from politics in peace. The Free State Government quite properly refused to make any public representations on the matter. Strangely enough, Mr. Sean T. O'Kelly, who voiced the protest of Fianna Fail in the Dail, complained that Mr. de Valera had not received the treatment to which he was entitled as a citizen of the co-equal British Commonwealth, but Mr. Fitzgerald, the Minister for Defence, when replying for the Government, rightly pointed out that this claim was based on the fallacious assumption that there was a common government of the British Commonwealth, when in fact there was no such thing, and that we could not complain if Northern Ireland exercised a right which we would maintain and exercise ourselves and which was exercised constantly against citizens of the Free State seeking entrance to America or any other country that demands visas. Membership of the British Commonwealth did not give to the several governments constituting that Commonwealth the right to interfere with one another in what they consider to be their internal affairs.

A far more serious matter than Mr. de Valera's excursion over the border is the revival of political terrorism in Dublin. For some time past the criminal courts have been dealing normally with cases of political or alleged political character, and convictions have been secured from Dublin juries, where all important criminal cases are now tried. This was distasteful to the extremists and, after various provocative articles in the mosquito Republican press, desperate attempts at intimidation have been made. The foreman of a jury which had convicted a notorious gunman was attacked and badly wounded, and a witness who had given evidence against the men who tore down a Union Jack in Dublin on Armistice Day was brutally murdered. Other witnesses have had to leave the country. It is clear that a small secret society of determined gunmen—probably the same men who murdered Kevin O'Higgins—are once

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more actively at work, and it is obvious that the lapsing of the Public Safety Act, which took place at the end of last year, is not unconnected with the revival of their activities. This Act enabled such crimes to be dealt with summarily by military courts. It is believed that the Government are well informed as to the identity of this murder gang, but lack the evidence necessary to secure convictions. Intensive police action has been taken and many arrests made, but, apart from keeping the extreme element on the move, no results seem to have been obtained. The real conspirators, as has so often been the case before, are probably using younger dupes to execute their plans. Mr. Cosgrave has courageously and frankly defined the attitude of the Government towards this attempt to poison the wells of justice, and has promised that they will leave no stone unturned to secure the proper public administration of the law by judges and juries without intimidation. This declaration, made during a speech at the recent North Dublin election, was naturally denounced by Fianna Fail as good electioneering tactics, and was followed by a most discreditable debate in the Dail, in which each party did its best to prove that Mr. Kipling's mordant lines, "We are not ruled by murderers, but only—by their friends," might well be applied to the other. Such washing of dirty linen, whilst doubtless giving relief to the emotions of the parties concerned, is utterly futile and disgraceful and makes one wonder if the curse of Cain which has lain so heavily upon our country will ever be eradicated until those directly concerned with the civil war and the events which preceded it are replaced by a new party innocent of all complicity in these events, or a new generation ignorant of the hatreds they engendered.

During this debate the Fianna Fail deputies covertly insinuated that Kevin O'Higgins was murdered by disgruntled members of the Civic Guard, whom he had sternly punished for cruelty to Republican prisoners—an insinuation absolutely without foundation in fact or

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probability. Mr. de Valera's contribution to the discussion was entirely characteristic. Prefacing his remarks by a statement that the authority of the Dail was faulty and that it has secured a *de facto* position by illegitimate means, he proceeded to declare that when the flag of the republic was run up against an executive that was bringing off a *coup d'état* he stood by the flag of the republic and he would do it again. As a practical rule he was prepared to accept majority rule in settling matters of national policy and, therefore, as deciding who it was that should be in charge of order, but nevertheless the extreme element which remained outside the Dail could claim exactly the same continuity that his party and he himself claimed up to 1925. In his view, the only way to secure order was to remove any barriers that prevented any section of the people coming into the Dail. There was no use in the Government blinding themselves to the fact that they were regarded as simply continuing in another form British authority in the Free State, and any other executive that got into their position would have the same moral handicap, unless they were able to get the acceptance of some common assembly—whatever that may mean. The real significance of this turgid and contradictory pronouncement lies in the fact that it reveals Mr. de Valera's fatal weakness as the possible head of an Irish government, because he apparently admits that the final authority resides in any infinitesimal coterie of gunmen who choose to proclaim themselves an Irish republican executive and that he is prepared to dance to any tune they whistle. It was never more apparent that his vanity and self-deception have made him the Kerensky of the Irish revolution, always hoping to control the extremists by courting and imitating them; a fatal delusion which may well leave him without policy or support in some vital hour. One cannot successfully run with the hare and hunt with the hounds. Mr. O'Connell, the leader of the Labour party, who followed him in the debate, very properly asked him point-blank who was the

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government of this country if those people who had been voted into power by the majority of the Dail were not the government of the country. And he wisely added that the people as a whole are sick of this kind of talk. They do not want to go back to 1921, they do not want to know what happened in 1921, they want to forget it. It was another Labour deputy, Mr. Anthony, who in a recent fatuous debate on whether the Dail should sit on Catholic holidays of obligation, reminded the Fianna Fail deputies that they could find a better use for their religious zeal in asking the people to observe the Commandments, particularly the great Commandment "Thou shalt not kill." The North Dublin by-election which resulted in the election of the Government candidate Dr. O'Higgins, a brother of Kevin O'Higgins, by the slender majority of 151 votes indicates no real change in public opinion, because in the by-election which took place in the same constituency last year Mr. Larkin, the Labour Communist candidate, received over eight thousand votes which in the recent election, owing to the absence of a Labour candidate, went to Mr. Oscar Traynor, the Fianna Fail candidate. Over 13,000 more electors voted, and both parties polled more votes, but nevertheless nearly 40 per cent. of the electorate did not vote at all, a disquieting fact which shows that too many people are still inclined to say "a curse on both your houses." It is not without its humorous aspect that whilst these real political battles were being fought outside, the annual Sinn Fein Conference, composed of Miss Mary MacSwiney and her friends, should have been engaged in formulating a new constitution for the country in their own particular and private Dail, which has no valid existence outside their powerful imaginations.

Two questions of more vital importance, which were likely to cause friction with England, have been amicably adjusted. The Wigg-Cochrane case* has been finally laid

* See THE ROUND TABLE, No. 71, June, 1928, p. 594; No. 72, September, 1928, p. 822; and No. 74, March, 1929, p. 384.

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to rest by a settlement under which the Free State will pay the retiring civil servants the compensation decreed by the Privy Council, and the British Treasury will refund to the Free State the extra expense so incurred. This settlement saves the faces of all concerned as it satisfies the civil servants, upholds the decision of the Privy Council, and provides that the British Government which called the tune shall also pay the piper. The crux which had arisen regarding the return of the British silver coinage to England has also been settled. This process becomes necessary owing to the issue of our new coinage. The total of British silver coinage circulating in Ireland is about one million and a half pounds nominal value, and the arrangement come to is that £750,000 worth of this coinage is to be taken over by England at its face value during a period of ten years. Mr. Blythe will therefore get his profit on the transaction but it will not be so large nor so promptly paid as he expected. Substantial profit, estimated at about £150,000 per annum, will, however, accrue from the new tariff of 25 per cent. on woollens and worsteds and the increased duty of 5 per cent. on articles of wearing apparel made up wholly or in part from woollen or worsted woven tissues. This duty, which has been imposed on the advice of the Tariff Commission after an exhaustive inquiry, is the most justifiable of any so far created. The woollen industry is an old and healthy Irish industry, suitable to our conditions, with raw material available at its doors, which was almost extinguished by penal legislation in the past. The duty is not to apply to blanketing or to carpeting or other floor coverings, and there is to be an imperial preferential rate equal to four-fifths of the full rate. The effect of this tariff should be to enable the Free State manufacturers to re-establish themselves in the home market where they have lost ground during the recent period of disturbance and to recover at least the proportion of the trade which they formerly held. At the present time a substantial export trade, particularly to America, is being

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maintained with fair success, and the Tariff Commission believe that by reason of the experience of the management, the skill of the workers, and the efficiency of the equipment, the mills are ready to take advantage of any protection now afforded them. The Commission consider that protection for a period of ten years would give adequate assurance as to the stability of the industry, encourage the investment of capital, enable manufacturing costs to be reduced, and result in the development of good marketing methods and of satisfactory relations between the manufacturing and the wholesale and retail houses. At the end of that period, they believe, the industry should be in a strong enough position to maintain itself against competitors without the aid of a tariff. In 1926 the industry employed 2,735 persons, the total value of goods made was £737,336, the amount paid in wages and salaries was £209,532, and the number of mills working was forty-one. The most recent official figures show that during the financial year 1927-28 the revenue which accrued from the imposition of new import duties initiated since the Free State was established amounted to £1,241,594, and the additional number of workers employed owing to their imposition was 10,865. In other words, each additional person employed owing to these tariffs has cost the consumer £115. There must, therefore, be some limit to the imposition of tariffs at such a price. Other results involved were made apparent in the debate on the resolution imposing the new woollen duties. On their introduction they were received with universal acclamation, but when the debate was resumed after a few days the Fianna Fail party had discovered in the interval that the new tariff was a double-edged sword which was likely to do serious injury to the already established and rapidly developing ready-made clothing industry, and they demanded that the duty on ready-mades should be increased by 15 per cent. instead of by 5 per cent., as recommended by the Tariff Commission and embodied in the financial resolution. Very

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remarkable also was the admission of their principal spokesman, Mr. Lemass, that there might be very sound arguments for a general policy of giving a preference to British goods.

The debates on the ratification of the Kellogg Pact, which was carried by a majority of 33, exhibited the Oireachtas in a less favourable light. In both the Dail and the Senate our talent for cynical and destructive criticism was displayed in its most unattractive form. Apparently a considerable number of our representatives are so bellicose that they regard all instruments designed to promote international peace as silly and hypocritical; but although they denounced the Pact as an absurdity, they have a child-like faith that the neutrality of Ireland will be guaranteed in time of war, quite forgetting that if nations will not keep a pledge to observe peace they are not likely to respect our neutrality if it suits their purpose to violate it. There are, unfortunately, people in this country evil enough to gloat over the prospects of an Anglo-American war, regardless of the fact that our most vital interests are against any such catastrophe, as there are no two countries in the world in whose good relations we are more interested, one the refuge and friend of our people, the other our nearest neighbour and best customer. This question involves issues, both national and international, too great to be a jest for those whom Mr. McGilligan aptly described as the comedians of the Fianna Fail party. As he pointed out, the evil effect of talking uncouthly is more serious in international than in domestic matters. But the use of uncouth language is by no means confined to the Fianna Fail party. Mr. Blythe's recent statement that he would administer two jackboots to the Incorporated Law Society if it did not accept his views concerning compulsory Irish is another interesting example of its use. The reason for his wrath is that the Law Society, after vainly seeking for reasonable amendment in the Legal Practitioners' Qualification Bill,* about the terms

* See THE ROUND TABLE, No. 74, March, 1929, p. 385.

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of which they were not even consulted, has decided to oppose the measure, as they are quite entitled to do. This Bill provides that in future every law student must pass three examinations in the Irish language and cannot be admitted as a barrister or a solicitor unless he is able to prove that he can conduct the business of his clients, both oral and written, in Irish. Such a standard is not humanly possible. There is no legal text book written in Irish, nor is there likely to be. The Irish language is not a living language in the sense that French or English is, and it has no native words for legal technicalities or modern inventions. The Bill is, in short, unworkable and oppressive, and must lead to inefficiency in legal education. It is almost unanimously opposed by the solicitors' profession, and although it has passed the Dail, it will probably be amended in the Senate. No one could complain if it only made Irish a compulsory subject at the preliminary examination, but the standard it proposes is impossible. The truth is that when Irish, if ever, becomes the general language of the people, it will gradually permeate all classes and professions and must be used by the lawyers, just as English supplanted Latin and French as a legal language in the past. To attempt to force it upon the legal profession can only retard instead of encouraging its use.

Mr. Blythe's seventh budget is dull but satisfactory. The deficit which seemed very probable at the beginning of the year has, owing to considerable economies and improved revenue returns in the last few months, been transformed into a surplus of £100,000. Net revenue for the coming year is estimated at £23,939,000 and expenditure at £23,925,000. On the expenditure side allowance has been made for £435,000 as the anticipated amount of over-estimation, while the sum of £1,080,000 has been deducted for items of abnormal and non-recurrent expenditure. A new loan of £5,000,000 will be issued during the year, and for its service an additional annuity of £200,000

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will be required. Our public debt at present amounts to £23,517,000, but after various assets have been deducted this sum is reduced to a net total of £13,983,000 and the entire deadweight debt of the Free State is less than £20,000,000. The position, therefore, is that no new taxation is necessary and no remission of taxation is possible. Our national credit is high and firmly established, a circumstance which not only enables us to borrow on favourable terms but also improves the prospects of substantial industrial development. Henceforward there is reason to hope that, while perhaps there will be considerable fluctuation in the return of individual taxes, and while the bulk receipts of revenue may go up or down, a gradually improving yield will be obtained, taking one year with another. The only danger of a further decline lies in the fact that a considerable proportion of our customs revenue is now obtained from protective duties imposed in pursuance of our tariff policy. If these duties achieve their purpose and stimulate increased production in home industries they will give a lessening return. Mr. Blythe believes that even if this happens the increased prosperity of our industries will cause new streams of revenue to flow into the Exchequer. He states that the Government carefully considered the British de-rating scheme and found that it would cost the Free State £2,231,000, a sum which would involve at least seven items of new or increased taxation, including an increase of income tax and taxes on sugar, tea, petrol, tobacco, and wearing apparel. The cost of relieving agricultural land and farm buildings would in the Free State be almost 92 per cent. of the whole. In Great Britain the cost of making good the rates lost by local authorities will be about 2·8 per cent. of the national revenue. In the Free State it would be about 9·2 per cent. of the revenue. Moreover, owing to the preponderance of agricultural land in the Free State, de-rating would involve the payment of about 90 per cent. of the revenue of the county councils and leave their present powers

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undisturbed. This would naturally lead to an orgy of expenditure by these bodies, who would have power without responsibility. On the whole, therefore, it would at present appear that de-rating would necessitate changes in local government which would practically be equivalent to its abolition. The difficulty of applying a de-rating scheme to Ireland shows how impossible it is to legislate for Ireland and England on an identical basis, as was so often done in the past. We must learn to adjust our policy to our means. The only increase in taxation proposed is to raise the present tax on motor buses, which is based on seating capacity, by 150 per cent., so that the vehicle at present paying £40 a year will pay £100. The change will bring an increase of about £45,000 per annum to the Road Fund. On the whole, we may agree with Mr. Blythe that the way before us is not easy, but the difficulties to be surmounted appear to be distinctly less formidable than twelve months ago. The benefits of the economic and conservative policy of the last few years have begun to be felt. For the first time it is possible to look forward to the next budget without misgiving or anxiety.

II. ECONOMIC AND GENERAL

THE third volume of the Free State Census of Population deals with religions and birthplaces and reveals some interesting facts. The most important is the much greater proportional decline of Protestants than Catholics. From 1911 to 1926 the Catholic population declined by 2·2 per cent., the Jews by 3·1 per cent., and the various Protestant denominations taken together by 32·5 per cent. In 1926 there were 106,456 fewer Protestants in the Free State than in 1911. This decline is partially explained by the withdrawal of the British army and partly by the exodus of the landlord class during the disturbed period between 1918 and 1923. The decrease

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was proportionately greater in the towns than in the rural districts. Catholics, on the contrary, increased in all the towns, in Dublin city and suburbs by as much as 15·3 per cent. Taking the Free State as a whole, Catholics comprise 92·6 per cent. of the population, persons of all other religions accounting for only 7·4 per cent., or one in every 13 of the population. The distribution of the religions in the various occupations makes clear the extent to which the wealth and business of the country are still in the hands of the non-Catholic minority. Although non-Catholics form only 7 per cent. of the population, they comprise 27 per cent. of the farmers holding over 200 acres, 17 per cent. of all the employers, managers and foremen in industry, 38 per cent. of the lawyers, 21 per cent. of the doctors, 32 per cent. of the dentists, 45 per cent. of the chartered accountants, 36 per cent. of the civil engineers, 20 per cent. of the railway officials, 53 per cent. of the bank officials, and 39 per cent. of the commercial travellers. They also hold 29 per cent. of all the male clerkships not under the public administration, and 15 per cent. of the civil service positions, but only 5 per cent. of the posts under the local government authorities. The Civic Guard, like its predecessor the Royal Irish Constabulary, is almost exclusively Catholic.

Of the 102,208 non-natives residing in the Free State, 35,132 were born in Northern Ireland, 36,685 in England and Wales, and 12,376 in Scotland. The nearest to these in number was the United States with 8,932. The problem of Irish emigration to the latter country will be vitally affected by the new American Immigration Act which under President Hoover's proclamation comes into force on July 1, and reduces the Free State quota from 28,567 to 17,853. Whether the 10,000 odd Free State emigrants which this restriction will debar from entering the United States will go to Canada or some other British Dominion or whether they will be absorbed into our economic system is a problem which remains to be solved.

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The trade statistics for the complete year 1928, which are now available, encourage one to hope that the latter result is possible, and show that our economic revival is continuing. Our imports continue to fall and our exports to rise. In 1927 our exports totalled £43,195,979, last year they rose to £44,799,112, while our imports have fallen from £59,123,717 in 1927 to £58,359,101 in 1928, so that our adverse trade balance is now £12,846,000, or a reduction of £2,398,000 during the last year. This figure is almost certainly less than our invisible exports, and so we would seem to have reached a condition of economic equilibrium. It is the lowest adverse trade balance reached for any one of the five years for which trade statistics are available. As usual, our best customer and chief supplier was Great Britain and Northern Ireland which took £43,140,459 of our exports as against £1,658,653 exported to all other countries, including the United States, Germany, Belgium and France. Of these the United States was our largest customer, taking £308,759 of our exports, Germany came next, taking £271,032, and Belgium third with £160,928. Moreover, each group of our exports shows an increase. Imports of margarine have almost ceased as a result of the prohibitive tariff. Imports of machinery, electrical goods and motor cars, all show significant increases, whilst in spite of the tariff imports of apparel have increased by £96,000. Other facts show that our economic trend continues in the right direction. The index number for food only is two points lower than last year, and, as compared with Great Britain, the cost of living has since 1926 fallen by 5·7 per cent. in the Free State, and by only 3·9 per cent. in Great Britain. Taken as a whole, agricultural prices have shown a slight improvement—3·9 per cent.—over the previous year, but are still lower than for any year between 1915 and 1927. There can be little doubt, however, that the world shortage of cattle, now assuming such serious proportions, is bound to raise the level of our agricultural

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prices in the near future. The number of emigrants from the Free State also shows a steady decrease during the last four years, the total number being 24,691 in 1928, as compared with 27,148 in 1927, and 30,041 in 1926. This is at least a favourable indication that, as our prosperity increases, so will employment be found at home for our surplus population. In this connection it is pleasant to record that the Government have, with the approval of all parties, removed the idiotic tariff on tractor parts which was hampering the Ford industry at Cork. The dispute between the Beet Growers' Association* and the Belgian Sugar Company at Carlow has also been happily settled by an agreement which fixes a price of 46 shillings a ton for beet of 15½ per cent. sugar content during the coming season. It may be added that the Belgian syndicate proved themselves competent masters of the art of agricultural bargaining in which the Irish farmer is a past master, and virtually secured a settlement on their own terms. Other gratifying features which indicate an upward trend in the economic position are increases in bank deposits, bank clearances, savings certificates, and Post Office savings bank deposits. Our economic outlook is, therefore, reasonably hopeful, and the most serious economic problem which still demands treatment is that of transport. This problem, as in other countries, is almost entirely due to the bus competition which has seriously reduced the passenger traffic of the railways. The whole country is now covered by an efficient and rapidly increasing service of buses which are injuring the new roads on which the Government has spent over £6,000,000 in recent years. The railways have to pay about £200,000 a year in taxes, and at least a quarter of this sum is applied to the maintenance of roads for their rivals. The Great Southern Railway Company, which is now responsible for practically the entire Free State

* See THE ROUND TABLE, No. 66, March 1927, p. 350; No. 70, March 1928, p. 378; and No. 74, March 1929, p. 391.

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system, has decided to convert over 130 miles of its permanent way between Galway and Dublin into a single track in order to reduce the expense of upkeep. Needless to state, no one can view the collapse of our railway system with equanimity, but so far no serious attempt has been made to solve the difficulty, although a drastic system of bus taxation has just been enacted.

The courageous criticism of the Censorship Bill* in the Dail has borne good fruit, and it has emerged from that assembly in a much improved condition. The preposterous definition of indecency, which seemed to declare any form of sexual love to be immoral, has been made intelligible and reasonable, and the extraordinary provision which gave the Minister of Justice power to select certain "recognised associations" who would be the only persons entitled to denounce any books they saw fit has been deleted. Such denunciation must now be made by individuals who cannot shelter themselves behind virtually anonymous associations of illiterate moral bullies. Professor Tierney, one of the deputies for the National University, who most effectively criticised the Bill, quoted with effect the views of Monsignor W. Barry, a leading Catholic writer on the subject of a censorship of fiction in England, who pointed out the difficulty and impossibility of the task, and stated that the censor of fiction in England was argued out of court by Milton and nailed to the pillory with Daniel Defoe. It has been a pleasant surprise to find that deputies of all parties have combined to resist and defeat the worst features of this dangerous Bill, and it now seems certain that it can only be used for the legitimate and proper purpose of suppressing definitely pornographic literature. This purpose could have been more easily and satisfactorily attained by a slight extension of the powers which the Minister for Justice already possesses.

Legislation of a more valuable constructive kind is

* See THE ROUND TABLE, No. 73, December 1928, p. 162, and No. 74, March 1929, p. 389.

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embodied in the Cork City Management Act* which has now become law and is already in operation. It is an attempt to adapt modern American and German methods of city government to our conditions. The Act provides that the City of Cork shall be managed in future by a small elected council of 21 members and a City Manager appointed by the Local Appointments Commission and removable only by a two-thirds majority of the council with the consent of the Minister for Local Government. The council has the power of making bye-laws, striking rates, borrowing money and controlling policy, but all the business of administration and the management of the city officials is reserved to the City Manager who is carefully safeguarded against interference. The first election proves that the citizens thoroughly approve of the scheme and that they are sick of politics in municipal affairs, as none of the orthodox political parties received much support and a business council has been elected. If it is successful it will probably be extended to the other Free State cities, and perhaps in time to the county councils, which are at present unwieldy bodies incapable of dealing with public business in an efficient and expeditious manner. The Cork experiment in local government may well provide a headline even outside Ireland.

Shortly before his recent departure for the United States Colonel Fitzmaurice, our Atlantic ace, implored us to look forwards rather than backwards. Although we may not immediately satisfy his desire that we should also look upwards, we venture to suggest that the various projects mentioned in the foregoing pages indicate that Irishmen are now thinking principally of Ireland and its future. This is certainly the most satisfactory fruit of our freedom.

The Irish Free State.

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* See THE ROUND TABLE, No. 73, December 1928, p. 157.

CANADA

I. THE FEDERAL SESSION

THE Federal Parliament reassembled on February 7, and last week resumed its labours after a brief Easter recess. The relative standing of parties had undergone no alteration since the previous session ended and the Government, although its regular supporters number less than a moiety of the 245 members of the House of Commons, has been able to rely upon the unswerving fidelity of the group of Liberal Progressives to provide it with a comfortable majority. So it has always been free from any apprehension of the possibility of defeat in the House of Commons ; and its position has been materially improved in another quarter because the operations of mortality have been very severe upon Conservative Senators during the past year and the allocation of the vacant seats to Liberals has now wiped out the Conservative majority in the Upper Chamber and left the Government with a clear path for its legislation. The Conservatives, who number 89, have been trying valiantly to fill the rôle of an aggressive Opposition, and their leader, Mr. R. B. Bennett, has shown considerable skill in his parliamentary tactics during the session ; but he is still handicapped by a lack both of first-rate lieutenants and of the type of lively backbenchers who can make a Government's life unhappy by intermittent guerilla warfare. The Conservative party is still faced with its fundamental

difficulty that a powerful element cling to the belief that it can get out of its eastern supporters Quebec, the real reservoir of conservatism in Canada, and will not countenance the kind of progressive programme which might captivate the West; and that without substantial support from either the West or Quebec it cannot hope to command a parliamentary majority. The Independent Progressive group, with whom the three Labourites act in steady co-operation, has given the Conservatives intermittent support in their assault upon the Government, but in the main they have taken their own independent line of criticism.

So far the chief characteristic of its deplorable dullness, and old habits the session has been Buildings attribute this fault to anomalies of the Parliament forceful personalities and the temporary unwonted dearth of issues. The present House of Commons may be, as is claimed, a cross-section of the Canadian people and therefore truly representative, but it sadly needs what it now completely lacks: the leaven of a few members who are either fired with genuine political passion or are not afraid to indulge in intellectual liveliness even of a cynical brand. For the first part of the session the Government has adopted *quieta non movere* tactics and found them completely profitable. It has made satisfactory progress with its programme of legislation, which it has kept within very modest dimensions; it has produced a presentable budget; and it has carefully avoided any issues which might threaten party solidarity or consolidate the Opposition forces.

Mr. Robb, the Finance Minister, once more adopted the course of producing his budget before the end of the fiscal year and as a consequence many of the figures which he submitted on March 1 could only be of a provisional character. He forecast for the current year revenues totalling \$454,942,000 and, as he placed the expenditure for the same period at \$385,160,000, he claimed a net

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surplus of \$69,782,000, which is admitted on all hands to be a very satisfactory showing. A sum exactly equivalent to this amount has been applied to the reduction of the national debt, which Mr. Robb estimated would at the end of the fiscal year stand at \$2,227,068,000. He also took credit for a reduction of the debt during the last six years by \$226,708,000, or about 37 million dollars per annum, which had meant a saving of about 16½ million dollars in annual interest charges. He was likewise able to give a very roseate survey of the Canadian National Railways' financial position and declared that in 1928, after paying all interest charges with the exception of those due to the Government, it would show a surplus of at least 7 million dollars. The only important change in taxation was a reduction by one-third of the sales tax which will henceforth average about 2 per cent., but a number of what are known as "nuisance" taxes levied on railway and steamship tickets, cables and telegrams, were wiped out. It was obviously a wise policy for the Government to adopt a passive attitude on tariff matters until Washington showed its hand and accordingly the fiscal changes were limited to a series of minor adjustments with the single exception of a new duty on copper rods which was clearly intended as retaliation for a discrimination practised by the American Copper Export Association against Canadian firms and was a polite hint that reprisals for fiscal aggression were possible. Mr. Robb also supplemented this action by some cryptic observations which were obviously intended for the benefit of Washington.

It is (he said) our desire to trade freely with any and all who are willing to trade freely with us. What may or may not be possible in this particular depends necessarily in some measure on the purchasing power and fiscal policies of other countries. The policy of this administration is not a high tariff policy; it is a low tariff policy. Its policy is to encourage production at home, and the marketing of our excess of production abroad. In applying this policy both domestic and international factors must be considered.

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The budget debate, which lasted nearly three weeks, found both the Conservatives and Progressives challenging the validity of the Finance Minister's claim that prosperity was general throughout the Dominion, and, while the Conservatives clamoured for a "red-blooded" fiscal policy in view of the threatened upward revision of the American tariff, the Progressives deplored the absence of any important tariff reductions. Their divergent outlook was reflected in their respective amendments; the Conservatives in theirs regretted that the budget contained no provision for the safeguarding of Canadian agricultural and industrial interests, and the Progressive sub-amendment urged an immediate and substantial increase of the British preference. Inevitably the debate produced a generous ventilation of parliamentary opinion upon the all-engrossing subject of trade relations with the United States. The Conservatives, who are almost pathetically anxious for a higher American tariff in the confident hope that it will promote the restoration of their own political fortunes, made sedulous efforts to prod the Government into some declaration of faith on the subject. Some of their earlier speeches were of a very minatory character, but a realisation that fear of reprisals might result in a modification of tariff plans at Washington was responsible for a more moderate tone in the later Conservative orations. Dr. Manion, a Conservative ex-Minister, advocated the calling of a special session to deal with the situation which an increase in the American tariff would create for Canada, and Mr. Ladner, of British Columbia, wanted the Government to arm itself with special emergency fiscal powers. Most of the Liberal members avoided any reference to trade relations, but towards the close of the debate both Premier King and Mr. Lapointe indulged in some general observations upon the subject. Premier King, dealing with the Conservative demand for "red-blooded" measures, declared that what was more needed on Canada's part was a cool-headed attitude, and deprecated

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any action which might be construed in the United States as provocative, inasmuch as the American Congress might be impelled to raise its tariff to a higher level than was now contemplated. He accused the Conservatives of conjuring up an imaginary fiscal war between the two countries and intimated that his Government intended to await developments at Washington and declined to assume that injurious fiscal policies were contemplated by Congress. He also attempted to allay Conservative suspicions, aroused, partly by a recent visit of Mr. Malcolm, the Minister of Trade and Commerce, to Washington and partly by articles published in the Press of both countries to the effect that negotiations were afoot for a comprehensive bargain covering both tariff and transportation matters, on the basis of the Hoover administration modifying the threatened fiscal rigors in return for immediate Canadian co-operation in the completion of the St. Lawrence waterway. Mr. King, however, pronounced emphatically against the intermixing of the two questions, but the suspicious Conservatives recall his own suggestion in his correspondence with Mr. Kellogg about the waterway, that generous tariff concessions by the United States might produce a more sympathetic attitude in Canada towards the waterway. Mr. Lapointe also pleaded for cool restraint and declared that if one market was closed, others must be found; but that any revision of the Canadian tariff which might be embarked upon would be made solely from the viewpoint of Canadian interests and not as a policy of retaliation or fiscal warfare. The speeches of the Western members revealed a general apprehension lest the protectionist interests of Eastern Canada should be allowed to use a heightened American tariff as a weapon for their own economic aggrandisement at the expense of the farmers. The Liberals and Liberal Progressives, taking their cue from the *Manitoba Free Press*, rejected the idea of any direct retaliatory increase

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in Canadian duties on the ground that such a move could not possibly benefit the producers of the prairie and maritime provinces, who would suffer most from a higher American tariff, and would merely make their plight worse by increasing the cost of living and production. Several Progressive members evinced a sympathy with the idea of greater Imperial economic co-operation and at least three of them endorsed the proposal made by Mr. Bennett in the debate on the Address that there should be called at Ottawa an Imperial Economic Conference for the discussion of schemes for the fuller co-ordination of the economic activities of the Commonwealth. The Progressive proposal to increase the British preference was fiercely attacked by Mr. Bourassa who demanded instead its complete abolition on the ground that it was an obstacle to the promotion of international free trade.

Much time in the earlier part of the session was as usual consumed in academic debates on resolutions introduced by private members. One whole day was given over to a discussion of the St. Lawrence waterway, but the Government carefully abstained from anything like a declaration of policy and indeed had claimed a further respite from this ordeal by its decision to hold a conference before negotiations with the United States are resumed, with the provincial governments of Quebec and Ontario for the purpose of arriving at a settlement of the conflicting claims with regard to waterpowers on navigable rivers about which the Supreme Court of Canada had failed to give a satisfactory decision. However, the Government has given authority to a corporation called the Beauharnois Light Heat and Power Company to proceed with its power-canalisation scheme east of Montreal and, while the *Manitoba Free Press* and other opponents of this project aver that its construction will establish a permanent obstacle to the completion of the deep waterway, the sponsors of the scheme and the friends of the Government contend that the works to be

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undertaken on the Beauharnois canal can easily be fitted into the larger project of the waterway.

There have also been intermittent discussions about the problem of the natural resources of the prairie provinces which are still the subject of negotiations with the provincial administrations, and the Government was severely attacked for its part in connection with the lease to private interests of the power-site known as the Seven Sisters Falls which has produced a serious scandal and political crisis in Manitoba. It eventually, however, accepted a resolution moved by a Conservative member to the effect that these natural resources should be transferred to the provinces without any limiting conditions such as certain elements have desired to insert for the safeguarding of Catholic educational rights.

So far the only serious discussion of imperial and foreign problems has arisen out of the Kellogg anti-war treaty to which Parliament gave its unanimous approval. The Conservatives were exceedingly sceptical about its value and argued that the American cruiser programme and recent bellicose utterances of American papers and politicians were singularly at variance with its spirit. Some members raised the question of the reservations, but Premier King developed the thesis in regard to what he described as the "so-called" British reservation that, since virtually every nation had signified its intention of adhering to the treaty, they ceased to have any force because, if any signatory of the pact violated its terms, the other nations would be automatically absolved from any obligations under it. He also revealed the fact that, after the Canadian Government had been apprised of the opening of the Anglo-French naval negotiations last year, it had been left in ignorance about them until they had been completed; and Mr. Woodsworth, the leader of the Labour group, declared that this revelation was evidence of want of cohesion between the different units of the Commonwealth in regard to foreign policy.

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After the Easter recess, the Opposition evinced considerable inquisitiveness about the attitude of the Government in connection with the *I'm Alone* affair, but Canadian opinion on the whole has taken a very sane and sensible view of the episode and is obviously not disposed to countenance international friction over the fate of a notorious "rum-running" vessel.

The most serious trouble which the Government has encountered this session has its origin in an agitation which has arisen among the farmers of the prairies against the present grain marketing system and particularly against the existing scheme of grading regulations. The prairie farmers had a peculiarly mortifying experience with the grain crop of 1928. Up to the time when harvesting operations had actually begun, its promise was magnificent and its actual yield, placed at about 511 million bushels, was the largest on record. But a succession of night frosts beginning on August 22 played havoc with its fortunes and seriously impaired the quality of enormous quantities of grain. A very large proportion of the wheat crop did not attain the three standard commercial grades and thousands of farmers found themselves receiving for their wheat only about 70 cents a bushel, which did not repay their costs of production; the crop, owing to the heaviness of the straw, had been expensive to handle and consequently there is some warrant for the claim of agrarian spokesmen that the last crop of the prairies was one of the least profitable of recent years. Now the prairie farmer has developed a certain stoical attitude towards calamities imposed by nature, but it is another matter when he begins to feel that his troubles have been deliberately aggravated by human agencies, and at present this idea is firmly implanted in his mind. The charge is freely made on the prairies that the Board of Grain Commissioners, which under the ægis of the Federal Department of Trade and Commerce exercises supervision over the grain trade, has during the present crop season functioned as the complaisant tool of

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the grain dealers and elevator companies and, by sanctioning a "de-grading" of the crop below its true commercial value, thereby enabled the "grain trade" to garner enormous profits in a year when the farmers were barely securing their costs of production. Evidence tendered to a Royal Commission which the Government of Saskatchewan appointed to investigate the grain trade has certainly left the impression that the Grain Commission has taken a very light-hearted view of its duties and exercised only the most casual supervision over the activities of the elevator companies, especially in regard to the practice of "mixing" which has evidently been carried in the terminal elevators to a point where it has brought suspicion upon the reliability of Canadian grain certificates in the eyes of European buyers. Bitter complaint is also made that in fixing the standards for the different grades undue emphasis was placed upon discoloration and superficial flaws and no account was taken of the abnormally high protein content of the prairie wheat of 1928, to which Dr. Birchard, the chief chemist of the Grain Commission, has testified. At any rate, when the farmers protested that the standards were much more exacting than a year ago, the body known as the Standards Board, which fixes the grades, decided to lower the grades at the end of October, but by this time a large part of the crop had passed out of the hands of the farmers who got no benefit from the change. Another count in the indictment concerned the issue by the Grain Commission of a special grain ticket, popularly known as the "hybrid" ticket, which completely nullified the effect of an amendment to the Grain Act passed a year ago for the purpose of giving farmers the right to determine the destination of their wheat for storage purposes at terminal elevators. This combination of grievances turned during the past winter every agrarian gathering on the prairies into an indignation meeting, and the Federal members from that region arrived in Ottawa with definite instructions to demand retribution and justice. They lost no time in raising the issue and,

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after some spasmodic forays, they forced on March 19 a two-days interruption of the budget debate in order to impress the Government with the urgency of the case. Western Liberals joined forces with Progressives and Conservatives in exposing the flaws in the present system of grain marketing and in plying the oratorical lash upon the Grain Commission.. Indeed, rarely in the history of the Canadian Parliament has a body of public officials been subjected to such a savage arraignment. It was said of them that "they deserved the most damning condemnation which Parliament could inflict upon them"; that they were "either stupid to the point of idiocy or actively in co-operation with the private elevator companies"; that they were "responsible for bringing about an excruciatingly criminal situation" and "had admitted themselves impotent to enforce the Canada Grain Act." They were referred to as "parrots for the private elevator companies," and were declared to have "utterly and completely lost the confidence of the people whom they were supposed to protect." Mr. Malcolm, the Minister of Trade and Commerce, whose record as an administrator is by implication under fire, essayed the best defence that he could and Mr. Dunning, who advocated the complete abolition of mixing, gave him some help; but the Government had to bow before the western storm and agree that the standing agricultural committee of the Commons should investigate the whole working of the Grain Act. The hearings of this committee, which will have to summon a varied list of witnesses, will not be brief or peaceful, and the injection of this difficult issue has already caused a recession of hopes previously cherished that prorogation would be possible early in May. The Westerners will be satisfied with nothing short of the dismissal of the whole of the existing Grain Commission, and drastic amendments to the Grain Act, and it is understood that the Government has already decided to make the Commission its scapegoat and will make the report of the committee the basis of

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amending legislation which, among other things, will probably restrict the privilege of "mixing" to the lower grades. It hopes thereby to appease the irate farmers, but prairie grain growers who feel certain that the misdeeds of government officials have reduced their incomes are not disposed to forgiveness and the damage done to the prestige of the Government on the prairies may not be easily repaired. At any rate both the Conservatives and Progressives think they have secured deadly ammunition against the Ministry for use on the prairies and will renew their indictment when the submission of the committee's report produces another debate.

Otherwise the Government seems to be free from fear of any dangerous rocks in its course for the rest of the session. Its legislative measures are for the most part of minor importance and non-controversial in character, but the Conservatives are not satisfied with its policy in regard to the payment of reparations for civil damages suffered by Canadian citizens during the war years. It has still to pass all its estimates and the Opposition parties will certainly endeavour to convince the country that they are vigilant guardians of the public purse struggling to prevent wanton governmental extravagance. But such parliamentary conflicts as develop will be largely in the nature of sham fights, for all parties are more or less marking time in the knowledge that developments at Washington are likely to produce the real issues which will determine the course of Canadian politics for the next decade.

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II. DOMINION STATUS : THE FRENCH CANADIAN VIEW

(From a French-Canadian pen)

FRENCH Canadians have taken much interest in the recent constitutional developments as defined by the London Conference of 1926. The question has not been widely discussed, for no electoral issue was attached to it ; but the press has been unanimous in expressing satisfaction at the results of the Conference. The fact that a French Canadian statesman, the Hon Ernest Lapointe, had taken a prominent part in the discussion was an additional reason for French Canadians to rejoice at the issue.

These constitutional developments appealed to the population of French origin as a logical evolution, and, furthermore, as a recognition of the new status of the Dominion which has been determined by a succession of events since the war. French Canadian psychology is not so complicated as may appear to many who have not endeavoured to understand it in the light of history. The French Canadian is faithful to his origin. This does not mean that he intends to return to French rule, but that he is conservative and resolutely attached to his traditions. He is loyal to the British Crown to which he owes the liberties which he enjoys ; but he is also profoundly Canadian. Canada is his mother country. He has lived in it for three hundred years. All his activities, since the earliest days of French colonisation, have been confined to a Canadian environment and he instinctively renounces everything that might disturb his national feelings. French Canadians in the past have kept Canada under British rule : they have not changed their mind and they constitute nowadays a strong element against any disturbance of political arrangements which might imperil the historical character of the Dominion. In the same way they rejoice at any event which, in the logical sense of evolution, adds

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to the strength of their country and its international status.

French Canadians have always been in favour of a larger degree of political autonomy in the constitutional field. Since 1791, when they were granted representative government, they have united in their effort to establish, within the limits of the Dominion, the unquestionable right to deal with their own affairs in full liberty, without interfering with the broader interests of the Empire. In pursuance of this policy they joined with the colonial statesmen of English descent who struggled in Canada, whether in Ontario or in the maritime provinces, to get such constitutional principles as parliamentary freedom, responsible government and the control of public money, put into force in British dependencies. Such are the sufficient reasons why the resolutions adopted by the Imperial Conference of 1926, as far as they accentuated both the internal and external autonomy of the Dominion, have been endorsed with evident satisfaction by the French population of Canada. But any one who ventured to think that the French Canadians are, as a whole, in favour of a more drastic political change than that which results from the resolutions adopted would be mistaken.

In the year following the Imperial Conference, an inter-provincial Conference was called at Ottawa. The Prime Ministers of the nine provinces of which the Dominion is composed met in the Canadian capital with several representatives of the Federal Government to discuss matters of public interest to the Dominion. Two of the questions which were submitted to this Conference were extremely important as regards internal constitutional developments in the future, namely : the reform of the Canadian Senate and the amending of the Canadian constitution by the Federal Government. This last question came up as a result of the London Conference of 1926. The right of Canada to amend her federal constitution was not admitted in any of the resolutions drafted

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in London. This sort of denial has been referred to by some members of Parliament as demonstrating the "state of subordination" in which Canada has been left, notwithstanding the other constitutional rights that have been granted to her. In a lecture delivered before the *Cercle Universitaire* of Montreal and published in *La Revue Trimestrielle* (December 1927), Mr. Lapointe challenged that opinion.

The claim is often advanced (he said) that Canada is in a state of subordination, since her Parliament cannot modify her own constitution. I need not recall the reasons why this power was not given to the Dominion of Canada. Confederation was a compromise. The provinces agreed to renounce some of their powers in favour of the Federal authorities, but they have retained certain other powers, and, within the limits of their jurisdiction, their right to self-government is as absolute and sovereign as that of the Parliament of the Dominion, within the limits defined by the constitution. The Act of British North America is not only the charter of the Dominion of Canada, but also the charter of the various provinces which make the Confederation. Australia, New Zealand, South Africa and the Irish Free State have the power to modify their own constitutions under certain conditions. We have not got it at the present time, owing to the circumstances in which the Confederation was made and because our people willed so. But, so long as this condition exists solely by the will of the Canadian people, and not because of the control of a non-Canadian superior authority, it cannot, in my opinion, create a state of subordination. All restrictions which rest upon our own free will, which are not imposed upon us, but which we respect because we have agreed to them, cannot take away our character and rank as a nation or State. They are non-permanent conditions justified by the circumstances of our national life. The action of the Imperial Parliament in this matter is not that of a dominating power, but that of an arbitrator and a guarantor.

Quite so; but it is nevertheless interesting to enquire how these "non-permanent conditions" would be dealt with by the provincial authorities, and how, through their attitude, the "will of the Canadian people" would manifest itself with regard to the power of amending the constitution when other, and such important, powers had just been

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admitted in favour of Canada. It is interesting to note that the Prime Ministers representing the four provinces which, in 1867, agreed to join in a confederation, namely: Ontario, Quebec, Nova Scotia and New Brunswick, were unanimous in making a stand against any reform of the Senate or any attempt to obtain from the Imperial Government the power of amending the constitution. The western provinces, on the contrary, and the province of Prince Edward Island were in favour of both measures.

As for the French Canadians, opinions were divided on the question of amendment of the constitution. The project which the Federal Government had prepared before the inter-provincial Conference, and which was distributed as a basis for further discussion, was a fourfold one:

(a) The Imperial Government was to be asked to adopt a law granting to the Canadian Federal Government the power of amending the Canadian constitution;

(b) The sections of the British North America Act which define and guarantee the minority rights and the provincial rights could be amended only with the unanimous consent of the provincial legislatures, the refusal of any one of the nine provinces being sufficient to reject any proposed amendment;

(c) To amend any section of the British North America Act bearing on subjects of vital importance to the Dominion and the provinces, the consent of two-thirds of the provinces would be necessary;

(d) The Federal Government of Canada could amend in the ordinary way, that is by legislation passed by both Houses, any section of the British North America Act relating to the Federal Government itself and to interests of secondary importance.

The project presented by the Federal Government to the Prime Ministers of the various provinces was, of course, to be approved unanimously before any definite action was taken.

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AUSTRALIA

I. THE BRITISH ECONOMIC MISSION

THE British Economic Mission, usually known in Australia as the "Big Four," was nominated by the British Government at the request of the Commonwealth Government, and consisted of Sir Arthur Duckham, Sir Hugo Hirst, Sir Ernest Clark, and Mr. D. O. Malcolm. Little more than a hundred days intervened between their arrival in Australia last September and the presentation of their report to the Prime Minister in January. During that time they travelled some 20,000 miles in Australia, visited primary and secondary industries in all the States, held more than a hundred conferences with Governments and other bodies, and individually met and conferred with many prominent individuals. In spite of all this labour they found their sojourn "pleasant and interesting," and express themselves as grateful for "the unfailing courtesy and kindness" experienced on all hands. Under their terms of reference they were asked to confer "on the development of Australian resources and on any other matters of mutual economic interest to Great Britain and the Commonwealth, which may tend to the promotion of trade between the two countries and the increase of settlement in Australia." They interpreted this instruction to mean that they should consider Australia's financial and economic practice, and suggest any modifications which might enhance her prosperity, for, in their view, the maximum of pros-

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perity would inevitably secure a maximum of commercial intercourse with Great Britain and a maximum of migration from Great Britain to Australia. Their report is a masterpiece of selection and condensation. They chose from the lengthy list of subjects placed before them with what must often have been wearisome reiteration the four main problems of public finance, migration, tariff policy, and the public regulation of industry. To these they devote the major portion of their report, though they touch upon eight further minor problems in supplementary memoranda. Their remarks are brief but always to the point, and in this respect as well as in its method of expression the report is noteworthy.

Their conclusions about Australian public finance are of special interest because they afford an answer to much partial criticism, both from within and without Australia, of our policy of public borrowing. As competent business men, they look beyond the mere magnitude of the public debt which, in their view, is "not in itself evidence of an unwise borrowing policy." The test which they would apply to a borrowing policy is that the expenditure of loan moneys should within a reasonable time produce, either directly or indirectly, a large enough net return to cover interest and sinking fund. Judged by this test, Australia has not always borrowed wisely nor spent well in the past. Schemes undertaken with the best of intentions have in some instances suffered from a lack of adequate preliminary investigation and expert knowledge, whilst in others they have been undertaken as the result of pressure from sectional interests without sufficient regard for the interests of the community. They insist, however, that Australia's financial position as an overseas borrower is sound. "There is no doubt," they point out, "of her ample power to discharge her obligations." "Her creditors have no cause whatever for present anxiety, because she is still borrowing well within her actual and potential resources." The great need is caution in the initiation of new schemes for the

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expenditure of borrowed money, and "the most rigorous scrutiny from the point of view of their prospects of being self-supporting at a reasonably early stage." Again, public accounts should be prepared in such a form as to make it easy to ascertain the exact financial position of each undertaking upon which loan moneys have been spent. They hope for good results from the recent financial agreement concluded between the Commonwealth and the States, from the discussions which will take place in the Loan Council between their Governments, and from the investigation of proposals for loan expenditure, such as has been undertaken by the Development and Migration Commission. Finally, they urge that Australian Governments should restrict their activities in borrowing for developmental purposes, and should leave a wider field to private enterprise, or possibly to a combination of government and private enterprise. They also condemn, as obviously bad finance, the practice whereby under the tariff from 15 to 20 per cent. of capital loans arriving from overseas in the form of goods is taken by the Commonwealth as revenue and used accordingly. In recent criticisms of the financial agreement it has been alleged that, when the States and the Commonwealth approach the London market for loans separately, there is no competition in borrowing and, therefore, no waste. On this point the members of the Mission, with their knowledge of the London market, write: "Collective borrowing by the Commonwealth on its own and on the States' behalf will mean cheaper borrowing than would otherwise have been possible."

The members of the Mission record their impression of the difficulties in the way of any large immediate increase in the number of migrants to Australia. Among these difficulties are droughts, a reduced rate of expenditure of borrowed money, and an increased rate of unemployment. For these reasons there is little scope for the successful operation of what is usually known as the "£34 million agreement." Indeed, the field to which it can be applied

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in its present form is a comparatively narrow one, because the loan money is, in practice, only available for schemes of land settlement which contemplate intensive primary production. As a result of their examination of the difficulties connected with this agreement, the Mission suggest certain changes. At present when a State undertakes an approved scheme under the agreement it also agrees to take assisted migrants from Great Britain in proportion to the capital expended. There is, however, nothing to prevent such a scheme from being made use of by migrants from other States. Moreover, a successful scheme of primary production in any State will naturally stimulate immigration into the manufacturing States of New South Wales and Victoria. A State might thus find it difficult to fulfil its obligation to absorb directly its prescribed quota of migrants from Great Britain. Again, in the opinion of the Mission, migration to Australia is mainly dependent not so much upon the extensive development of unoccupied land as upon a more intensive use of resources which are already partially developed. They suggest, therefore, subject to the concurrence of the Governments concerned, that the agreement should be modified so as to cover as well schemes for the general promotion of migration, such as scientific research into the problems of production, and the work of unifying the railway gauges, free from the condition that any specific proportionate number of migrants should be received.

According to the report the "most vexed and the most important of all Australian questions" is that of the combined effects of the protective customs tariff and the public regulation of industry. These two factors are held responsible for raising the costs of Australian production to such a level that it is almost impossible to sell Australian manufactures abroad, and difficult to sell primary productions abroad with the exception of wool, hides and skins, meat and tallow, wheat and timber, of which wool and wheat are the most important. This in great measure

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explains why sugar, cotton, dried and canned fruits, wine and butter are only exported with the aid of subsidies of one kind or another, which means in practice dumping these products abroad at the expense of the Australian consumer or taxpayer.

We have felt much force in the oft-repeated complaint that successive increases in the tariff which affect prices and the cost of living, following upon, or being followed by, successive advances in the cost of labour as the result of decisions under the Arbitration Acts have involved Australia in a vicious circle of ever ascending costs and prices, and that this condition of affairs is crippling Australia's progress and her power of supporting increased population. There lies no task before the Australian people more urgent than that of in some way breaking the vicious circle and of bringing down costs of production, as is being done in the other industrial countries of the world, without lowering the standard of living of the workers as measured not by money but by real wages.

They admit that a policy of protection may be supported on other than economic grounds, but they consider that the chief economic danger of protection is that it fosters inefficiency. It tends to have "a debilitating influence and to promote habits of dependence upon government assistance rather than of reliance upon individual energy and effort."

We believe (the Mission continues) that the policy of protection has, in some respects, been unscientifically carried out; that it has been extended to cover some interests at least which do not deserve it; that the total burden of the tariff has probably reached the economic limits, and that an increase in this burden might threaten the standard of living.

What is immediately necessary is to avoid as far as possible any tariff increases until a scientific investigation into the economic effects of the tariff has taken place. They lay down a "working canon of efficiency," namely, that a protected industry should be able within a reasonable time to supply goods at a price not greatly exceeding the cost of similar goods imported duty free. This should be applied

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generally to all protected industries, and, where this condition is satisfied, they recommend "fully effective" protection even if it means higher duties than are imposed at present.

The report roundly condemns the Australian system of public regulation of industry and it claims that both employers and employees admit its failure. Its chief objections to that system are the spirit of antagonism generated by litigation, its inevitable delays and costs, the unsuitability of judicial tribunals for dealing either with practical problems of industry or with their economic implications, and the confusion due to overlapping jurisdictions. The practice of fixing a basic wage with reference chiefly to a varying index of the cost of living is criticised as tending to deprive employees of any interest in the prosperity of the industry in which they work.

Let us assume (they say) that by better, more energetic, and more willing work on the part of all concerned, from the highest to the lowest, the output of Australian industries were increased with no increase in overhead cost. The natural economic effect would be that prices all round would fall and that consumption and profits would rise; but as the cost of living would fall the basic wage would also fall, and with it all wages fixed by the Arbitration Courts in relation to the basic wage with margins for special skill and the like. Thus the system is such as to give the worker in industry no interest in a cheaper cost of living, and no inducement to that increased efficiency which would tend to bring it about.

The practical suggestion made is that judicial and government "interference" in industrial relations should be reduced to a minimum, and that in its place there should be "round-table conferences for that frank and confidential discussion of difficulties in the light of mutual understanding and sympathy which is the best means of arriving at fair and workable industrial agreements."

The supplementary memoranda cover a wide range of topics including transport, taxation, banking, the pastoral industry, marketing, reciprocal trade between Australia

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and Great Britain, and the civil services. They find that the State railways do not pay their way, partly because of past pressure upon Governments to provide transport facilities for developmental purposes. They hold the view that for the inland haulage of heavy goods, and for long-distance passenger traffic, railways are the most suitable means of transport. At the same time they recommend that they should be made to pay, that the management should be placed outside the risk of political interference, that the question of immediately unifying the gauge of the main systems should be investigated, and that no more State railways should be constructed except after a full investigation by an independent authority which would take the question of motor transport into account. They find that sea transport is hindered by the heavy port and harbour dues which yield a revenue to the Government, a practice which they condemn. They welcome the announced intention of the Commonwealth Government of substituting a duty for the provisions of the coastal clauses of the Navigation Acts in so far as British ships are concerned. Finally, they recommend the co-ordination of transport authorities in every State and also for the whole of Australia. Incidentally, figures of Australian civil aviation are quoted in the report which show that whereas in 1924-5 59 aeroplanes carried 6,100 passengers 404,000 miles, in 1927-8 40,700 passengers were carried 1,141,000 miles by 90 aeroplanes.

Other recommendations would secure greater uniformity in taxation; the establishment of a central Reserve Bank and further reform of the Commonwealth Bank in order to fit it for this position; the establishment of an economic service for Australia with a status similar to that of the Council of Scientific and Industrial Research and the Development and Migration Commission; freehold instead of leasehold tenure for the pastoral industry; a reduction in the cost of Australian goods which would allow of remunerative export; and closer relations between Great Britain

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and Australia through the formation of a federation of Australian industries.

Their recommendations for the civil services are of peculiar interest. Without disparaging the capacity of senior civil servants, they doubt whether the system followed in Australia attracts the best available talent to the services, and they suggest a genuine attempt to introduce, by means of competitive examinations, open to residents in Great Britain and other Dominions as well as Australia, a body of men with a more substantial educational equipment which would be comparable to the higher divisions of the British civil service.

On the whole the report has been well received by the press. The rapidity with which the members of the Mission had come to a clear understanding of Australia's chief economic problems, the candour with which they had examined them, and the courage with which they had recommended remedies were all the subject of favourable comment. It was commonly remarked that the report contained nothing startlingly new or original, but was in many of its features a reflection of views long held by Australian students of public affairs. Indeed, in more than one instance, it was a matter for editorial pride and gratification that the report was in line with the established policy of the editor's own paper, and might have been gleaned from its back files. As might have been expected, the free trade press welcomed the report, but even the protectionist press found great comfort in the phrase "effective protection." The view was expressed that the report would be more useful outside Australia as an explanation of her problems and an interpretation of her ideals, than as a guide for her legislators and administrators. But it was, doubtless, intended both by the Mission and by the Commonwealth Government to serve both purposes.

In other quarters the report has had a mixed reception. Business men, generally, have found in it some confirmation of the frequently expressed view that, unless the arti-

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ficial regulation of industry with its accompanying heavy burdens soon disappears, Australia will have to face an economic crisis. The Commonwealth Government will probably find in it some justification for a more critical attitude towards the tariff and wage regulation. Members of the Labour party appear to be suspicious of its main conclusions, except possibly those about immigration, but, on the other hand, they are flattered by the generous references to their leaders both in the report and in public speeches made by members of the Mission. A current criticism in economic circles is that in emphasising the evils of high tariffs, over-borrowing, and wage-regulation, the report is likely to give a misleading impression of the importance of these policies as elements in our national prosperity as compared, for example, with the improved management of industry, and better co-operation on the part of labour. There is a danger of Australians being led to expect that their economic salvation will follow from the mere reversal of public policies the initiation of which raised similarly ardent and equally mistaken hopes.

How far the recommendations of the Mission are likely to be put into practice is an interesting speculation. Some of them run counter to deep-seated and widely held prejudices. There is, for example, the popular belief that the tariff is the foundation of Australian prosperity, that the public regulation of industry is, together with the tariff, our chief safeguard against the depression of our standards of living and, in another sphere, that the most efficient under-secretary is the erstwhile office boy. It may be possible to "revise" the tariff in a downward direction, to apply the "working canon of efficiency" to protected industries, or to call a halt in the upward trend of the tariff until a competent investigation of its economic effects has taken place. But enormous political pressure is likely to be brought against any Government which attempts such heroic measures, for, although the Country party may be free trade in sympathy, the Nationalist party is full of the

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hot gospellers of protection, and the Labour party is inclined to build the tariff wall higher and higher.

There may be more chance of the system of public regulation of industry being modified or even abolished, for a large section both of employers and employees has publicly declared in favour of this. The Australian Workers' Union, however, numerically our most important body of employees, has recently reaffirmed its support of the arbitration system. The highly desirable reform of the civil service is largely a matter for the Governments concerned, most of which have in recent times felt the need of expert help when confronted with pressing problems of finance and industry. Some of the other reforms will be an easier matter. There should be little to prevent Australian Governments from exercising more care both in borrowing and in the expenditure of loan money, and for this purpose the Loan Council should be of great assistance. The reform of the public accounts has already begun in New South Wales, and it may easily spread to the other States. All the suggested amendments of the Migration Agreement are so clearly in the interest of Australia that no objection is likely to be raised if Great Britain is willing to make the changes. The Commonwealth Government has already introduced a Bill to provide for the establishment of a Bureau of Economic Research.

It was not to be expected that the report would contain much that was new or original. Many of its proposals and criticisms have, indeed, been made in the past by "the many able writers and thinkers on political and economic subjects in Australia" to whom the members of the Mission acknowledge their debt. But the Mission's conclusions are their own; they have been arrived at independently after a careful and unbiased survey of all the relevant facts and opinions, and their recommendations carry with them the weight of their great authority.

Not the least enduring part of the Mission's labours was the success of the efforts of its individual members to

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stimulate interest in Australia in our own economic problems, and in our commercial and other relations with Great Britain. An outstanding example of this is the recent Industrial Peace Conference, which sat in Melbourne last December, and again in Sydney in February. The invitation came from the President of the Victorian Chamber of Manufacturers and was accepted by the Australian Council of Trades Unions, notwithstanding the fact that the A.W.U.* held aloof. At the first meeting in Melbourne, where representatives of employers and employees assembled from all over Australia, two of the members of the Mission, Sir Hugo Hirst and Sir Arthur Duckham, with the Mond Conference in mind, set the example of candidly discussing Australia's industrial problems. Although a great part of the proceedings was necessarily shrouded in secrecy, it is clear that both sides shed some of their prejudices and made considerable progress towards a better understanding of one another's point of view. When the Conference reassembled in Sydney it was plain that it would be difficult to continue in the same spirit. In the interval serious industrial trouble had developed in the timber trade, and was also threatening the coal industry. The employee delegates were anxious that these matters should be dealt with, but the employers took the view that they should proceed with the agenda as arranged. In the end some of the employee delegates withdrew and the Conference adjourned *sine die*, but not before they had discussed the question of finding some substitute for the public regulation of industry. Whether the Conference will reassemble later is still doubtful, but it must not be hastily written down as a failure, for frank and full discussions by a body of this kind are a novelty in Australian industrial life, and both sides have gained much from informal and informing association. For this great credit is due to the unsparing efforts of Sir Hugo Hirst and Sir Arthur Duckham.

* Australian Workers' Union.

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II. FEDERAL CHRONICLE

FURTHER stages of what THE ROUND TABLE last December called "the crisis in the coal industry"* should first be chronicled. It was then pointed out that, to enable the industry to make such recovery as is possible at the moment, the Governments of the Commonwealth and of New South Wales had joined in making certain proposals to the northern coal-owners and miners. The price of northern coal was to be reduced by 4s. within New South Wales. If the miners and the owners would each contribute 1s. of this amount, the New South Wales Government was ready to find the remaining 2s. The Commonwealth Government was to add a further 1s. to enable the price of coal exported from New South Wales to be reduced by 5s. After some months, the miners definitely rejected the scheme. Nationalisation offered, they said, the only hope of a proper and permanent solution. It then almost immediately began to be rumoured that the northern owners contemplated the drastic step of dismissing all their men. Prompt action was accordingly taken in two different directions.

On the one hand, in response to an urgent request sponsored by the Opposition in the Federal Parliament, the Prime Minister promised to appoint a royal commission to make a thorough investigation into the situation of the industry and to make recommendations for its improvement. On the other hand, since such an enquiry must take a long time, some immediate action was necessary to preserve the industry in the meantime. The threatened dismissal notices had been duly given by the northern owners, and a prolonged stoppage seemed inevitable. Mr. Bavin, the Premier of New South Wales, therefore induced the Prime Minister to join him in renewing their earlier offer, and a conference of all the parties met at Canberra to con-

* THE ROUND TABLE, No. 73, December 1928, p. 200.

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sider the matter. At this conference the miners for the first time elaborated their objections to Mr. Bavin's scheme. They held that the owners could contribute the whole of the 2s. required of the industry out of profits. The reply was that the lengthy enquiry instituted by Mr. Bavin had disclosed an average profit of only 2s. per ton, that the state of the industry was now still worse, and that to take more than 1s. from profits would simply kill it. The miners retorted that they did not accept the figures, whereupon the owners accepted a suggestion that the figures should be submitted to a chartered accountant selected by the miners from three nominated by the Royal Institute of Chartered Accountants. The miners have been haggling for a month about the exact terms of this offer. If it should be accepted and the Premier's figures substantiated at the enquiry, the miners' representatives at the Conference agreed that they would ask their unions whether they would accept the Governments' scheme. It is impossible at this stage to predict the outcome. There is even an element of doubt about the possibility of the Commonwealth participating. Mr. Bruce said frankly at the Conference that the proposals would affect other States adversely, and that he expected difficulty in securing the assent of Parliament to the proposed grant. The scheme has excited apprehension in Victoria, where the Premier has promised, if necessary, to take action to defend Victorian coal interests.

It is desirable that all parties should understand that the Bruce-Bavin scheme is purely in the nature of an emergency measure. In a similar situation in Great Britain government subsidies have not resulted in the rehabilitation of the coal industry, and the New South Wales coal industry is in very much the same position as the British coal industry, or as British agriculture was at the end of the war; its capacity for production is considerably in excess of that of its probable markets. This is the aspect of the situation to which the attention of the promised

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commission must be directed. Some kind of reconstruction will, as the miners have insisted, in the long run be necessary, whether it take the form of consolidation, the elimination of marginal collieries, or some other sort of reorganisation. There are, the men say, some five or six thousand too many miners at the present time.

The new Commonwealth Parliament, the composition of which has already been described,* assembled in February. During the recess, the Prime Minister had made Cabinet changes which seemed to have more than a merely personal importance. He had declared in the election campaign that the time had come to call a halt to tariff increases. It, therefore, seemed significant that the portfolio of Trade and Customs, which since Mr. Pratten's death had been held by the Prime Minister himself, should be allotted to Mr. H. S. Gullett, who has been described as a "half-hearted protectionist." Mr. Latham became Minister for Industry (a new portfolio) as well as Attorney-General, an appointment which presaged the vigorous execution of the Ministry's policy, *i.e.*, the strict enforcement of the industrial law, during the water-side workers' dispute.

The first session promised to be stormy. The Ministry had certainly, by its success in deferring—at least pending a conference of shipping interests after Easter—a threatened rise in overseas freights, removed one serious ground of attack. A rise in freights would have seemed a full justification of those who, on both sides of the House, opposed the sale of the Commonwealth line of steamers. But even without this ammunition, the Opposition was stronger than before, and there were discontented sections in both the Ministerial parties upon whose support, it was said, little reliance could be placed. And the session did, in the idiom of the day, open "sensationally." On a minor issue, the proposed disallowance of an award of the Commonwealth Public Service Arbitrator, the Government

* See THE ROUND TABLE, No. 74, March 1929, p. 421.

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was saved only by the vote of the Speaker—a situation without a parallel since 1913. It was thus evident from the start that the Government would have to be much more circumspect and less imperious than formerly. This is all to the good. The parliamentary system is at its best when the Opposition is dangerous. But the position of the Government is not nearly as precarious as might be supposed from a perusal of the daily press. There is, in fact, no real alternative, in the present Parliament, to the Bruce-Page Government, and meetings of the Ministerial parties since the crisis referred to have been fain to recognise the fact. Mr. W. M. Hughes, the Prime Minister's predecessor, has, none the less, been a constant and bitter critic of the Government.

The centre of interest has, however, already shifted from Parliament to the industrial arena. It is perhaps appropriate at this point to record the lamented death in January of Henry Bournes Higgins, Justice of the High Court of Australia since 1906, and President of the Commonwealth Court of Conciliation and Arbitration from 1907 to 1921, who was for so long identified in the popular mind with industrial relations in Australia. Mr. Justice Higgins was a man of powerful and independent mind and character, so independent, indeed, as often to find himself in the most paradoxical situations. An ardent federalist, he yet opposed federation on the terms of the 1900 Bill, prophesying *inter alia* the inadequacy of its provision for amendment. A Liberal, he ranged himself with the Labour party in the debates on the Conciliation and Arbitration Act, and was Attorney-General in Mr. Watson's Ministry in 1904. In the High Court of Australia he showed a like independence of thought, and from the beginning, with Mr. Justice Isaacs, he asserted, in a series of dissenting judgments, principles of constitutional interpretation which were accepted by the Court in 1920 in the Engineers' case.*

* See THE ROUND TABLE, No. 68, September 1927, p. 822.

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Mr. Justice Higgins found his *métier* in the Arbitration Court. There he was the pioneer in what he aptly called "a new province for law and order." It was his to evolve "a just and balanced system" wherein, to use the watchword of his time, "fair and reasonable" wages, hours and conditions of labour should obtain. The foundation of that system was "the normal needs of the average employee, regarded as a human being, living in a civilised community." This gave the basic or "living" wage, the minimum wage for unskilled labourers. For skilled labourers, the "fair and reasonable" wage was to be ascertained mainly by accepting "the existing ratios found in the practice of employers." The basic wage was to vary with the cost of living. These propositions express the essence of Mr. Justice Higgins's system, and they are still the foundation of industrial arbitration in Australia.*

Mr. Justice Higgins had the good fortune to administer his system in a period of, on the whole, rising prices. He knew that its real test would come in a time of depression and deflation. That time has arrived, and we may ask to-day how far the new province has really been won for law and order. The amending Arbitration Act of 1928 assumes that it has been won completely. But that view is now being definitely challenged, in connection with the timber workers' strike. Last January, Judge Lukin gave an award in the timber industry. He took into consideration the economic position of the whole industry, as the Act required him to do, and as Mr. Justice Higgins had claimed the right to do, and among other things he increased the weekly hours of work from 44 to 48. The timber workers "struck" against the award. Mr. E. J. Holloway, the Secretary of the Melbourne Trades Hall Council, one of the most trusted and most responsible Labour leaders in the

* For a suggested alternative basis, see article on *The Basic Wage in Queensland*, THE ROUND TABLE, No. 60, September 1925.

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Commonwealth, roundly declared that industrial awards that have the effect of reducing the standard of living are wrong, and he urged the workers to defy them. The Government has replied by prosecuting Mr. Holloway under a section of the Crimes Act which imposes a penalty on anyone who encourages employees to strike against an award by which they are bound. His defence was an elaboration of these contentions, and an appeal to history to demonstrate that the path of progress has always involved defiance of what he describes as unjust laws. The Commonwealth authorities are apparently determined to enforce the industrial law as recently amended. A secret ballot of the members of the 'Timber Workers' Union has been ordered by the Court under the provisions of the amending Arbitration Act to determine whether the men themselves are willing to resume work under the new award. The maximum penalty of £1,000 has also been inflicted on the union for committing acts in the nature of a strike against the award. Again, it has been contended throughout by the Government that the new legislation will operate even-handedly against both sides in industry and, at the time of writing, it is reported that only technical difficulties are preventing the prosecution of the northern coal-owners for having caused a lock-out. The issue of "law and order" is thus fairly joined.

In such an atmosphere, it was inevitable that the "industrial peace" Conference at Melbourne in February should be barren of achievement. When the employees' representatives were withdrawn in the manner described above, it was announced that the two parent bodies would not participate unless the Conference should forthwith join with them in demanding the repeal of the obnoxious industrial legislation, the withdrawal of all volunteer labour from the water-front, and the satisfactory settlement of the timber dispute. The Conference, as already stated, adjourned, amicably but indefinitely, leaving behind it a reported agreement that the penal sections of the Arbi-

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tration Acts should be repealed, and a committee formed to investigate the obnoxious Acts. It is a result deeply symbolic of the mind of the Australian people upon industrial relations; painfully aware that present arrangements are defective, yet not only divided but confused as to where and how to better them.

In 1928 the Commonwealth Government authorised an enquiry into the state of the aborigines of Australia, and Mr. Bleakley, the Protector of aborigines in Queensland, where their treatment has been most successful, was commissioned to make the enquiry. He has now presented a report. Reference to it must, however, be postponed until our next issue.

Australia.

March 26, 1929.

SOUTH AFRICA : THE SESSION AND THE NATIVE BILLS

THE final session of an elective legislature, as shades of dissolution and the judgment close round the dying house, is apt to be a depressing spectacle. Our fifth Parliament since Union met for its sixth and last session on January 25 in the full knowledge that the session would be a short one—it actually ended on March 27—and that the general election would take place in the middle of June.

Nevertheless, this session was something of an exception to the general rule of dulness, and that for three reasons. First, there was a sporting chance that the apparently irremediable split in the Labour party between the Ministerialist section which follows Colonel Creswell, and the National Council group which most emphatically does not, might lead to the defeat of the Nationalist-Labour Pact Ministry or at least give experts some indication of how things would go at the elections. Secondly, foreign affairs bulked large in the Speech from the Throne. Three treaties, the Kellogg Peace Pact, the new Mozambique Convention and the German Commercial Treaty, to be ratified in one session, witnessed to the reality of the Dominion status formulated by the Imperial Conference and embodied for us in the recent secretaryship for external affairs. Lastly, a joint session of the two Houses had to be held to determine the fate of the non-European franchise, the one

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portion of General Hertzog's native policy which had come within measurable distance of decision.

The session actually opened with a test of party strength quite in the style of the old Cape Parliament, on a motion of No Confidence introduced by the leader of the Opposition, General Smuts ; but as this motion, like so much else in South Africa's history, turned mainly on rival native policies, it can be more conveniently discussed in connection with the joint session after external affairs have been disposed of.

The Kellogg Peace Pact was cordially welcomed and ratified without delay. The Mozambique Convention* which is to regulate customs, railway rates and the recruiting of native labour for the Rand mines in Portuguese East Africa, was by no means all that the Union could have hoped for, a reminder that ancient alliances are one thing and business quite another ; but it too was accepted without over-much grumbling. The third treaty on the list did not pass so easily.

The German Commercial Treaty was discussed at some little length in the last number of THE ROUND TABLE.† It is sufficient here to say that, while reserving existing preferences to British goods, it gives Germany most-favoured-nation treatment in all else for two years to come. The main point in Ministerialist eyes was that the Union, having failed to come in under the Anglo-German Treaty of 1924, must make the best terms it could on its own account ; this it had done and the Ministry could reckon on the support of many outside the ranks of its own followers who felt that a few more most-favoured-nation treaties would do the highly protected Union no radical harm. The Opposition's main objection was that by preventing the Union from giving further preference to British goods, the treaty cut across the policy of Empire preferences and threatened to alienate Great Britain, the Union's best

* THE ROUND TABLE, No. 72, September 1928, p. 883 ; and No. 73, December 1928, p. 427.

† THE ROUND TABLE, No. 74, March 1929, p. 427.

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customer, Southern Rhodesia which is a member of the South African customs union, and the British territories further north towards which a growing number of South Africans are looking with interest. As it was, the Australian Government had tactfully expressed its regret at the arrangement, and New Zealand fruit-growers joined with those of the Western Province of the Cape in urging that nothing be done to jeopardise the preference given by Great Britain to their products.

A fairly full House of Assembly ratified the German Treaty by twelve votes after a hot and lengthy debate in which the Government was doggedly opposed by the National Council wing of the Labour party, which, coming mainly from the Rand and Natal, was alive to the British versus German aspect of the case. But the actual method of ratification raised an interesting constitutional problem. The Union legislature consists of a Governor-General, a Senate and a House of Assembly. At present, the Opposition (the South African party) has a majority in the Senate, and there has consequently been much talk of late years in Ministerial circles of a more or less drastic reform of our local "House of Lords." To the annoyance of the South African party, the Ministry declined to send the Kellogg Pact to "the other place." Here the Ministry was clearly within its rights, as that instrument only demanded ratification "in accordance with the respective legislative requirements" of the States concerned. The Ministry could thus claim that ratification by the popular chamber fulfilled those requirements. But when it also declined to send the German Treaty to the Senate where its fate was beyond all doubt, it ventured on much less sure ground; for the South African Customs Act of 1925 and the treaty itself spoke of ratification by the "competent legislative authority." This would seem to mean by the full legislature, especially as the Speech from the Throne had addressed both Houses on the point.

In the division on whether or not the treaty should go

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to the Senate, the Ministry got home by only four votes, the narrowest margin they have had in all their five years of office; and next day the Upper House, by a majority of three, expressed its disapproval of the treaty and declared that it had not been ratified by "competent legislative authority." So there the matter rests.

The prelude to the struggle over the German Treaty was the No Confidence motion. This was, of course, an attack all along the line on Ministers' policy for the past five years; but the central point of attack and counter-attack was native policy. A full discussion of that question would be tantamount to writing a history of South Africa. No South African administration has faced it fully since the Milner Native Affairs Commission of 1903-5 first showed its intricacy and extent. But whether one side of the fundamental land question was being dealt with as in 1913, or the administrative side, again in part, in 1920, or the plight of the urban natives in 1924, or native councils once more a little later, South Africans have, with a sound instinct, tried to keep it above the party conflict.

That salutary practice is now in grave danger of being abandoned. There can be no doubt that the Prime Minister meant to keep to the non-party plane when he took office in 1924 pledged to safeguard White South Africa and, as a corollary, proceeded to gestate a comprehensive native policy. Clearly he was of the same mind when he first introduced his four interdependent Bills* to give the Bantu some representation in Parliament, to fulfil the long overdue promise made in 1913 to put more land within their reach, to set up an advisory Bantu Council and, finally, to define and extend the rights of the Coloured Folk. Certainly he had not given up the idea two years ago when he sent these Bills to a Select Committee which, after taking voluminous evidence, presented its report during the recent session.

In spite of all this, there is now every prospect that the

* THE ROUND TABLE, No. 66, March 1927, p. 398.

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Union will soon be involved in a general election embittered by this all-pervading problem of black versus white, civilised versus uncivilised. The Opposition's plea that there should be a kind of national convention to discuss the issue, which the National Convention of 1908-9 had to shelve lest there be no Union, has been thrust aside. There has been open and unrebuked jubilation in the Ministerialist ranks over the fine electioneering material afforded by the Opposition's resistance to the Government's policy. Shortly before the session, General Hertzog and his two chief lieutenants made a double appeal to national enthusiasm and colour prejudice by publicly accusing General Smuts of being prepared to merge the Union in a great Kaffir State, a federation with the black States of the north; this on the strength of some remarks by General Smuts on the need for common action and consultation with our northern neighbours on common problems, and on the undesirability of doing anything now which might hinder the construction of common political machinery this year, next year, some time . . . which, in view of what the northern portions of the Union itself were like fifty years ago, does not deserve to be dismissed as utterly visionary. Finally, it is hard to avoid the conclusion that the hopeless attempt to secure the two-thirds majority of both Houses sitting together, required by the South Africa Act, for carrying the essential portions of the Ministry's non-European franchise policy into effect savours more of party tactics than of statesmanship.

The No Confidence motion was defeated by a comfortable majority of eighteen, and then the two Houses met in joint session to consider how nearly the Bantu in the Cape Province could be disfranchised. It is true that two Bills were before the Houses extending a franchise in varying degrees to the Bantu and Coloured Folk throughout the Union; but, sentiment, camouflage and all uncharitableness apart, it really came down to what has just been stated. General Hertzog himself roundly declared that

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the alteration of the Cape franchise was "fundamental" to his whole non-European policy.

It could hardly be otherwise. There is a cleavage of opinion and policy which cuts deep down into South African history and society. If there was one general cause of the Great Trek in the eighteen-thirties other than drought and the desire of frontiersmen for good land, it was dread of the civil equality which the British Government and a few colonists in the Western Province were imposing on the old Cape Colony. Denial of that equality was the basis of the two Republics, and, much disguised, of Natal also. It was so and, more to the point, it is so. Unless friends overseas grasp that, they will make nothing of our past and present difficulties. Incidentally, they will be doing much less than justice to General Hertzog as a Free Stater for his courage in proposing to give any measure of voting power whatever to non-Europeans north of the Orange river.

The two Bills came forward considerably altered from their original form and will doubtless be markedly modified before they see the light again. There is thus no need to go into elaborate details, but the main points should be put on record here. Briefly it comes to this. In Natal, the path of the Bantu to the vote has always been strewn with almost insuperable obstacles; in the two ex-republics, it was blocked entirely to Bantu and Coloured alike; in the Cape, since 1853, that is from a time coeval with the recognition of Natal, the Free State and the Transvaal as political entities, Bantu and Coloured have enjoyed the franchise on exactly the same terms as Europeans. It is this policy, specially safeguarded by the Act of Union, that is now to be scrapped as far as the Bantu are concerned.

Underlying the Ministers' proposals is the idea that the Coloured Folk shall be co-opted for political and economic purposes into the ranks of the Whites, a step of no great difficulty in the Cape where most of the Coloured Folk dwell, however hard it may be elsewhere. Hence, elaborate

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arrangements were proposed for distinguishing, at any rate for the purposes of the law, between Bantu and Coloured. As for the vote, Coloured and Bantu voters at present on the Cape roll were to remain there, and, in the Cape again and in Natal, Coloured men were to gain admission to the ordinary roll on fulfilling the ordinary qualifications. But in the two northern provinces, the Coloured man, after running a formidable gauntlet reminiscent of the Uitlander obstacle race in old Transvaal days, was to be entitled to enrolment on a special roll and the privilege of voting for a single additional member of the Assembly. Ten years thereafter, those who could come up to educational and other standards, which were fairly high in view of the meagre opportunities for education given to non-Europeans in those parts, would go on to the ordinary roll.

For the Bantu there was to be no such prospect of enrolment as full citizens. In the Cape, voters were to remain on the existing roll unless they preferred to be transferred to the new roll on which their fellows who could also come up to the usual Cape qualifications were to be listed. The voters on this new roll were, however, to remain ineffective until 25 per cent. of the Bantu had disappeared from the general roll. They would then elect one member of the Assembly. When 75 per cent. were off the old roll, the Bantu in the Cape Province would return three members to the Lower House with full voting powers (the original plan of two years back only gave such members limited powers) and also two members to the Senate. At present, the Cape Province returns eight Senators and fifty-one members of the Assembly. In the other three provinces, Bantu of all grades voting either through their chiefs, if they still have them, or through members of local councils on something like the trade union card-vote, would return two Senators, and after ten years, if all went well, two more.

The more liberal section of the Pact, which includes the

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Prime Minister, presumably looks on these attenuated privileges as the earnest of more to come, perhaps after the ten years mentioned more than once. But there is no guarantee that this will be so. Rather the reverse, for if the specially safeguarded Cape franchise goes, there will be nothing to prevent bare majorities in the two Houses voting in the usual fashion putting off the extension of the franchise as each year of jubilee draws near. South Africa had some experience of that in the 'nineties. It is partly because they foresee this danger that Bantu leaders and their friends fasten on the Cape franchise as resolutely as does the Ministry. Everywhere the story is the same. The standing Native Affairs Commission, the Select Committee which has recently reported, and a representative European-Bantu Conference which sat in Cape Town on the eve of the joint session, all came to the same conclusion: the Bantu in the unenfranchised north do not want a vote of any kind if the price to be paid is the old Cape franchise, the standing witness to the potential equality of black and white as citizens of one State.

Tradition lies behind the Government's policy, and fear also; fear of the two million whites and coloured being one day swamped by six million blacks. Already twelve Cape seats are swayed by the Bantu vote and a good many of the remainder are affected. Opponents of the official policy reply that the rising tide of colour is rising slowly enough. In a quarter of a century the Bantu vote has only risen from some 5,000 to 15,000 while the European vote has risen from 115,000 to 166,000. Nor are the facilities put in the way of the youthful Bantu at present such as need cause alarm at the prospect of swamping in any future that need be envisaged for practical purposes. In the Cape, where much more has been done for native education than elsewhere, of the 102,000 Bantu children at school in 1926, only 10 per cent. were in standard IV or above it. (The average age of Europeans in standard IV is about eleven.) They go further and suggest that the

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most certain way to ensure ultimate swamping is to drive all the Bantu, fast differentiating as they are, into one camp labelled "black," thereby saddling South Africa with a communal franchise, that breeder of "self-interest, suspicion and animosity"* which has worked so ill in Ceylon and India. Much better, they urged in a petition presented to Government by a strong committee of citizens headed by an ex-Chief Justice, do what was done in the Cape Colony in 1892 and what Rhodes, Lord Selborne and others, British and South African, wished to apply to the Union on its formation; that is, raise the franchise qualifications all round for black, coloured and white. Otherwise South Africa will be taking another long step along the road that leads to that system of caste, *varna*, against which Mr. Sastri, with four thousand years of Indian history behind him, warned her in one of his farewell addresses. And *varna* means colour.

The vital third reading of the Representation of Natives Bill was only carried by six votes. Lacking the necessary two-thirds majority, it failed to pass and the interdependent Coloured Persons' Rights Bill was at once withdrawn. The Houses went each to its own place and the Assembly turned its attention to finance, on its present showing, a much more reassuring subject. The Ministry's luck had held. It came in with the turn of the tide after the post-war depression and, on the whole, it has been favoured with good times which it has improved by good management. During the past year, the Union has prospered in spite of drought; the State railways can show a surplus of £330,000 to be added to the £47,000 left over from 1927-28; the Minister of Finance can report a surplus of £1,700,000 on a total revenue of £30,500,000 to be added to the £1,290,000

*THE ROUND TABLE, No. 74, March 1929, p. 297. Page 296 should, however, also be read in connection with this comparison. Another interesting reference to the principle of communal representation will be found on pages 510 and 511 of this issue in the article on East Africa.

The Session and the Native Bills

of the previous year. On the other hand, the fact that the big surpluses of the past year or two have been mainly due to unexpectedly large customs receipts leaves no doubt that the country is being overtaxed in that department at least.

Of this year's surplus, £350,000 goes to the extinction of debt and the remainder to loan account, which also claims £2,000,000 of the profits forthcoming from the State diamond diggings. £1,000,000 of this, by the way, goes to the provinces as a "loan" without interest or prospect of repayment, for road-making, an interesting sidelight on the growing dependence of the provinces on the Union to which reference has been made so often in THE ROUND TABLE. For the rest, the Union's total debt has risen between 1924 and 1929 from £193,770,000 to £223,225,000, but its unproductive debt has been reduced during the same period from £58,500,000 to £44,000,000. Another surplus of £1,113,000 is anticipated for 1929-30; wherefore the Minister has provided for further relief of our not unduly burdened income-tax payers and for certain reductions in the customs and excise. In short, it is a fair-weather budget, though none the less welcome on that account. We shall know in June who is to have the spending of the money.

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NEW ZEALAND

I. THE WARD GOVERNMENT

THE first three months of the new year have been very much like the entry into a new era. The grave political discontent which had prevailed for the last year or two and was expressed in the emphatic result of the general election in November appears to have found a measure of alleviation in the mere fact of a change of government. With the dawn of the *Meiji* the voice of criticism has been stilled and the public is prepared to wait for developments, well content, apparently, to feel that things must be better than they have been. Apart from the unemployed problem which is still pressing, people seem willing to give the new Government a reasonable respite and freedom from importunity so that they can put their policy into operation, or develop a policy where they have not one already prepared.

After assuming office on December 10, the Government took advantage of the Christmas holidays to take its bearings. The Prime Minister, Sir Joseph Ward, who as Minister of Finance had to enter at once into negotiations with regard to a new loan, returned to Wellington in the early days of January very much invigorated by his rest. On the 8th, London cablegrams announced the underwriting of a $4\frac{1}{2}$ per cent. loan at the issue price of £95. A not very long-sighted public relied upon Sir Joseph's loan-raising capacity to provide a panacea for all its ills, and many classes of people anxiously await the materialisation of this first £7,000,000 as an instalment of the £70,000,000 which

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Sir Joseph, on the hustings, declared his intention of raising within the next ten years for development purposes. On January 10, when the successful flotation was assured by an excess of public subscriptions, Sir Joseph made a statement. "The transaction," he said, "is comparatively better than the previous loan, which broke the 5 per cent. rate obtaining in London for some years previously, and it is reasonable to claim that the country's high credit has again merited the confidence of the London market."*

There had been some uneasiness arising out of a passage at arms during the short session between Mr. Downie Stewart, the outgoing Finance Minister, and Sir Joseph Ward with regard to the borrowing intentions of the Reform Government, and the public was glad to have a satisfactory explanation from Sir Joseph of some cryptic remarks which had seemed to indicate that everything was not as it should be in the money market. Sir Joseph explained that his predecessor had proposed borrowing £5,000,000 cash and £10,000,000 by way of conversion, but had not come to any decision when the change of Government took place. He did not say so definitely, but he left it to be inferred that the obstacle to borrowing was the fact that during the year 1929 the London money market would be asked by the Imperial Government to arrange for the conversion of the great Imperial War Loan of more than £2,000,000,000. Sir Joseph added :

As I came into office pledged at once to put in hand four important railway lines and provide for State advances as well as carry on other works, the proposition I found existing obviously gave me some concern in view of the policy I had promised the country, and I had to reconsider my plans as far as immediate action was concerned in order to assure the railway extension proposals and the State advances to settlers. I decided to increase the loan from £5,000,000 to £7,000,000 for public works, including railway construction and improvements and hydro-electrical schemes.

In short, instead of borrowing £5,000,000 cash and

* *Evening Post*, January 17, 1929.

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£10,000,000 by conversion, he decided to raise £7,000,000 cash and £12,000,000 by conversion.

Commenting on this statement, Mr. Downie Stewart explained that the proposals for borrowing which had been ascribed to him were in reality the suggestion of the Dominion's financial advisers in London and had not received his approval. They were being considered when the election came, but when the result showed that the Reform Government was likely to be out of office he did not feel justified in coming to any decision in the matter. This point is not an important one, but the explanations remove a certain uneasiness arising out of the vague references in Parliament in December.

Having thus provided the ways and means for meeting the chief need of the moment, the finding of work for the unemployed, the new Ministry distributed itself over the country in an earnest endeavour to obtain first-hand knowledge of the activities of the various departments and the needs of all localities. This perambulation of the Dominion is regarded as a necessary feature in the installation of a new Government, and few voices have been raised by way of criticism. The *Auckland Sun*, which has always supported the Reform party, was one of the few, and its strictures were of a facetious rather than a condemnatory character.

Everywhere they have gone, and no other Ministry ever crowded so much jaunting within so short a period of initial power, they have been welcomed and treated with almost an embarrassing eagerness and appealing enthusiasm. One of the record number of Ministerial trippers, indeed, has been compelled to work sixteen hours a day to overtake the rush of receptions and even has been tempted under the strain of sheer exhaustion to yawn in the pleading faces of friendly deputations. There never has been anything like it in the history of extravagant administrative touring of this attractive country.*

Sir Joseph Ward has felt impelled to complain more than once that the news agency which supplies the majority of

* *The Sun*, Auckland, March 1, 1929.

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the New Zealand papers has not treated him quite fairly in its reports, but the country as a whole—the press not excepted—appears to be distinctly well disposed to the new Government, and particularly to the veteran statesman at its head.

The Unemployed Problem

The problem that has most pressingly engaged the attention of the new Government is unemployment. The arrival of seasonal activity in our primary industries usually brings some alleviation in the labour question about the end of the year. This year, however, the signs of such amelioration were not very evident. When the Government came into office the trouble was admittedly very severe, and there were chronic features about it that were disturbing. With the exception, perhaps, of the Labour party, Parliament had during recent years been in agreement with the earnest desire of the Reform Government to help by active immigration to allay the distress of the working classes in Great Britain. New Zealand entered heartily into the movement, and brought out many thousands of families from the British Isles at cheap fares. Inasmuch as the Dominion had not yet encountered the slump which every non-party economist knew in his heart must come after the war-time inflation, it might have been considered a rather doubtful policy to enter with such vigour into these migration schemes. The inevitable decline in prices still hung like the sword of Damocles over the country. The evil of inflated land values was hidden but not averted by the protracted moratorium. Capitalists and farmers alike were afraid in the uncertain condition of the markets to embark upon new enterprises, and year after year thousands of newcomers arrived to help to flood a more and more restricted labour market. In the nine years from 1919 to 1927 the Government assisted 66,256 immigrants to come to New Zealand, as compared with only 30,895 in the nine prosperous years before the war.

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There has never been such an influx since the extravagant days of the Vogel policy in the 'seventies, when in a similar nine-year period 98,321 immigrants came to New Zealand. But then much of the landed estate of the colony was virgin and intact.

There was never any desire to cavil at the motive of the Reform Government's immigration policy, but critics of the qualifications of some of the immigrants were not wanting. As the pressure of unemployment increased, the Government naturally came under criticism for continuing to assist immigration, and finally, in May 1927, it ceased to offer assistance. It was not possible, of course, to stop the stream at once, for the process of migrating is a matter of months, not of days, and persons who had taken the first irrevocable steps could not be turned back. Nor could the Government prevent free immigrants who were able to pay their own fares from coming to New Zealand. Still the influx was greatly reduced. In spite of this, during the last two seasons the summer and autumn flush of employment has been palpably insufficient to absorb all the men who are waiting for work. The glut is aggravated, too, by the liberation at the end of each year of about 20,000 young people from the primary and secondary schools who all want openings in industry and the professions, or on the land—a grave question in itself.

The problem, then, which faced the Ward Government when it came into office was a real one, and the demand for a remedy is insistent. Not having been able to hold a full Cabinet meeting until the middle of January, Sir Joseph Ward could in the meantime merely reaffirm his election pledge that he would tackle the question and seize the first opportunity to study it and prepare a policy. It was clear that as an immediate expedient work must be found by the State for a large number of men. The question was how and where. For the moment the qualms of Labour were soothed by the assurance of Mr. E. A. Ransom, the Minister of Public Works, at Christ-

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church, "That it was not desirable that men should be employed at less than the standard rate of wages."* A few days later his chief, replying in Wellington to a Labour deputation, declared his policy without, however, committing himself as regards the rate of wages to be paid.

What we are trying to do (he said) is permanently to absorb the men who make up the unemployed army during the winter months. I want to put as many men as possible on to new railway works without delay. We have about £10,000,000 worth of railways in prospect. I want to put the floating section of the population into work as soon as possible. I want within the next week or ten days to find work for 1,000 men or more.†

He added that he would be much surprised if the Government was not able to put 10,000 to 15,000 men to work on the proposed new railway lines; and suggested that the Highway Board, which had £1,000,000 available, should start at once on new road works. The offer of work under the Government at 14s. per day and accommodation, together with shorter hours very soon, however, had a harmful effect on the outlook of private employers. Within five weeks, according to Mr. Ransom, 3,000 men had been found employment on relief works, but the farmers, especially in the south, were already complaining of difficulty in obtaining hands for their harvest.

It is not (the *Otago Daily Times* remarked on February 8) really so very surprising that (as was complained at the executive meeting of the New Zealand Farmers' Union) men are leaving the employment they had secured in order to enjoy the benefit of the terms upon which the Government has undertaken to provide work for the unemployed.

And the *Evening Star* (Dunedin) a few weeks later referred to "repeated complaints by farmers of their inability to get farm workers."

The old policy of dealing with unemployment, adopted

* *Evening Post*, January 29, 1929.

† *Evening Post*, February 2, 1929.

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sixty years ago when the provinces had to do these things for themselves, was for the Government always to offer a lower wage for relief work than the current wage in private employment, the object being to avoid competing with the private employer or tempting the worker to remain with the Government instead of going into the ordinary labour market. Whether the Government will find a satisfactory solution of the difficulty as readily as it hopes remains to be seen. It has always been found hard to stand out against the demand of the trade unions that the Government should pay as high wages as the private employer. Sir Joseph Ward is thoroughly optimistic. Speaking to the Manufacturers' Federation of New Zealand at the end of February, he said :—

Unemployment as it existed at the present time could not be allowed to go on. What the Government was shaping for—and he did not think he was boasting if he said that the Government would do it if it were allowed to do so—was to complete the railways that should be completed and to bring about a system of land settlement whereby men who were unemployed would be able with government assistance to establish themselves on the land—on small holdings—and permanently remove themselves from the itinerant ranks of excess labour.*

Incidentally it should be mentioned that the new Government has decided, after mature consideration, not to call another industrial conference similar to the one which sat a year ago. During the short session of Parliament in December the Labour party asked Sir Joseph Ward to consider favourably the advisability of resuming that conference in 1929. Sir Joseph then replied that he recognised the importance of the conference and would take time to consider the matter.†

It is now stated by Mr. Veitch, the Minister of Labour, without comment, that the conference will not be reconvened.

* *Evening Post*, February 27, 1929.

† Parliamentary Debate, December 13, 1928.

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Land for the People

If unemployment is the pressing problem at the moment, it looks as if the Government will stand or fall in the long run according to its success or failure in dealing with the larger problem of the land. The position in New Zealand to-day is not very different from that which the Ballance Government encountered when it came into office in 1891. The analogy is, at any rate, being freely referred to by the Liberal press. The demand for land for settlement is certainly no less insistent now than in 1891, and the difficulties in the way of a solution are just as formidable. Owing partly to financial troubles during and subsequent to the war, it has become more and more difficult for a man of small means to acquire land for farming. Twenty years of prosperity, with constantly rising prices culminating in the final welter of the war period, hoisted land prices far above what in our soberer moments we now recognise as the productive value. Impelled by the popular demand to settle the soldiers returning from Europe, the Government was forced to purchase estates, and did so at prices which proved too high. Many of the soldier settlers placed upon these subdivisions had no experience of farming; others were experienced farmers. Men of both classes met with disaster. Some of them were protected for a time by the moratorium, but the decline in the price of produce, and the lack of capital to work the farms so dearly purchased brought a large number of the soldier settlers face to face with bankruptcy. On the whole, it must be said that the Reform Government and Parliament treated these settlers with sympathy and generosity. Valuations were revised in their favour with a liberal hand; but such expedients could save only a proportion of them. Others had inevitably to walk off their farms, just as they had in every country which sought, with the best will in the world, to do justice and give a chance in life to the men who had fought for its freedom.

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Meanwhile, many of the holdings were deteriorating owing to the inability of the farmers to supply the requisite labour and top-dressing to keep them in heart. There is no doubt of the tendency in some districts for holdings to aggregate in the hands of the wealthier landowners. Yet there is evidence in the statistics of production and export* that the country as a whole has become more productive though the acreage is practically the same. An investigation which has just been completed by economists of the Agricultural Department establishes some comforting facts in this connection.

Between 1901 and 1927 the total area of grass land farmed in New Zealand increased by 11·7 per cent. By reducing cattle to their sheep equivalents, it is estimated that the total number of sheep units carried on the grass lands has increased in the same period by 69·7 per cent. The stock-carrying capacity of the grass lands has increased by 51·8 per cent. and the total production of meat, wool, dairy produce and fats from the grass lands has increased 136·7 per cent.† These facts redound to the credit of the New Zealand farmer, for it is common knowledge that the tenants of very many farms were unable to invest more in them than their own hard labour.

The Need of Smaller Farms

The crux of the problem to-day is to provide farms for hundreds of young men who are waiting in vain for the chance of earning a livelihood on the land. This is a phase through which New Zealand, like other young countries, has passed more than once. Years ago its young men went to Canada, Australia and Patagonia in search of land. To-day a certain number are going to Argentina, and many others remain in New Zealand sick with the deferred hope of getting farms of their own. Practically the whole of the better cultivable land in the Dominion is

* See THE ROUND TABLE, No. 72, September 1928, p. 905.

† *Evening Post*, January 10, 1929.

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already in occupation. One trouble is that many of the holdings are larger than is consistent with the greatest economic benefit. The need is for a reduction in the average size of the holdings. There are two obvious ways of bringing about a remedy: First, the purchase of private estates by the Government for subdivision; and secondly, severe taxation of large estates to induce the owners themselves to subdivide. The latter expedient is not popular, and the former must be approached warily by any government when the prices at which much of the land is held are considerably in advance of its productive value. The campaign policy of the United party, stated by Sir Joseph Ward in his opening speech at Auckland, provided for "closer settlement upon more liberal conditions and the prevention of aggregation. Acquisition of estates, voluntary if possible, but where compulsory, owners to be paid by government bonds."

With so many shades of opinion in their own ranks, the Government cannot be blamed for taking time to consider the matter maturely. Mr. S. W. Forbes, the new Minister of Lands, is peculiarly fitted to enunciate and carry out the policy of the United party. As a young man he was fortunate enough in 1893 to draw one of the sections at Cheviot, in Canterbury, which was the first estate compulsorily taken over by the Liberal Government in the early months of the Ballance regime. He has farmed there successfully ever since, and knows as well as anybody the possibilities of closer settlement. To improve his knowledge of the position as it stands to-day Mr. Forbes convened a conference of the heads of his department in Wellington, and afterwards undertook a wide tour in parts of the Dominion with which he was less familiar. He returned from the North "satisfied that there was something to be done,"* and later he outlined his policy at Dannevirke:

We must (he said) recognise that if this country is going to

* *Evening Post*, January 23, 1929.

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progress we must have more settlement on the land. There is no other solution to our unemployment than increasing the number of people on the land and increasing production. One has only to travel to know that there is a considerable amount of land that is capable of improvement and of settlement. There are enormous tracts of land that want developing. In the country there is undoubtedly more room for population. I believe that one of the great faults in New Zealand to-day is that the people have too much land, not too little, and I believe that our troubles and weaknesses are due to that. As a practical farmer I can see many farms that are not pulling their weight. I am certain that the country can carry two to three times as many people on its farm lands if properly used. There is no doubt that in regard to closer settlement we have got to tackle the problem and deal with it as expeditiously as we can. At the present time the Government is looking for good land because we are out for closer settlement. We are not going to buy big sheep lands and cut them up into smaller farms. Dairying will give better results. What I am aiming at in regard to settlement is to increase the number of men on the land and along with that to increase production. You can do that by cutting up land that has been carrying sheep and putting dairy farms on it. The Government (he added) did not want to use harsh measures, but if men wanted to stick to large areas the time would come for the Government to tackle the matter. They would do their best by friendly co-operation, but if necessary they would take other means.*

The view of the land proposals taken by the Reform press, if not actually unfavourable, is at any rate sceptical, but the Government press acclaims them with unanimity as a resumption of the old policy of Ballance and John McKenzie. The *Evening Star*, Dunedin (February 14), may be quoted as a sample of Liberal comment :

The older generation can readily call to mind what a wonderful impetus was given to New Zealand by the first closer settlement policy in the nineties. It has run down. . . . The present Government recognises it, but is determined to revive it in another form. . . . There may be the danger of inflation of land values on the entry of the Government as an insistent purchaser, but surely some way will be found to prevent a repetition of past mistakes.

* *Evening Post*, February 13, 1929.

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And again we read in the *Auckland Star* (February 15):—

The aggregation of great holdings of land well adapted for close settlement is still a serious bar to the Dominion's progress, and we may expect Mr. Forbes and his colleagues to deal vigorously with this problem in accordance with our best Liberal traditions.

Less Government in Business

Business interests in the towns, after many protests and long consideration, are believed to have voted fairly solidly against the Coates Government in the hope that a change would give them some relief from the continuance of war-time restrictions and the constant encroachments of the State and municipalities in the domain of business. In spite of the slogan which heralded his return to power in 1925—"More business in government—less Government in business"—Mr. Coates rather increased the objectionable restrictions than removed them. Sir Joseph Ward comes into office, however, definitely pledged to the slogan, and the good will of the business world will depend very much on his success in living up to it. He has already been fêted and dined by a variety of organisations interested in securing freedom for business, and has repeated the assurances of sympathy which as a business man he naturally entertains for them. The demand for a tariff board came early, from the Manufacturers' Association. The reply, as might have been expected at this early stage, was non-committal:—

The Government (said Sir Joseph) wanted to co-operate with the manufacturers in securing such a tariff as would best promote the interests of the whole country and encourage the whole of the Dominion's industries, but he did not believe that New Zealand could go in for anything like a high protection. He believed that the interests of the manufacturers and farmers and the general public of the country were so intertwined that they needed to exercise judgment and fairness in every way. He was in favour of producing in New Zealand everything that New Zealand industries could produce, but, in his opinion, no government, whether in power to-day or any government that might be in power in the future

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could say that it was going to develop an out-and-out protectionist tariff.*

Another vexed question, which has grown at an alarming rate in recent years, is the cash order trading system, a species of instalment selling which many traders regard as vicious, subversive of proper credit and liable to induce extravagance. The reply to early representations on this subject was cordial, and the Government lost no time in instituting an inquiry to enable it to legislate, if necessary, on sound lines. Mr. Cobbe, the Minister of Industries and Commerce, has been engaged for some time in taking evidence in the chief cities.

On the general question of State and municipal interference with business, Sir Joseph made a considered statement to a delegation from the "1928 Committee," which was created to express the grievances of the business community. He said that he was satisfied that many of the business people in New Zealand had been suffering encroachments from one source and another that were not in the best interests of the community. He might without any impropriety point to the incongruity of a man in business paying all the taxation that was going while some State department close by in the same line of business paid neither income tax nor land tax, and traded on cheap State money. No one could make him think that in any of the cities of New Zealand it was a fair thing for municipalities to compete against ratepayers in their own town, when the municipalities paid no licence, no income tax, no land tax, and no rates on the premises they occupied.†

The Ministry of Transport

The new Ministry has not hesitated when occasion has offered to seize upon attractive parts of the policy of its predecessors. A case in point is the creation of a Ministry

* *Evening Post*, February 27.

† *Evening Post*, February 21.

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of Transport which was foreshadowed by Mr. Coates in his railway statement in 1927. That project Sir Joseph Ward has lost no time in putting into effect. When Mr. Veitch was selected for cabinet rank it was assumed in some quarters that, having been a railway servant in his early days and always a keen critic of railway administration, he would be given charge of that important department. He was instead given labour and mines. He has now also assumed the portfolio of transport. The new department can scarcely be compared in importance with the department of the same name in Great Britain. In New Zealand harbours are administered by strong local bodies which jealously guard their prerogative. There are no canals. The railways are owned by the State, and controlled by another Minister. The transport Ministry is therefore practically restricted to the control of motor traffic. Not that this will be by any means a sinecure. Motor traffic has come so rapidly into prominence in New Zealand, and has been so much fostered by the expenditure of vast sums of money on the improvement of the highways, that to-day very powerful vested interests are concerned, and the State is on the defensive in protecting the railways against motor competition, and the roads against undue wear and tear.

A Bountiful Season

The stars in their courses seem to be working for the success of the new Government. The season has been an exceptionally good one, and there are substantial grounds for Sir Joseph Ward's optimism. In a speech at the Hutt on March 14 he said:—

I would ask the people to suspend judgment until the end of the financial year. My belief is that as far as business, employment and exportation figures are concerned, the coming year is going to be the most successful that New Zealand has ever experienced. It is going to be good for the man on the land, and it is going to be good for the man in the towns. That is my firm belief.*

* *Evening Post*, March 15.

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For the calendar year 1928 the exports from New Zealand were valued at £56,188,481, which is a record for the Dominion. For the first two months of 1929 also the rate of output has been splendidly maintained, the value exceeding eight millions for each month. There is generally an excess of exports over imports at this time of year, as the produce season is at the flush, and the heavy imports for the Christmas trade have already been accounted for. Still, the very fine figure of £8,000,000 for the value of exports for the month of January and of £8,500,000 for the month of February, is a matter for congratulation. The season for dairy produce is still well maintained, and there will again be heavy exports of butter, meat and wool during the month of March.

II. MORE ABOUT SAMOA

UNFORTUNATELY it is not yet possible to omit from the New Zealand article any reference to the vexed question of Samoa. Forbidden to return to Samoa, Mr. O. F. Nelson has taken up his residence in Auckland, where he continues an active controversy in defence of the policy which, in the opinion of the late Administrator, the late Government, the Royal Commission and the Mandates Commission of the League of Nations, was responsible for the unrest and passive resistance of the Samoan natives. Mr. Nelson left Samoa calling on the natives to stick to the Mau, in which case they must, he said, win through, and to-day, from a favourable position at Auckland, he issues frequent criticisms of the administration which can only serve as further incitements to the Mau to continue their opposition. Meanwhile the rhinoceros beetle and the weed grow apace in the plantations, the revenue of the territory has shrunk alarmingly, and the native children throughout the affected region are being kept away from the schools and medical

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service provided for their benefit at the expense of the New Zealand Government.

It was natural that the Samoan malcontents should expect some profit for themselves from the change of government in New Zealand, and their partisans did not hesitate to encourage that belief. Before the change the chief officers of the administration had already been changed. The charge of the department in New Zealand had been transferred from Mr. (now Sir William) Nosworthy to Mr. Coates himself; Mr. Gray, the secretary to the Department, and the Administrator, Sir George Richardson, had retired, and a commission of leading members of the New Zealand civil service was actually in Samoa inquiring into the administration of the service there. It was natural that the Mau should feel that the victory promised by Mr. Nelson would finally come their way.

The new Government took the earliest opportunity of considering the question of Samoa. Unlike the Labour party, which during the debates of the last year or two was the official Opposition, the United party had not taken up any position of rabid opposition to the Government in power. It had generally, indeed, withheld its criticism. It regarded the care of Samoa as a duty incumbent upon New Zealand and was apparently satisfied that the Government of the day—though possibly tactless—was doing its best to fulfil a thankless task for the sole benefit of the Samoan people. Having taken up this attitude, Sir Joseph Ward and his Cabinet had nothing to undo. They were not committed to any course of action except to do what they thought best when the responsibility was transferred to their own shoulders. Sir Joseph then lost no time in declaring that on the main question of who was to govern Samoa, the new Government stood on the same ground as the old.

The Government wish (he said, defining his policy last February) to make it plain that they cannot tolerate or negotiate with any

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movement that is openly subversive of good government in the territory. The Samoans must understand that any failure to obey the law will be punished, and that the Government must act rigorously in this direction should future events unhappily render it necessary. His Excellency the Administrator and the New Zealand Government are anxious to bring to an end the dissension in the territory, and immediately those Samoans who are members of the Mau have the good sense to cease their attitude of passive resistance and to abandon their refusal to pay taxes, His Excellency and the Government will be prepared to consider any representations in a generous spirit. The Government earnestly trust that wise counsels will prevail and that all who have the true interests of Western Samoa at heart will assist in pointing out to the Mau the path of wisdom and of honour and the disastrous consequences to Samoa of a continuation of their present attitude.*

Tamasese, a young Samoan chief with a great name, who in his own person is the native leader of the Mau organisation, was some time ago imprisoned for resisting lawful arrest, and sent away to Auckland to undergo a term of imprisonment. In the Supreme Court there, on February 21, Mr. Justice Blair dismissed an application for a writ of habeas corpus, holding that the New Zealand Government was fully empowered under the mandate to administer the territory of Western Samoa as an integral part of New Zealand. These proceedings, the fulminations of Mr. Nelson, and a public meeting in Auckland at which inflammatory speeches were made by New Zealand partisans, served further to incite the supporters of the Mau. Meanwhile, the New Zealand Government received the report of the civil service commissioners. Though matters of policy are not involved in the report, the document is a very depressing one, embarrassing to the New Zealand Government, and tending to encourage the malcontents to believe that their own complaints were justified. The main points in the report may be gathered from the following extracts:—

The absence of any definite system of recruitment has necessarily led to a type of official of a lower grade than we are accustomed to in New Zealand; the service has for a long period been cut off from

* *The Dominion*, February 2.

More About Samoa

contact with the New Zealand one, and has inevitably deteriorated; the direction of the various departmental services has fallen into the hands of men without adequate training and experience; the enervating effect of the tropics also cannot be ignored. Many officers have served in Samoa for too lengthy a period. The financial position of the territory is unsatisfactory. From the inception the revenues have been insufficient to meet the expenditure, and the New Zealand tax payer has been called on to find substantial grants in aid. On March 31, 1928, New Zealand had contributed financial assistance to the extent of £212,000 to the mandated territory. A further burden carried by New Zealand is the cost of the new vessel, *Mau Pomare*, approximately £54,000. In addition, a large amount has been contributed indirectly. A borrowing policy has resulted in the growth of a public debt from nil in 1920 to £173,200 at September 30, 1928, thus imposing on an already overloaded budget an annual burden of approximately £12,500. The results of this policy are to be seen in native village water supplies, paved roads, and other public works, but its reflection in the national wealth of the territory is not so clear. The non-payment of native taxes arising out of the Mau movement has meant raising loan funds to meet further revenue deficiencies.

A considerable reduction in the expenditure on education has already been made, but the committee suggest, if the Mau movement and non-payment of taxes continue, temporarily closing all schools other than the white school at Ifi Ifi. The native department is not an efficient instrument. In the present state of affairs the part-time village and district officials, with few exceptions, are practically useless. In many cases salary is being paid to native officials who, though quite able to perform certain duties, are neglecting to do so. Insufficient attention has been paid to the control over expenditure, and the economic result of many activities has received little, if any, consideration. If difficulty continues in the payment of native taxes, the question of further reduction in the services to the natives should be reviewed.

The unanimity of the New Zealand press in supporting the Government in its efforts in Samoa is a pleasing feature. So far from showing any disposition to make political capital, the papers are rather concerned about the responsibility which rests upon the Dominion of carrying through a task which it assumed purely out of a high sense of duty. In the words of an independent journal, the *Evening Post* (February 21):—

The only point we would emphasise is that New Zealand should

New Zealand

be faithful to its trust even if it costs more than it has done hitherto.

The Liberal *Auckland Star*, which has taken a critical interest in the affairs of Samoa, deplores the findings of the commission, but it makes no suggestion of withdrawal. It repeats a proposal put forward some years ago that New Zealand should either borrow some officials from the Colonial Office or else find men in New Zealand with experience of tropical countries. The *New Zealand Herald*, a strong supporter of the Reform party, is emphatic that New Zealand must persevere :—

Samoa has cost this country a great deal. Accepting the mandate as a duty, New Zealand undertook financial responsibility in the matter of assisting the Samoans to reach eventually the independence intended by the system of mandates. Primarily, the responsibility was accepted as a matter of high duty. Yet, in the interests of the territory itself, as well as of New Zealand, it is highly desirable that money should not be wasted, and that at the earliest possible moment Western Samoa should be self-supporting. There can be no wish to abate activity on behalf of the welfare of the Samoans. No one wishes anything less to be done for them in, say, matters of health and education. New Zealand's hand has been put to the plough, and there must be no looking back.

The only hint at withdrawal from the mandate in favour of Great Britain is in a Reform paper, the *Christchurch Press*.

The report will (the paper said on February 22) renew in many minds the doubt whether we can, with profit to Samoa, and without undue expense and trouble to the Dominion, continue the administration of the territory. It is the merest accident that the mandate came to New Zealand, whose pride and interest are not really engaged at all. The transference of the mandate to Great Britain is a matter of negotiation. And since Great Britain has a corps of civil servants specially trained and very competent to manage backward races, it would be of advantage to Samoa and to New Zealand if the mandate could be transferred.

The new Government shows no sign of flinching. On the contrary, while adopting the recommendations of the

More About Samoa

commissioners, it has repeated its declaration that the law must be enforced. It must be admitted that New Zealand's problem in Samoa is one of extreme delicacy and difficulty. Though childlike and simple, the Samoans have a record of intrigue extending over fifty years, and they are sophisticated enough to make use of political parties in New Zealand to gain the ends which are dictated to them by their advisers, whether native or European. The Samoans have never had a more benevolent and efficient government than under the mandate, but the fomenters of trouble will not permit them for a moment to forget the adage that good government is no substitute for self-government. The very remoteness of the Colonial Office and of the British electors from the inhabitants of Britain's tropical colonies may be factors of incalculable advantage in the government of backward peoples.

New Zealand,
March 26, 1929.

THE HILTON YOUNG REPORT : SUMMARY OF RECOMMENDATIONS

MAIN REPORT

CONSTITUTIONAL CHANGES

A. Preliminary Step (to be taken immediately)

A High Commissioner should be appointed for Kenya, Uganda and Tanganyika with executive powers, his special functions being :—

- (a) To inaugurate enquiries and joint discussions on questions of native policy as indicated in the annexure to Chapter VI, Part I.*
- (b) To promote unified control of certain services of common interest, and to settle on a fair basis any immediate causes of dispute or difference.
- (c) To discuss locally and work out the arrangements for introducing the modifications proposed in the constitution of Kenya.

B. First Stage of Definite Plan

The results of the preliminary enquiries carried out by the High Commissioner should be reviewed by His Majesty's Government, and if then thought fit the post of Governor-General of Eastern Africa should be created in place of the appointment of High Commissioner. The Governor-General is to be a link between the Secretary of State and the local Governments, and for this purpose the plan includes changes of organisation both in Africa and in London.

Organisation in Africa

1. The Governor-General should exercise, so far as these can be delegated to him, the functions of supervision and control now exercised through the Secretary of State, and should be endowed for this purpose with executive powers and with control over legislation, but these powers and control should be exercised only for certain purposes which would be conveyed to him in his instructions.

2. The principal duties of the Governor-General will be :—

- (a) To secure Imperial interests and the proper discharge of the responsibilities of His Majesty's Government.
- (b) To hold the scales of justice even between the various racial communities.
- (c) To co-ordinate services of common interest.

(The most important duty of the Governor-General under heads (a) and (b) above will be to "direct the course of native policy and to supervise its working.")

3. The Governor-General should work with the following bodies :—

- (a) For general purposes.

* The references are to the Hilton Young Report.

Summary of Constitutional Recommendations

A small advisory Council comprising officials and non-officials of all three Dependencies.

(b) For services of common interest.

(i) *Transport*.—An inter-Colonial Advisory Railway Council for the three Dependencies organised on the same lines as the existing Railway Council of Kenya and Uganda.

(ii) *Customs*.—An inter-Colonial Customs Council organised on the same lines as the Railway Council.

4. During the preliminary period and the first stage the status of the three Governors is to be affected as little as possible. They should retain the title of Governor and their present rates of pay, and should continue to be, for all practical purposes, the King's representatives in their own territory.

Organisation in London

5. The Secretary of State should have available :—

(a) For consultation on matters of policy in Eastern Africa (including Zanzibar) and Central Africa a small Advisory Council. The membership of this Council should be from five to eight, and the members should be paid.

(b) A Finance Committee and a Transport Committee, or possibly a joint Finance and Transport Committee, of which the Financial Adviser to the Secretary of State and the Transport Adviser (if any) would be members. The Chairman (or Chairmen) of these Committees should sit on the General Advisory Council.

6. To assist in the further consideration of policy periodical Conferences for the Dependencies in Eastern and Central Africa should be held in London and should be attended by official and unofficial delegates.

7. For the information of Parliament on the course of affairs in Eastern and Central Africa Annual Reports should be prepared by the Governor-General, and by the Governors of Nyasaland and Northern Rhodesia, and published as a Parliamentary Paper with the comments of the East African Council.

C. The Legislative Councils of Kenya, Uganda, and Tanganyika

1. No changes are needed at present in the Legislative Councils of Uganda and Tanganyika.

2.* Simultaneously with, or subsequent to, the creation of the post of Governor-General, the following change should be introduced in the composition of the Legislative Council of Kenya (see Chapter VIII) :—

Four of the official members of the Legislative Council should be replaced by four unofficial members nominated to represent native interests (in addition to the missionary already appointed for this purpose).

3. No further change is recommended at present in the composition of the Legislative Council of Kenya, but it is contemplated that at later stages

* The Chairman dissents from Recommendations C. 2 and 3 to the extent stated in his Additional Recommendations.

Summary of Constitutional Recommendations

there will be a progressive increase in the representation of native interests, and a progressive diminution in the proportion of official members.

4. Consideration should be given to the replacement of adult franchise in Kenya by a franchise depending on a civilisation qualification. The nature of the tests to be imposed should be a matter for enquiry by the High Commissioner in discussion with the Government of Kenya and representatives of the unofficial communities.

5. The changes which the new franchise qualifications would effect in the respective numbers of European and Indian voters should be made clear to the leaders of both communities, and the High Commissioner should endeavour to induce them to come to an agreement on the question of election on a common roll.

6. Concurrently with the changes proposed in the composition of the Legislative Council of Kenya the Governor-General should be given special power to enact legislation and to secure supplies which he regards as essential for the discharge of his responsibilities, contrary to the vote of the majority of that Council.

D. Local Government.

Institutions of local and municipal government should be vigorously developed both in settled and native areas.

E. Future Developments

The working of the whole of the arrangements set out above should be reviewed after a period to be fixed in due course by the Secretary of State.

It is contemplated that the exercise of central direction by a Governor-General will lead to the establishment of a Central Council with power to legislate in respect of services of common interest, and with a central revenue (see Chapter XI).

CHAIRMAN'S ADDITIONAL RECOMMENDATIONS

The Legislative Council of Kenya.

1. As an alternative to the proposal contained in Recommendation C. 2 on page 290, the following proposal is recommended and should be discussed by the High Commissioner with the local communities in Kenya:—

(a) The number of the official members of the Legislative Council should be reduced from nineteen to nine, and the number of additional nominated unofficial members recommended in Chapter VIII, page 187, should be increased from four to seven.

(b) Of the eight nominated unofficial members three should be nominated to represent the interests of the whole community and one of these three should be a member of the Indian community. The remaining five should represent the interests of the natives.

2. Should it be found necessary to increase the number of European constituencies, that number should in the first place be increased from eleven to thirteen, the number of official members being increased from nine to ten and the number of elected Indians from five to six.

3. The appointment of one of the unofficial members as an executive Minister should be contemplated forthwith by way of an experiment.

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF THE BRITISH COMMONWEALTH

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A FRESH START IN INTERNATIONAL AFFAIRS

I. A GLANCE BACKWARDS

THE transformation of the international situation which has taken place in the last six months is almost as complete as that which has occurred in Great Britain after the general election in May. Though there have been, as yet, no sensational results in the political sphere—indeed no such results are likely—the centre of gravity in the politics of the world has already profoundly altered. The nature of this change can best be judged from a brief historical retrospect.

The Washington treaties which purported to put an end to the competition in building between the naval Powers on the basis of the “parity” of the British and American navies, and the 5 : 3 : 1·67 ratio for these two Powers, Japan, and France and Italy respectively, and which settled satisfactorily the problems of the Far East, had been concluded in 1922. Three years later, in 1925, the Locarno treaties put an end to the bitter discord which had led to the occupation of the Ruhr, and gave Europe a fresh start towards reconciliation and peace on the basis that war between Germany and her neighbours was to be entirely renounced, that Germany was to become a member of the League of Nations and to settle her disputes with her neighbours only by arbitral or League methods, and that Great Britain and Italy were to guarantee the integrity of the demilitarised Rhineland. No basis of political relation-

A Fresh Start in International Affairs

ship between the United States and the League Powers had been found, but these treaties seemed to provide a foundation upon which further progress towards disarmament and international unity could be built.

Then gradually there came an estrangement. In 1927 the conference called at Geneva by President Coolidge to extend the Washington limitation to cruisers, destroyers, and submarines broke up in failure. By the following year it had become clear that the Locarno spirit had vanished; the evacuation of the Rhineland hung fire, the reduction of Allied land armaments to a level nearer to the limits imposed on Germany failed to materialise, and the relations between Italy and France became difficult. The marked drop in the international barometer was strikingly revealed in September last over the so-called Anglo-French naval compromise—a proposal which seemed to imply a close Anglo-French entente to perpetuate the military preponderance of France in Europe and to present a common front against the American proposals for a solution of the naval problem.

It will serve no useful purpose to-day to try to apportion blame for this steady deterioration in the relations between the world's chief Powers. The storm which was aroused by the draft Anglo-French compromise is irrefutable evidence that things had gone badly since Washington and Locarno. The root causes were two-fold. On the one side, neither Great Britain nor the United States had thought out or were prepared to accept the political consequences of naval parity. On the other side, Great Britain had insensibly abandoned her independence and her position as a mediator between France and Germany in Europe, and had gradually subordinated her policy to that of France, whose policy, not unnaturally, was principally concerned with maintaining her own power to prevent a rapidly recovering Germany from obtaining a position of equality in Europe and re-opening the settlement of Versailles. The detailed history of this period has already been set

A Glance Backwards

forth in these pages in an article entitled *A Plea for an Independent Foreign Policy*.*

The tremendous dangers implicit in this situation have now been swept away by events in the United States and Great Britain. In August last—simultaneously with the beginning of the commotion over the Anglo-French compromise—there was signed in Paris the Pact of Paris, better known as the Kellogg Pact, a treaty whereby practically all the nations of the world renounced war altogether as an instrument of national policy and undertook to settle their disputes only by pacific means. This treaty will probably play a vital part in the future movement for the prevention of war. Its immediate significance, however, was that it made a breach in the political isolation which had existed between the United States and the rest of the world since the rejection of the Covenant of the League by the Senate in 1920, by uniting her with the other signatories in a common agreement to renounce war. This treaty was ratified by the Senate early this year, in the same week that Congress passed a Bill for the construction of fifteen new 10,000 ton cruisers in order to give the American navy technical parity with the British navy. In April President Hoover, speaking through Mr. Gibson at Geneva, proclaimed the desire of the United States not merely for a limitation, but for a reduction of naval armaments, and proposed a new and flexible "yardstick" whereby the relative strength of navies could be more easily measured than by the rigid mathematical formula which had hitherto held the field. In June a Labour Government replaced the Conservative Government in London, and it immediately, through the MacDonald-Dawes conversations, responded to President Hoover's advances in the most cordial way, and announced, in the debate on the King's Speech, that it considered that the Rhineland ought to be evacuated without further delay. A week or two later the reparation experts announced their agreement on the "Young Plan" for dealing with repara-

* See THE ROUND TABLE, No. 73, December 1928, p. 1.

A Fresh Start in International Affairs

tions and inter-allied debts, though acceptance of the "plan" by the Governments concerned is still doubtful.

In place, therefore, of the menacing situation which existed in 1928, the way is now comparatively clear for a fresh start. It is obvious that the Washington and London Governments, backed by the public opinion of their respective countries, are determined to find a solution of the naval problem on the basis that war between the two halves of the English-speaking world ought to be ruled out of calculation as completely as it has been between Canada and the United States for the last hundred years. It is no less obvious that the period during which the British Foreign Office thought that the peace of Europe could be best furthered by supporting a French preponderance in Europe is also at an end. The Labour Government will, it is clear, return to that independent policy of arbitration, security, and disarmament which it followed in 1924. In this connection Mr. Arthur Henderson's remarks at Brussels in August 1928 may perhaps be taken as significant:—

Four years ago in Geneva (he said) the Fifth Assembly of the League of Nations, under the leadership of two great Governments of the Left, drew up a document known to history as the Geneva Protocol. It laid down that Governments should take all their justiciable disputes without exception before the Permanent Court of International Justice at the Hague. It provided arbitration in the last resort for other disputes, which the Council of the League was not able to settle by agreement. It provided for effective preventive action whenever there was a threat of war, action to be taken—and note the vast importance of this point—before hostilities actually broke out. Then it also provided for disarmament, for the reduction and limitation of all national forces by international treaty, and it laid down that without such disarmament, before such disarmament has been agreed upon and carried out, no part of this system of the Protocol could come into force.

The Fifth Assembly, in short, made for the first time a full answer to the unsolved problem of international war. It provided a complete mechanism, a complete law, for the establishment and maintenance of peace.

Until there is true security among the nations—not security

The Basic European Problem

merely against defeat, or security of one nation at the expense of all the rest, but security of all nations against all war—until there is such true security as this, the international institutions which have been created can never develop as they should. Moreover, the Governments can never co-operate as we intend they should co-operate, in building up the common prosperity and welfare of mankind.

To say, however, that the international situation has profoundly changed in the last six months is not to say that its problems have been solved or that they are easy of solution. The problems which lie ahead, the Anglo-American difficulty, economic reconstruction, the general question of disarmament, the organisation of peace and the prevention of war, are immensely difficult to solve, far more difficult perhaps than is generally understood. What has happened in the last six months is that a method of approach which would never have solved them, which might, on the contrary, have led to further and even more dangerous complications, has disappeared, and a new and more hopeful method of approach has taken its place.*

II. THE BASIC EUROPEAN PROBLEM

IT is not the purpose of this article to attempt to put forward solutions of the many practical problems which confront the Governments of the day. One and all, however, hinge upon the question whether war is to continue to be, in the future as in the past, the ultimate court of appeal for nations when they cannot achieve their ambitions, redress their wrongs, or satisfy their needs by diplomatic means.

Let us consider the European problem first. Europe has been stabilised in the past in one of two ways, either by the military preponderance of one Power or group of Powers, a preponderance which sought to make it useless or too

* It is impossible to discuss the Reparations problem in this article as the Hague Conference has only just assembled as *The Round Table* goes to press.

A Fresh Start in International Affairs

dangerous for any other Power to try to achieve its purpose by war, or else by the balance of power, a system which brought two or more groups into existence which were so nearly equal in armaments that it was hoped that neither would attempt to try conclusions with the other in war. The peace of Europe has been preserved for short periods of time by both these means, but never for very long, for they were based on force, not justice, and on competitive armaments, which invariably end in producing war; and because war was, in fact, the only way in which political changes made necessary by progress and change in other fields could be effected.

The alternative to peace by preponderance or peace by the balance of power is the system, already in force nominally but not yet in fact, established by the League of Nations and the Peace Pact: that is to say, a system under which the settlement of international problems by war is renounced and prevented, and machinery is created whereby they can be solved by an appeal to reason and justice. The outward and visible signs of such a peace system exist. There are the obligations which nations have assumed under the Briand-Kellogg Pact not to resort to war; there are the obligations which nations have assumed under the Covenant and the Bryan treaties to allow international investigation and report about their disputes before they resort to war; there are the obligations upon members of the League under the Covenant to take economic sanctions against any nation which resorts to war in violation of the Covenant; there is the Court of International Justice at the Hague for the settlement of "justiciable" disputes; there are the Locarno and the various arbitration treaties; and the good offices of the Council and Assembly of the League are available for the pacific solution of political questions.

But the inward realities are different. If the nations of Europe really trusted the League system they would universally reduce their armaments to the level necessary

The Basic European Problem

for police purposes, and they would undertake to use their reduced armaments as the instruments for preventing resort to war and not as the instruments of national policy. But, in fact, there is at present a complete preponderance of military force in the hands of France and her allies. While the German army is limited to 100,000, the armies of France, Poland, Czecho-Slovakia and Yugo-Slavia, according to the armaments year-book of the League of Nations for 1928-29, consist of 617,533, 253,824, 127,012, and 107,541 officers and men respectively, while the Italian army is 251,270. In other words, the security against war at the moment is the preponderance of France and her allies, not all-round disarmament, and the determining factor in deciding whether the treaties of peace shall be altered or any political change shall be made in Europe is the will of this same group of Powers, and not the judicial decision of the Hague Court or of arbitration courts or the public opinion of the world as expressed through the Council or the Assembly of the League of Nations.

These facts are recalled not for the purpose of denouncing France or any other Power, but simply in order to indicate the formidable nature of the problem to be solved. The existing system has the merit of corresponding more or less to the impalpable political facts which are the legacy of the war; but it manifestly cannot last, and it is always liable to be replaced by a state of affairs in which Europe will again be divided more and more into two equally balanced armed camps. The policy of Sir Austen Chamberlain was, on the whole, to support this system as conducing best to European stability at the moment. The policy of the Labour Government will be to alter it and to put disarmament, collective guarantees for security, and pacific procedure for the settlement of disputes in its place. But if this policy is to succeed it will not only be necessary to obtain the evacuation of the Rhineland and the equalisation of the armaments of France and her allies and of Italy to those of their neighbours, it will be essential to

A Fresh Start in International Affairs

prevent the development of a new balance of power through the equalisation of armaments upwards, by inducing all the European nations simultaneously to reduce their armaments to such low levels that collective guarantees against war or aggression will be effectual in giving security without being unduly burdensome and dangerous to the guarantors.

When Europe—including Italy, the Balkans, and Russia, as well as France and her Allies—has reached that point, a lasting alternative to the method of attaining a merely temporary peace either by a preponderance or a balance of military power will have been reached. It is truly a tremendous undertaking; but it is the only alternative to the gradual development of a new war. For the defects of the Versailles settlement will only be peacefully remedied and the ever-changing needs of Europe will only be peacefully satisfied if nations are prevented from trying to attain their ends by war, and so forced to resort to pacific methods instead.

III. THE ANGLO-AMERICAN PROBLEM

THE renewed Anglo-American negotiations have hitherto apparently been concerned entirely with the evolution of a yardstick by which the strength of navies can be justly measured and an all-round reduction made without altering the relative strength and security of the nations concerned. The data of the purely naval side of the problem have already been set out fully in this review.*

There should be no serious difficulty in the way of arriving at a yardstick by which the parity of the British and American navies can be tested, for governments and public opinion alike have ruled out war as a method of settling disputes between the two halves of the English-speaking world, and have in consequence ruled out naval

* See THE ROUND TABLE, No. 75, June 1929, pp. 448-58.

The Anglo-American Problem

competition also. The very idea of parity implies the renunciation of war, for no sane nation would be content with parity if it thought war likely: it would seek superiority by some means or other so as to ensure victory or at least the avoidance of defeat when the war came.

It will be much more difficult to agree upon a yardstick which will apply to the Japanese, the French, the Italian, and the German navies, partly because the ratio of strength of their respective navies is not yet agreed, as it is between the United States and Great Britain, and partly because it is not easy to define any yardstick which would enable the battleships of one navy to be balanced against, say, the cruisers, or destroyers, or submarines of another. The value of "tonnage and gunnage," too, is obviously affected by naval bases, dependence on overseas trade, vulnerability of trade routes, and so on. In their case also, as in the case of the navies of Great Britain and the United States, a solution will depend upon whether the parties can really rule out war as a method of settling their differences. If they can, almost any yardstick will suffice; if they cannot, a yardstick will be extraordinarily difficult to find, for no nation will accept a yardstick which does not give it security in the event of war.

The real difficulty in the Anglo-American problem, however, is not technically naval at all. There is no risk whatever of any "head on" collision between the United States and the British Commonwealth over any political or economic question. There will be difficulties and disputes, of course, but nobody has been able to point to any issue which public opinion on either side would feel it was justified in trying to settle by war or which could not be better settled by pacific means. The *only* risk to Anglo-American relations, the *only* reason why there has been any talk of competitive naval building, springs from the possibility of war breaking out somewhere else. For if war breaks out anywhere, in Europe or in the Far East, for instance, it will probably involve one of the two Powers,

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before it involves the other, and that immediately raises the old issue of neutral versus belligerent rights, the only issue which has ever seriously embroiled the two countries in more than a century of their history. The essence of the Anglo-American naval problem, therefore, is "What is to happen when war occurs in the rest of the world?"

It is often suggested that the solution, as Senator Borah suggests, is to define belligerent and neutral rights in time of war, or to distinguish between "public" and "private" war, or to permit the use of belligerent rights against neutral trade when dealing with an "aggressor" while denying to belligerents the right to interfere with neutral trade in all other circumstances. But, as has been repeatedly pointed out in these pages, none of these proposals solve the problem. The late war proved that it is no longer possible to distinguish between contraband and non-contraband, or between public and private property on the high seas in a large scale war. To try once again to make rules for the conduct of war, would not only be to pursue a road which has always led to failure in the past, but would be tantamount to an admission that the Kellogg Pact was useless, and that war was going to continue as before. It is the same with proposals which would distinguish public from private wars and would define an aggressor. Where is the authority to be found which will make a definition that will be accepted by the whole world, including the United States? Further, even if such an authority could be found, how is it possible for it to arrive at a decision quickly enough in the moment of crisis? Who, for instance, yet knows whether Bolivia or Paraguay was the aggressor in the recent dispute? "Automatic" tests, such as the refusal to arbitrate, generally fail to effect justice, and their adoption would simply mean that the purpose of future diplomacy would be to manoeuvre an opponent into a position in which he would be "automatically" in the wrong.

Nor would an agreement on the yardstick, by which Anglo-American naval parity or the ratio between other

The Anglo-American Problem

navies is to be tested, however complete, solve the fundamental difficulty of what is to happen when war breaks out anywhere in the world. The naval nations may be on the best of terms with one another, the ratios between their navies may be agreed, parity may be a fact, but if one of them should be drawn into an international conflict before the other, it would be bound to take action which would be detrimental to the trade and prosperity of the other. To-day the British Commonwealth is more likely to become involved in international complications than the United States, for its component nations are members of the League of Nations, and therefore bound under the Covenant to take common action to cut off trade relations with any violator of the Covenant. But, as recent events have shown, there are considerable possibilities of danger in the Far East, where the United States might become involved in trouble before Great Britain. There is, as Senator Borah clearly sees, no possibility of avoiding this issue. It is probably the right course to try to secure agreement about the yardstick as a first step. But, however complete the agreement about the size of navies, the real menace to Anglo-American relations will not be removed until the problem of war itself is dealt with. For war anywhere is liable to precipitate an Anglo-American crisis over the question of interference with trade at sea.

The only solution of this problem is to implement the Kellogg Pact with understandings or arrangements which will enable its principal signatories to consult and take common action together to prevent war whenever a situation arises which threatens the peace. If the signatories do this, they will, in nine cases out of ten, be able to prevent the outbreak of hostilities; in the tenth case it ought to be possible to localise hostilities, or at any rate to prevent them from causing the other Powers, and especially the naval Powers, to fight among themselves. To-day any minor nation has it in its power to precipitate an Anglo-American crisis by starting a local war. If the leading

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Powers make collective action to prevent war the first article of their foreign policy, they will anyhow have taken the most effective step that they can to prevent a local war from becoming a world war.

There is no need to require the signatories of the Kellogg Pact to bind themselves to take sanctions against an aggressor. It is not only extremely difficult in any particular case to decide who is the aggressor, but no nation will commit itself to take sanctions against other nations so long as they are armed to the teeth, for such an obligation amounts to an obligation to take part in a world war. Moreover, in the crisis, what matters is not a decision as to which side is in the wrong, but common action to prevent resort to hostilities. Once the great nations are serious in their determination to prevent hostilities, they will discover for themselves the best methods to use. The various proposals put forward in the Capper, Burton, Fish and Porter resolutions now before Congress, which would enable the United States to place an embargo on the export of munitions or other things to belligerents, indicate the way in which public opinion is coming gradually to consider what steps can, and should, be taken for the prevention of war. Nor is there any need for every nation to assume responsibility for the settlement of international disputes in every corner of the world. The prevention of war is a primary interest of every nation, because any war may, as we have seen, precipitate quarrels between the great Powers over the question of neutral and belligerent rights. But once hostilities have been prevented the settlement of the issue can generally be better left to regional or *ad hoc* bodies, as was the case in the Bolivia-Paraguay affair. Though they may agree that the prevention of war is their primary concern, there is no reason why the United States should assume responsibility for settling all the internal problems of Europe or why Great Britain should assume responsibility for settling all the internal problems of South or Central America.

Disarmament

IV. DISARMAMENT

THE third problem of immediate concern is disarmament. The only basis for any all-round agreement for the reduction and limitation of armaments is the total outlawry of war as a method of settling international disputes. So long as resort to war is legal, so long as nations feel that there is serious risk of their becoming involved in war, they will maintain armaments, for armaments are their only protection in the event of war. Moreover, they will maintain competitive armaments, with all that that implies, for no nation is going to keep armaments which it recognises to be inferior. On the contrary, it is going to keep the armaments which it believes will give it victory, or at least security, in time of war; *i.e.*, armaments which will make its neighbours insecure. As all history shows, nations may be able to preserve their security by armaments, but only at the price of constant war.

Further, so long as war is legal and armaments the instruments for ensuring national security, it will be impossible to obtain the just settlement of international disputes. Nations will not agree to territorial changes, frontier ratifications, the revision of treaties, and other such measures, however just, if the effect is to diminish their own strategic security in the event of war. Thus the *Anschluss* is forbidden, not because anyone wants to keep Austrian and German Germans apart, but for purely strategic reasons. The effect of the retention of war as a legal institution is to make inevitable those very injustices which drive nations to think that war is preferable to the indefinite endurance of them.

Moreover, there will be no effective agreement for disarmament until armaments are not only simultaneously reduced to somewhere near the police level, but until their primary use is recognised to be the prevention of

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resort to hostilities and not the settlement of disputes by fighting. No nation will lightly undertake the obligation to apply sanctions if it implies taking part in a first-class war against a fully-armed nation. International guarantees for security will be forthcoming and effective only in proportion as national armaments are reduced.

Nor is it possible to keep land, sea, and air armaments in separate compartments. War anywhere tends to spread, and, as already explained, a war of any kind, anywhere, is likely to bring about an Anglo-American crisis over the question of the interruption of neutral trade. There is no halfway house between the universal prohibition and prevention of war as a method of settling international disputes and the continuance of wars, all of which tend to become world wars.

V. CONCLUSION

FROM whatever side the international problem of to-day is approached, then, whether it be the European, the Anglo-American, or the disarmament aspect, the answer is the same. If there is to be a really effective agreement for the reduction of armaments; if the present military hegemony of France in Europe is not to be replaced by a fresh military balance of power; if there is to be an enduring naval settlement; if there is to be genuine national security and lasting international peace, it is not enough just to renounce war as the Kellogg Pact provides; its signatories must combine actively to prevent hostilities. The form that their association should take is still obscure—for a long time to come it will probably be both informal and flexible. But there is no escape from the conclusion that an effective resolution by the nations that States shall no longer be allowed to settle their disputes by war, but only by pacific methods, is the only alternative to competitive armaments and renewed wars. For until war itself is

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effectively outlawed and trustworthy machinery for the settlement of international questions by pacific means is put in its place, no nation will deprive itself of the only means of maintaining its rights and its security that are open to it, that is, resort to war.

Peace begins within the State, not when the community organises legal and political machinery for the pacific settlement of disputes, but when it prohibits and prevents recourse to violence. It is exactly the same in the international sphere. Lasting peace will begin to appear when the nations are not only willing to permit international problems in which they themselves are involved to be settled by processes in which reason and justice, not the high hand, decide the issue, but when they succeed, through disarmament and active co-operation against belligerency, in making it impossible for any nation successfully to set aside pacific methods and to attain its ends by war.

YOUNG RUSSIA

(BY AN EYEWITNESS)

I. YOUTH

"IT is the year one hundred and seven," exclaims a character in one of Alexy Tolstoy's recent stories, and the reader perceives instantly that neither author nor speaker mean one hundred and seven A.D. or B.C., but A.O.—after October, the month of the Bolshevik Revolution. How dramatically these words coincide with the remark of a Russian girl, a student in Moscow University, who in response to a query of mine as to what was the key to the spiritual life of the revolutionary youth, replied, "Always remember that for us the world is just beginning!"

The world just beginning! Outside of science all that had happened in Russia and in other countries in the pre-October days was not of much account. Man groped, blundered, brutalised and deluded himself with chimeras and utopias. He had no sense of true reality. Science had opened to him new vistas of knowledge and brought him into closer harmony with his sternest foe, Nature. But the achievements of science, however glorious and heroic, man had subordinated to the perpetuation of inequalities in possession and enjoyment. The one effort to usher in real enlightenment and righteousness—the French Revolution—was smothered in blood. The proletarian, the real "hero of our times," was unfree, had not

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yet come into possession of the means of production. Man, therefore, was weighted down with injustice and the whole past was a maze of horror and gloom, riven now and then by a flash of revolutionary lightning.

Consider the immense implications of such an approach to life. Consider the deliberateness with which Russian youth has dammed up the stream of spiritual nourishment that flows into the very soul of the youth of other lands. Religion, morality, family, nationalism, social justice, all these, as understood in the outside world, mean little, if anything; they furnish neither inspiration nor guidance. The standards, traditions, sublimations, exultations, that have clustered about them, the Russian youth has cast aside almost like so much cluttering garbage. Despite Lenine's admonition that the new man must assimilate the useful cultural heritages of the former bourgeoisie, youth has no reverence and hardly any respect for the past nor for those habituated to its ways of life and thought.

Hence the boisterous conflict between youth and age in Russia, between fathers and children, is the harshest that Russia, or perhaps the world, has ever witnessed. The barbaric thrust at elders of a Bazarov in Turgenev's *Fathers and Sons* is a warm caress compared to the deluge of blows that modern youth has been levelling at its elders. The so-called revolt of the younger generation in America and in Europe is a good-humoured caprice, almost a childish jest, compared to the passionate defiance of age by Russia's revolutionary youth. No two worlds could be farther apart in spirit and in manner than youth and age in Russia. The two may be living in the same home, eat at the same table, sleep under the same roof, perhaps in the same bed as so often happens in Russia, yet they are separated by a chasm which it would be hopeless to attempt to bridge. Never have I been in a Russian home either in town or village, without finding evidence of a continuous battle between fathers and children. Well indeed might Russian youth boast, as did one of its leaders, that this era of the

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proletarian conquest, of the Red October, is a challenge and a battle to the end against the civilisation of the Ten Commandments and of the Golden Rule.

I am speaking, of course, of the youth that has been won over heart and soul to the new gospel. This youth dominates the life of the young generation, but it does not embrace all of it. Outside its fold there are two groups of youth which must be mentioned here, even if briefly, for they are both of them a problem which thus far has eluded solution, a tragedy. In their social and cultural antecedents these two groups are quite unlike one another. Yet both find themselves, one by choice, the other by compulsion, stranded in a no-man's land. They have lost their roots in the old civilisation and have struck none in the new. Both accept the new regime as something that is and must be, yet socially and spiritually they are alienated from it. Both drift about, one seeking and failing to find an anchorage, and the other scorning attachment to a definite social base.

It is this latter group that chiefly yields the hosts of hooligans who infest the Russian community—principally the city—and who now and then perpetrate some atrocity, like mass assault on a woman, that convulses the nation with rage and horror. The one thing it has copied from the revolutionary youth is group life, but it behaves like a wolf-pack. It attacks in unison. I have before me a stack of books discussing the outrages which this kind of youth has, during the past few years, been perpetrating, and they make ghastly reading. It is not only beyond the reach of home, school, and church, but also of revolutionary public opinion. It swims along on a wave of immediate impulse, recognising no responsibility, no restraint. In every land there is, of course, such an anti-social youth, but it is to all appearance more conspicuous in Russia than elsewhere, possibly because of the very obliteration of the old world and its steady bulwarks.

This sort of youth is impervious to public opinion, and for that reason it is, in its own way, happy. It lives with

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and for itself. More tragic is the fate of the other group of nonconformist youth, if only because it is over-sensitive to the reactions of the outside world. It has a sense of social responsibility, and it is the unhappiest youth in Russia, if not in the world. It is wondering all the time where it will end. It accepts the Revolution as a finality; it would fain make friends with it, but it is held on the sidelines. It is refused a place in the procession; it is not regarded as chaste enough. Its antecedents, in the eyes of the revolutionary, are tainted. It is largely of the intelligentsia and of the former propertied and professional class, and, in the eyes of the revolutionary, it has been somewhat "spoiled and softened" by its home environment, a charge not entirely unwarranted. This group, even if it is at variance with its elders intellectually, has not broken its ties with them. It has too much fear and too much reverence for life to take it into its own hands and break it as one would a withered limb off a tree. It responds with warmth to the woes and perplexities of its elders, suffers with and for them. It has intellect, ambition, imagination. It aspires to make something of itself. It seeks the choice fleshpots perhaps more assiduously than the revolutionary group does; it wants, however, even more to develop its capacities. But it finds the bars up. It does not "belong." It would fain flee to a foreign land, but it has not the material means, and it is not always allowed to escape abroad. When it is admitted to the higher institutions of learning it feels itself in exile as it were, at any rate a stranger. The revolutionary organisations keep it out of their inner life. It is thrown on its own resources, its own inner reserves, and sometimes its patience ebbs, its courage snaps. It becomes introspective. Its sensitiveness feeds on itself, morbidity sets in and "there is nothing good to live for." The result is suicide, by shooting, by poisoning, seldom, incidentally, by hanging.

However, it is of the revolutionary youth that I wish to speak in this article; of the youth that is an integral

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and boisterous part of the Revolution. This kind is the creative youth of the land. It is to be the future ruler of Russia, and it knows it. It is, in fact, to an astonishing degree already a part of the governing apparatus of the land. Not the least impressive feature of present day Russia is the amazing rise of youth to power. In no land in the world, hardly even in nationalist China, has youth been elevated to such a position of responsibility in the judicial, administrative and economic functions of the State as in Russia. The policy that other nations follow in putting into places of command persons of mature age, because of their supposed experience and ripeness of judgment, is precisely the one that the Russians have discarded. They will have none of the "ripeness of judgment" of persons reared in the old days, save in the purely technical fields of effort. They would rather take chances with inexperienced youth, which at least possesses a feeling for the spirit of the Revolution.

This sort of Russian youth is a world all of its own, compactly organised, sternly disciplined and boisterously articulate. There is the Komsomol (Young Communists) for youth between sixteen and twenty-four. There are the Pioneers, for youth between seven and sixteen. There are the Octobrists, for youth under seven. The Komsomol, being made up of the oldest youth, is the leader of all youth. Everywhere it has its own quarters, libraries, schools, club-houses, playing fields, little theatres, parks, and at times its own courts of honour. It has its own press, far-flung, deep-rooted, virile. Its daily organ in Moscow, the *Komsomolskaya Pravda*, is the most lively, the most audacious, the most indelicate and the most enjoyable journal in Russia. It is the only one with a sense of humour. Its monthly organ, *The Young Guard*, fairly spills over with challenge and aggressiveness. Its publishing houses have turned out the most sensational novels of the Revolution, all dealing with the problems and vagaries of youth.

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Through these many-sided literary avenues and through discussion at its meetings this group bares itself to the outside world, its hopes and despairs, its achievements and, even more, its failures. Its voice is the loudest, the clearest in Russia—and the most intriguing.

The chief purpose of the revolutionary youth is to prepare itself for life in a communist society. It is, therefore, seeking to habituate itself to manners and standards that will fit such a society. First and foremost it is endeavouring to saturate itself with the new political faith. This faith is always in the foreground of its life, its guide and its inspiration, its avocation and its adventure. That is why political education is so outstanding a feature of all Russian education. Everything is political in the Russian schools, especially in the lower ones, even lessons in geography, geology and biology. In no country in the world, not even in Fascist Italy, is youth so continually deluged with political ideas and political enthusiasms as in Russia. I doubt if there ever was a religious movement in the world which sought to inculcate its tenets more, or even as assiduously, in youth as the Communist party is doing in Russia. Youth is made not only to believe in the new political faith, but to thrill to it, to be ready to fight and to die for it.

With their innate love of drama, the Russians have linked this faith to everyday life, have woven it into the very fabric of their everyday experiences. They have made it not merely a philosophy, an abstraction, an idea, but a guide and an inspiration, a body of sanctions and usages. It is to them not merely a wave on the ocean, but the ocean itself, constantly heaving up new waves, new storms that overwhelm, submerge and transform. Where else in the world, for example, is youth being reared in a spirit of international mindedness as it is in Russia? The Ukrainian boy speaks his own language, knows that he is an Ukrainian. The Georgian girl knows that she is a Georgian. The Buryat youth knows that he is a Buryat. But they are all

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brought up to feel that first and foremost they are internationalists ; they are to draw no line against any person because of race, colour or nationality. They are to join hands with the African, the Mongol, the Hindu and the Turk, as readily as with the German, the Englishman, the American or any other white person. An earthquake in Japan ? A strike in Johannesburg ? An uprising in Java ? They are to contribute their copecs to provide succour for the struggling and suffering mass, because they themselves are a spiritual part of this mass, are one with it, and must always be for it. Watch a parade of revolutionary youth in Russia and you will instantly perceive the boisterous, the almost terrific, quality of this spirit of international mindedness. No national assertiveness, no national banners, no national songs. Nowhere a sign of race or colour discrimination. All the tribes and peoples of Russia and other lands, principally Asia, in their native garb and with their native slouch, marching arm in arm, boys and girls always together, all under the same red banners, wrapped in the same red bunting, striding to the same red tune, singing the same International !

I cannot help wondering, however, especially as Sovietism fails to spread in other lands, if some day this international mindedness will not crystallise into a new and rabid nationalism ? The colour line may play no part in it, nor race. But then the Russian has never shared the Anglo-Saxon's sense of superiority over other peoples. Racially he always has been rather humble minded and humble mannered, save towards Jews, in which respect he is far from having shed his ancient coat-of-arms. Anti-semitism, despite vigorous propaganda against it, is still deep-rooted in the Russian soul, even among the proletarians. Let us remember, however, that at present this Russian international mindedness means mainly, perhaps solely, loyalty to Sovietism. Supposing Sovietism remains entrenched in Russia and spreads no farther ; supposing Sovietism remains synonymous with Russia ; it matters not that the

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word Russia is no longer in use, has given place to the euphonious "Soviet Union." After all it is a geographic and political entity. Will not this new passion for the proletarian cause become localised, centre itself on Russia, or what was Russia ?

Communists dismiss with a flitting laugh any suggestion that Russia is developing a new and robust nationalism. But it is not at all a matter to be lightly dismissed. Russia may yet become the most rabidly nationalist land in the world, especially as the youth is growing up with the notion, which in Russia remains undisputed, that the Soviet Union is in the vanguard of mankind, the champion of the holiest principle and the holiest cause the world has ever known. In the past there have been nations which, though spurred on by motives alien to those animating modern Russia, have set themselves up as superior to other nations, and we know how this *idée fixe* of theirs has disturbed and exasperated their neighbours. May not history repeat itself ? There are voices in Russia, still feeble, that do now and then express misgiving lest such be the outcome in the Soviet Union. Certainly the older Russian revolutionaries, who cherish their internationalism as though it were a new divinity, have before them, among all the other tasks that are racking their minds, this one of keeping the tide of internationalist sentiment from bursting into a distinctively nationalist direction !

At best, however, the internationalism which Russian youth is espousing does not imply social tolerance. Just the contrary. It implies a flagrant social intolerance. It could not be otherwise, with the notion of the class struggle so much in the forefront of the intellectual and emotional life of the people. From its earliest days youth is reared in the belief that mankind is divided into a class of proletarians and a class of bourgeois, who are at constant war with each other. The history it studies at school is not the history of nations, but of classes and their struggle against one another. The Bible and religion it approaches

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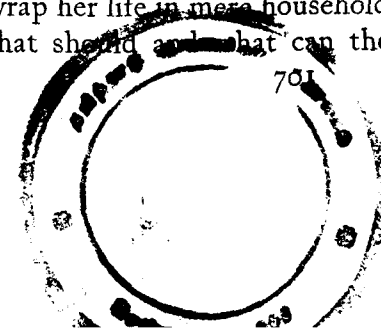
as the record and the products of this class struggle. That author is most eminent who through his art has perceived the class struggle most lucidly and has bestowed his tenderest sympathy on the submerged mass. Tolstoy, Turgenev, Dostoevski, Anatole France, Dickens, all are subjected to this test, and all receive praise or censure according to the measure or the intensity of the sympathy they manifest with the struggling class. All civilisation, in short, is a matter of class struggle. Often when I used to tell Russian youths that I was a writer they would immediately ask what was my political *napravlenie* (orientation). What they really meant to ask was whether I was for or against the class struggle. They could not conceive of a writer being non-political and indifferent to political viewpoints. To them the class struggle is a magic wand, a Holy Grail.

It is in the purely human aspects of its life that the revolutionary youth of Russia presents such a dramatic spectacle. Nowhere in the world is youth so independent of parental authority or of the guidance of elders. Nowhere is it so militant and so militarised, nowhere so habituated to the notion of sex equality and sex freedom, to a repudiation of religion, to the conception of social service as a motive and a goal in life, to aversion to personal acquisitiveness, to group action, to the exaltation of labour. Labour is not merely a source of livelihood, it is a part of livelihood. It is not merely a means to an end, but an end in itself. Is there a grist mill or a fishery in the neighbourhood? Youth must familiarise itself with the methods and purposes of the enterprise, and with the contribution which these are making to the social self-sufficiency of the community. Is there a farming region specialising in cotton, corn, horticulture, stock-raising? Youth through its schools must learn to appreciate their economic and social value and how to enhance both. Is there a textile factory, a hardware store, a coal mine, an electric project in process of construction? Youth must know what it is

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all about, learn to appreciate its social, political and economic implications. All education is related to some type of labour, to some constructive effort.

It is in the application of principle to conduct that Russian youth encounters its chief perplexities, and receives its chief schooling. A member of a "collective" commits suicide. He was a loyal worker, but he is a suicide. He believed in the right to die, and a revolutionary must only believe in the right to live. How is he to be buried with honours, speeches, a parade, red flags? Can revolutionary youth recognise the merits of the man, independently of his lack of revolutionary stamina? What is to be done? A girl has gone through an abortion, without consulting her immediate group. Abortions, of course, are legalised. But a revolutionary must think of the obligation to the new society. An abortion weakens the health and renders a woman less capable of doing her best work for the cause. Besides, the Revolution demands that women should give birth to children. So again what is to be done? A youth is in love with a girl. He is an atheist. She is not. He loves her desperately; he is sure that in time, after marriage, he will win her away from her faith. Meanwhile she is stubborn; she will marry him only if he consents to a church wedding. Has he a right to yield to her? And supposing that he has, without consulting his collective, gone through a church ceremony—has, as one youth expressed it, "compromised with his atheism for no more than two hours"—what is the collective to do? Expel him and lose an active worker for the Revolution, or pardon him and compromise with "the powers of darkness"? What is to be done? A youth has married, and has been coming to the collective meeting alone, very seldom with his wife. Is he pursuing the right attitude toward her and the cause? What is going to become of the principle of equality of sexes if she is to slump into domesticity and wrap her life in mere household tasks, and in children? What should and what can the



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collective do in such a case? A Gentile youth has made an insulting remark to a Jewish girl, just because she refuses to be his sweetheart. How is such a youth to be regenerated, to be drained of the ancient taint of race hate? A youth has been hobnobbing with the son of a nepman.* That in itself is no misdemeanour. The son of a nepman may some day become a fervent revolutionary, and it behoves a class-conscious revolutionary youth to associate with him and to propound to him the new gospel. But the revolutionary youth has been visiting the nepman's home too often, has accepted gifts from his friend's father—a gold chain, which he has been flaunting before his comrades and rousing the envy of some and the scorn of others. Was it proper for him to accept this gift? Is it ever proper for a revolutionary youth to accept a gift from a nepman, and if so what sort of gift, and where is the limit to be drawn?

Endless are the problems that youth is facing in its daily life, and always it is obliged to seek solutions in its own heart. It can hardly seek them anywhere else. It will not heed the counsel of its elders, who, even when in the ranks of the revolutionaries, are not entirely free from old notions and standards. Party men likewise, if of adult age with the fires of youth and the passions of adolescence burned out of them or held in the background, can suggest answers to perplexing questions, but not always with the touch of life in them. Consider, for example, such a mite of counsel as the inveterate Zalkind once offered when in all earnestness he admonished youth that it is just as fitting for a revolutionary to marry a daughter of the bourgeoisie, as to marry a gorilla! Youth will listen to older Party men, but it often feels bound to smile at their words of guidance. For a gratifying solution of its own dilemmas it must take counsel with itself, experiment, suffer, discard, select and stick!

**i.e.*, one of the private traders permitted by Lenin's New Economic Policy. For an account of the N.E.P. see *THE ROUND TABLE*, No. 47, June 1922, pp. 544-546.

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Yet it is a happy youth, perhaps the happiest on earth. It has its failings, too obtrusive and too pathetic not to be noticed by the most casual observer. It is boisterously self-assertive; it is insolent. It is so cocksure of itself, its aims, ideas and prejudices, that it regards the rest of mankind as still living in some dark age. Of course, it has no way of learning to understand the outside world. It has no personal contact with it, and the sources of information at its disposal are adapted to suit the political purposes of the ruling party. It is almost savage in its lack of compassion for a foe. Like the proletarian, it still has much, very much, to learn about the sheer worth of human individuality. It has still to discover the value, if not the beauty, of respect for human personality. It still has a whole world to unlock, explore, admire and emulate.

Yet in its own rights and by its own lights it is as happy as only youth can be. The civil war, the famine, the Party conflicts, the international crises have hardened it to obloquy and privation. It has made a virtue, not of self-denial, but of indifference to material enjoyment. It does not complain if it has to share a room in a dormitory with three, four or even six other persons. It does not grumble if it must sole and resole its tattered boots. It is content enough to eat black bread and cabbage soup every day. It lives with its loyalties, not to home, not to parents, not to elders, not to any church, not to the past, but only to the Revolution and to the future. It has none of the scepticism of Scott Fitzgerald's "Sad Young Men," or of Ernest Hemingway's and Aldous Huxley's desolate folk. It is bursting with faith and an eagerness to live and to struggle. "Do you see how the sun is trying hard to shine?" remarks a character in a new Russian novel. "It is all for us, for our sake." Yes, the sun and all nature seem to Russian revolutionary youth to be in alliance with it in its battle for a new world. "To live," says another character in the same novel, "so that every nerve, every muscle might participate in this big struggle,

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in this big construction"—which is precisely how revolutionary youth wants to live.

Some day a wave of disillusionment may sweep over Russia and dissolve youth's overpowering faith in itself and in its cause. If that time ever comes Russia will witness an epidemic of suicide, the like of which the world has probably never known. For the present this faith, like a full moon, shines high and bright.

II. THE INTELLIGENTSIA

PEASANT, proletarian, Communist, youth! To them the Revolution has meant havoc but also hope, frustration but also fulfilment. Above all it has meant expansion of personality, social and intellectual ascent. But what shall, what can, be said of the *intelligentsia*? To them the Revolution has brought havoc and hardly any hope, frustration with but little fulfilment. It has meant not expansion but contraction of personality, not social ascent but descent. It has been a holocaust.

Intelligentsia! What a hallowed word it was in Russia in the pre-Bolshevik days! What nobility it symbolised, what reverence it inspired! Coined in Russia the word has made the round of the world, but nowhere had it attained the distinction and distinctness that it had in the land of its birth. Everywhere in Russia it aroused respect and adoration. The peasant might fear the official, but not the intellectual. The proletarian might snarl at the capitalist, but not at the intellectual. The Czarist might howl at the rebel, but in his heart he cherished a sneaking admiration, coloured often with envy, for the intellectual. The intellectual himself might be an official, a rebel, a capitalist, but as an intellectual he was the symbol of something noble and indispensable, transcending age, politics, institutions, personalities, classes, something related in a warm and intimate way to life, to the very soul of man.

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The intellectual was the soul of Russia. The very word "intelligentsia" brings to mind Gogol, Pushkin, Chernyshevsky, Herzen, Byelinsky, Dobroliubov, Turgenev, Tolstoy, Dostoevski and other literary luminaries who were not only the soul but the conscience and the glory of Russia. Scéptic and sufferer, the intellectual was also the great discoverer and the great builder, the great humanitarian and the great lover of the dark people. He it was who had made the name of Russia revered in the outside world. All that Russia has given to mankind in literature, art, music, science and social movements he had created. "A king in the realm of ideas," as a Russian writer makes one of his characters express himself in speaking of the intellectual, "and," one might add, "without any living king daring to dispute his right to his throne." He, if anybody, lived in a kingdom that was not of this world—a kingdom of dreams and illusions, of hopes and even more of despairs.

The Revolution itself is largely his creation. Long before there ever was a proletarian in Russia he had dreamed of revolution, had actually built barricades and had fought behind them and was hanged for doing it. Witness the Decembrist revolution in 1825. Where would this much-vaunted proletarian, this roistering self-anointed master of Russia's destiny be, if the intellectual had not lavished on him his sympathies, his talents, his very soul? Omnipotent and all-righteous as the proletarian may now deem himself, he was only a semi-savage peasant when he first appeared on the Russian scene. Illiterate, suspicious, somewhat afraid of the outside world, he was interested not in ideas, not in humanity, not in a new civilisation, not even in revolution, but only in himself, his own slothful little world. He cared for nothing so much as for a few roubles with which to hie back to the folks at home in his barbaric village and to help them to buy a new plough, a new horse, a new strip of land. What did he know of class-struggle, of class-consciousness, of dictatorship, of soviets, of freedom, of culture, of personality, of science, of technique, aye of Marx himself and of mate-

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rialism—of the whole avalanche of ideas and terms which he is now so freely and exuberantly bandying about, and which so exhilarate and intoxicate him? What did he know of anything, even himself, before the intellectual descended on him and like a loving mother embraced and fondled him and washed the sloth away from his eyes and opened them to a new world, new ideas, new inspirations?

Yet now in the moment of the triumph of the Revolution, of the conquest of the proletarian, the intellectual—teacher, guide, inspirer—finds himself not discarded, but disowned, shoved into the background, into the shadow, to watch, to obey, never to command. His talents are exploited, for after all he is the intellectual, the big creative force; but he himself is mistrusted, watched over like an unruly child that might break discipline and indulge in mischief.

A characteristic incident the following: I had once invited a young engineer and his wife to join a group of Americans in the Bolshaya Moskovskaya, one of the leading hotels in Moscow, for supper and a dance. He shook his head and refused to come. "That is a luxury which only you foreigners can allow yourselves." I sought to argue him out of his contention. But he was steadfast. "We Russian intellectuals," he explained, "know our place. We have to." He was no Communist and, therefore, not subject to the rigid discipline of the Party. He was no nepman and, therefore, immune from the disapprobation visited on this group of cast-offs whenever they make themselves obtrusive or conspicuous. He never had been in sympathy with the counter-revolutionary movement and was, therefore, beyond all possible suspicion of disloyalty. He was an engineer of some prominence, faithful to his job, on the best of terms with the ruling powers. Still—"We Russian intellectuals know our place. We have to." Bitter words pregnant with tragic meaning. Doubtless he was a sensitive person. So are all intellectuals. They often magnify possible consequences. "Fear," says a Russian proverb, "has big eyes," and the intellectual has the biggest eyes of anybody in Rus-

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sia. He is abnormally anxious. He finds himself in a position of defence, almost on probation, and he cannot help being over-cautious.

Not that he is politically recalcitrant. He has long ago become reconciled to the inevitability of the new regime. He is not seeking, and most positively would not welcome, an overthrow of the Soviets. He is sick of destruction. He is tired of war. He is afraid of fresh strife. He is nerve-racked and wants a chance to recuperate and to pursue his labours in peace. "We are just getting started again," remarked to me once a famous and venerable Russian archaeologist whom I met in my wanderings in Siberia, and "now there is talk of war with England. Do you really think there will be a war?" He shrugged his shoulders, looked at his tools and tears glistened in his pathetic eyes. No, the intellectual wants no more upheavals. He dreads further conflict. He is content to let time and destiny complete the necessary readjustments.

Yet to the proletarian he is still the link with the pre-October age, a remnant of the pre-October civilisation, a reminder of the most hectic day in his history. Whenever an incident bursts on the scene involving an intellectual, like the trial of the mining engineers in the spring of 1928, his old wrath rises hot and high, and must be held back by a hand vigorous enough to keep it from spilling into action. The plain truth is that the proletarian's distrust of the old intelligentsia will continue as long as there is such an intelligentsia in existence. It is too deep-seated to die out completely. It is rooted in a mighty, historic passion. To the proletarian and to the Communist the intellectual damned himself eternally when he failed to respond to the October Revolution. Of course, the chief leaders of this Revolution were intellectuals. They still are. But in the mass the intellectual not only held aloof, but denied and defied the October Revolution.

He could hardly have done otherwise. History had not ripened him for the event. Culturally and psychologically

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he was as utterly unprepared for it as a child is for trench warfare. He was primarily a man of compassion with a deep reverence for human individuality. He was and is a "soft fellow" without "audacity and malice." Think of Dostoevsky's Raskolnikov, who after killing with an axe the withered and rapacious pawnbroker—a "mere insect" as he had regarded her—discovers that he has really killed himself. There was much of the Raskolnikov in all Russian intellectuals.

True, in the Social Revolutionary party there were intellectuals who embarked now and then on acts of terror, hurled bombs and fired revolvers at Czars, governors, ministers, generals. But they were rare exceptions and terror was to them an act of desperation. They saw no other way of bringing tyrants to an abatement of their cruelties. Yet on the whole no person shrank from bloodshed with deeper revulsion than the Russian intellectual.

Besides, he was a child of a private property civilisation. With his mind he may have been floating in a socialistic utopia, but with his body he was hugging a private property reality. Despite all his revolutionary proclivities and ardour he was a man with a middle man's tastes, a middle man's sense of caution and comfort, a middle man's revulsion against rash action, a middle man's love of compromise.

What then more natural than that he should shrink away in horror and disgust when the proletarian pleaded for support in the crusade for the dictatorship? He had been with the proletarian again and again and for him, but to storm the citadels of power after the almost bloodless overthrow of the Czar, was to him the height of stupidity and madness. He saw only battle and death ahead—chaos, agony, despair, the ruin of all that he had loved and revered. The march of the proletarian to power was to him a Gethsemane. He pictured all Russia, all civilisation tumbling into irretrievable ruin.

The proletarian in power! This man without background, without culture, without tradition, without poli-

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tical experience, this erstwhile unwashed muzhik, with his mud-encrusted boots and his black finger nails, holding in his callow hands the destiny of one hundred and fifty million people! To the intellectual it seemed like a wicked putrid jest! He laughed with mockery, he cried with scorn. When the Bolsheviks did sweep into power he refused to be of use to them. He would not recognise them. He deserted his post in factory, office, and laboratory. He went on strike. He sabotaged. He would be no partner to what he deemed the greatest outrage, not only against himself, against Russia, but against the world. He was sure that the proletarian had only the capacity to wreck, none, or very little, to build—with his own hands. He was waiting for the inevitable collapse of the Bolshevik hegemony. He was sure it would come. He wanted it to come and by all the laws of history it should have come. But it did not. The proletarian remained master. The intellectual had miscalculated his fighting capacity, his physical endurance, his mental resourcefulness, his and those of his leaders.

The proletarian was beside himself with resentment. In the hour of his greatest trial the intellectual had failed him. The intellectual was a traitor, a foe. At one time the very word intelligentsia was as much a term of reproach in Russia as the word *bourzhui*. But Lenin with his amazing capacity for brushing aside personal rancour and facing realities, sensed the danger of crowding the intellectual to the wall. He called for a truce, for a compromise, and, since the proletarian needed brains and the intellectual needed bread, the two did reach an agreement. They joined hands for the upbuilding of Russia—hands, but hardly hearts.

Some Communists of prominence have been assuring the world that the feud between the proletarian and the intellectual has been "liquidated," that the intellectual is happy in the new society. But is he? Can he be? I am speaking, of course, here as throughout this section, of the intellectual who was reared in the environment and the ideology of the pre-October days.

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Politically he is out of the picture. He has pledged his loyalty to the new regime. He has behaved with model circumspection. He has even shown signs of penitence. Still, politically he is not consulted. Not often is he even considered. If he wants to join the Communist party—and unless he does so he can exercise no influence in political life—he must be on probation for two years instead of six months like a proletarian. Positions of political responsibility are seldom open to him. If he has not been deprived of his citizenship, he can, at election time, cast his vote, that is raise his hand for or against a would-be deputy to the Soviet. But this is a matter of routine, almost a mechanical act, without a breath of excitement.

His standard of living has sunk perceptibly from its former level. Salaries in some intellectual professions like teaching and medicine are markedly low. No intellectuals in Russia complain so vociferously of being underpaid as do teachers and physicians. Often, however, the intellectual is the highest paid worker in the land. He is after all the *spetz*—that is the specialist, the engineer, the architect, the chemist, the economist, the organiser. But even so his earnings are limited, seldom rising above four hundred dollars a month. Limited also, strangely enough, are his spending opportunities. No longer can he rent the lodging that he formerly occupied, with its parlours, its bedrooms, its playrooms for children. The housing shortage, if nothing else, makes this impossible. No longer can he subscribe, at will, to foreign periodicals and books. No longer can he travel as he wishes to foreign lands, see new sights and stimulate himself with new contacts. Even if he has enough money saved up for the trip, the State bank, because of the financial stringency of the country, will not exchange his roubles into foreign currency, unless, of course, he is a noted savant, and without such currency he cannot travel in foreign parts. No longer can he go to his favourite tailor and order an over-

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coat, a suit of clothes of choice English cloth. There is no such cloth in the country, save what smugglers haul in, and that is prohibitive in price. As for dinner jackets and dress suits, he does not bother, he has almost forgotten that there are such things in the world. He has no occasion to wear them anyway, save possibly at a banquet to a distinguished foreign visitor, and even then he feels more comfortable mentally in his everyday clothes.

Worst of all is the sense of insecurity that preys on him—sheer economic insecurity. The engineer, the architect, the chemist, the *spetz* or specialist, need have no anxiety about losing his job. The State will seek to make him reasonably comfortable, so that he can do his best work. After all he cannot be easily replaced. But the intellectual of lesser distinction, the manager of a drug store, the director of a hospital, the superintendent of a co-operative, the principal of a school, men, in other words, who are engaged in the so-called secondary intellectual pursuits, are in constant dread of dismissal. Journalists, from one end of the country to the other, who are not members of the Communist party are always fearful lest they should make some slip which will invoke the displeasure of their chiefs and result in dismissal. The same is true of clerks, of all non-partisan office workers, in industry as well as in government. With the passage of time, moreover, this condition will not improve but will grow progressively worse.

It can hardly be otherwise. The Communists complain that the old-time intellectual is too highly individualised, too conscious of his superiority, and not heartily interested in the social Revolution. He may be a more adept worker than the Party man, but he has not saturated himself in the new social spirit, and under the best circumstances he cannot infuse this spirit into his work. He must, therefore, be supplanted by men who will work not for themselves but for the cause. He must give way to Party men. A good enough reason for the Communist, but it does not mitigate the tragedy for the intellectual. With

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a quaking heart he is constantly casting his eyes upward to see if the political axe is descending on him. I once asked a group of literary folk in Moscow why they spurned offers from the State and co-operative publishing house of lucrative editorial positions. "Why should we not?" replied one of them. "The moment our assistants, who will, of course, be Party men, learn from us how to edit books, they get our places and we get the gate." So the feud persists, invisible and irrepressible.

Gone also for the intellectual is his old social world—a mere cracked shell as it now is. The physical surroundings of his everyday life and his economic position do not permit of social expansiveness. Besides, there is always the danger of becoming conspicuous. He gathers, of course, at scientific conferences, at meetings of his professional group. But the old social outlet with its amplitude, its cheer, its abandon is now a thing of the past.

To add to his discomfiture there is the problem of cultural readjustment. The values in which he has grown up, in which he exulted, do not fit the new society. He has retested and recast them, but the flavour of the old civilisation persists, and it is not at all to the liking of the new rulers. They are constantly censuring him for his failure to adopt and to promote the new proletarian cultural values. For him, of course, these new values are still in a state of flux. He is sure that cultural values, unlike clay dolls, cannot be made to order over night. Time, he insists, effort, tradition, social mood, and sentiment, must distil the ingredients out of which to mould them, and if he dared be more frank, with his rulers if not with himself, he would bluntly inform them that the spirit of these new cultural values is not to his taste. They lack the æsthetic finesse, the social delicacy of the old values. But, however annoyed he may feel, he says little or nothing in reply.

Terrific, indeed, has been the ordeal of the Russian intellectual since the coming of the new regime. It has

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meant trial and turbulence, tears and pain, self-denial and even self-abasement. Gone is his old comfort, often enough his security. Gone is his old prestige. The peasant, the proletarian, the Communist, the youth—each in his own way has been made conscious of a new self-respect, a new dignity. They have discovered or recovered their ego. But the intellectual has had to shove his "I" into the background, to keep it from public view. It has no standing in the new society and hardly any value. As a matter of sheer psychology his has been an excruciating task. It is never easy to break off a habit, and he has had to wrench himself loose from an entire set of habits or else find himself ground beneath the wheels of the Revolution.

Still, if the Revolution has severely narrowed outlets for economic, social, cultural and political self-expression and advancement it has not been without its positive contribution. It has meant torture, but also purgation. It may not have brought new happiness, but it has opened up founts of new wisdom, or at least understanding. Despite his humanitarianism and his professed love for the dark masses, the intellectual had not, save in theory, cherished respect for labour. He would not soil his hands with menial toil. Now when he looks back at his old attitude toward labour he laughs at himself. "It does seem silly," confessed to me one of the most famous scientists in the land. Now it no longer hurts his conscience if his neighbours see him carrying a sack of flour on his back or a load of wood in his arms. Now he has no sense of inner incongruity or perturbation when he has to wash his own windows, mend his own shoes or repair his own stove. "Yes, I am late to-day," once announced a popular professor of literature to his class in Moscow University, "because I had company last night and not being able to afford a maid, I had to wash my own dishes." The students roared with delight.

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As never before the intellectual is also beginning to appreciate the value of decision and action. His ancient Hamletism is not dead, but it is no longer in the foreground of his consciousness. Life in revolutionary Russia, like water in a mill-dam, rushes swiftly on, sweeping people along with it, and the intellectual cannot and dare not pause to look back or to immerse himself in speculation and self-scrutiny.

Best of all, he has remained at home. He has escaped the cruel fate of the *émigré* intellectual. They are scattered to all the corners of the globe. Unhardened, unsophisticated, over-sensitive Russians that they are, they cannot acclimatise themselves to an alien civilisation. They cannot strike roots in an alien soil. They shake their fists and shriek defiance, they threaten and they boast; but these are mere gestures of despair, perhaps of folly. They drift along with the winds of chance and circumstance. They still live upon the inspiration of old Russia, the Russia that is no more, save in their own memory. Lonely folk they are, the loneliest in the world, and they are rapidly growing sterile. Their souls are wilting. Merezhkovsky, Hippus, Kuprin, Amfiteatrov, Milyukov, world figures once, now are withering in ever-deepening obscurity—ghosts fumbling for light and never finding it.

The intellectual who has remained in Russia, however disappointed and aggrieved he may feel, has his roots in his native soil. Nourishment flows freely to these roots. He has tasted his fill of agony and sordidness—he still tastes it, and will until the end of his days—but he has his delights, and at times even inspirations. Cut off from physical contact with the outside world, he can yet roam at will over his own vast, variegated and boisterous land. He can write, sing, dream, if not of the new social gospel, at least of the things that he has always loved and still loves—of the muzhik, the steppe, the birch forests, the Volga, the Caucasus, the Russian sky, his own yesterday, and even of the soul of Russia.

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Russia is still his homeland, his immense, brooding, ever-stirring little mother.

He cannot help realising, of course, that his end is coming—that is, the end of his old dreams and illusions, his whole old world with its pathos and beauty, its unrest and promise, its yearning and its frustration. He must smile now, perhaps with gall but certainly with amusement, when he reads the words of Chekhov's Baron Tuzenbach that "not only after two or three hundred but in millions of years life will still be as it is." He knows how pathetically deceiving these words are. He could cry out their falsity until his heart burst. People may eat, drink, sleep, fight, as they have always done, but they will seek new purposes, new adaptations, new exaltations, new desperations, aye, new follies. They have done that in Russia, and he knows that for good or for evil they have not failed. The proof, too living to be denied or misjudged, is the new intellectual!

The new intellectual has not the social background of the old intelligentsia. He comes from the earth itself, from the masses. He has no soulfulness, no delicacy, no artistry. He has not even the competence of his predecessors. He is unkempt, uncouth, unshaven, with callous hands, but with an insatiable hunger for knowledge and conquest. He smells of dirt, of coal dust, of oil and also of wind and rain. He revels, not in Nadson, in Pushkin, in Lermontov and other tearful poets, but in Marx, in Lenine, in Ford, in Edison, in Taylor. When he invites his fair one for a walk or an afternoon in a canoe he does not, like intellectuals of a former generation, declaim love lyrics to her. He does not even ask her whether she has read Pushkin's *Onyegin*, but he talks on endlessly and with passion of smoke-stacks, tractors, engines, dynamos, cities, machines and factories; and the fair one listens and glows with as much ecstasy and far less heartache than did fair ones in other days when, in a sobbing voice, men recited to them Tatyana's letter to Onyegin. Gone are Turgenev's Lizas

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who, when frustrated in love, bid the world farewell and bury themselves in the cloistered walls of a convent resigned to a life of solitude, self-abnegation and unhealed agony. Gone are Chekhov's "Cherry Orchards," "Uncle Vanyas," "Three Sisters," who sob so beautifully, suffer so nobly—and so uselessly.

In the twilight of their history well might the old intelligentsia greet the new with the words of Turgenev's Lavretsky: "Play on, make merry, grow on, young forces. Life lies before you and it will be easier for you to live. You will not be compelled, as we have been, to seek your road, to struggle, to fall and to rise to your feet again amid the gloom. We have given ourselves great trouble that we might remain whole and how many of us have failed! But you must now work, perform deeds, and the blessings of the old fellows, like me, be upon you."

* * * * *

A terrible destroyer, the Russian Communist has this to his credit—he has infused a new will into the Russian man, a new energy, a new impudence.* He is hardening the very fibre of the Russian soul. Blunderer and wrecker that he is, he never looks back on his errors save only with the thought of never repeating them. He may fail in his ultimate goal. Property may never become the possession of the collective society. He may be swept off the Russian stage, indeed, the stage of history, by a fury more mighty than he unleashed when he swooped on old Russia with the resolve to whip her into submission. But it will not be by the Kerenskys and Milyukovs, by men "sicklied o'er with the pale cast of thought" and with eloquence as their chief weapon of combat. It will be by a new man forged by the Communist himself in his own crucible of Passion, Principle, Power, Triumph, a man mightier than he not only in thought, but in will and in deed, as ready to wreck as he, but with far more ample capacity to build and to conquer!

* For the awakening of the muzhik see THE ROUND TABLE, No. 75, June 1929, p. 530.

GREAT BRITAIN AND FRANCE IN NORTHERN AFRICA

Germany "attempts to discredit before the world our valiant and faithful black troops, because she does not wish us to be a nation of a hundred million." (M. Poincaré at Brioules, September 16, 1923.)

"L'eupéanisation du continent n'a pas amélioré, selon les noirs, la condition des noirs... par contre, elle a mécontenté des millions d'hommes. Ils regrettent l'époque où ils vivaient dans leurs villages, et haïssent ce régime qui, sur leur sol, disent-ils, fait dépendre leur subsistance de leur travail pour l'étranger." (SALKIN, "L'Afrique Centrale dans Cent Ans.")

I. NORTH AFRICAN UNITY

IT has often been pointed out that there is no such country as India, in the sense of a homogeneous political entity. The continent of Africa, on the other hand, possibly because it is nearer Europe, has never, even in popular conception, been thought of as homogeneous, except perhaps in its central portion, in the *Darkest Africa* of Stanley and the missionary pioneers. As far, at all events, as its northern half goes—the half with which this article is concerned*—Africa appeared to the last generation almost as much of a geographical abstraction as the Equator. Egypt, Morocco, Abyssinia, Tunis, Hausa, Darfur and Bornu, Sierra Leone, the Gold Coast, Dahomey, the

* The term Northern Africa is used in this article to cover roughly that part of the continent which lies north of the Equator, and the term North Africa to denote the various African countries north of the Sahara.

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Sahara, the Sudan and Tripoli were, and still are, to a large extent thought of as political entities which have little contact with each other, as countries which, though all placed by the cartographers on the space labelled Africa, have little in the way of a common African bond, and, though they are in Africa, are many of them not of it. It is only a few years since a highly-placed government official enquired of a traveller what connection there could be between Kano and Khartum. Some of these countries were commonly regarded as mere "hinterlands," undeveloped interiors, depending upon ports of entry such as Freetown, Accra, Secondi, Jibuti, Lagos, Tangier or Casablanca,* from which radiate the commerce and civilising influence of the various Powers which in the last century partitioned the continent of Africa among themselves. And to a large extent African progress is still measured in Europe by the volume of imports and exports, and the distribution of such exports and imports is organised and stimulated in bulk. The seaports have therefore always had a natural tendency to draw to themselves the wealth which results from commercial operations, and as a consequence to look to their own profit and convenience, and to press their own "half baked" type of European social and civic organisation upon the indigenous African communities of the interior, which are usually dependent on them commercially, and in many cases administratively as well.

Europe is certainly solicitous for the welfare of the inhabitants of the African continent under her control; yet, in practice, her African policy has been conditioned by political or economic considerations of an extraneous character. An instance of the political is referred to in a later section. On the economic side, the question is always apt to arise, how far a particular line is compatible with the effective export of raw materials and the import of European goods on a scale sufficient to meet the com-

* See the map at the end of the article.

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mercial requirements of the interested Power, without at the same time offending the public conscience. And it is right that the resources of Africa should be available for the world, which needs them for its industries. A cloistered seclusion would not be in the interests of the African himself, even if it were possible. But the idea that Africa is simply a vast undeveloped estate which belongs to Europe must, once for all, be discarded, and due regard must be paid to the welfare and idiosyncracies of her peoples.

Thirty years ago many of the different countries and political entities of which Northern Africa is composed were really separate countries, each a law unto itself. There was little contact or interchange of ideas. They had, indeed, nothing in common except the heritage of Islam, which is the religion of the great majority of its inhabitants. East was East, West was West, South was South, and Egypt was Egypt, *i.e.*, "the most important country in the world," but a country which, as far as the rest of the African continent was concerned, was practically without influence, and itself a pawn in European politics. Morocco was a recluse, "the world forgetting," and "by the world forgot." All this has, however, been changed by one of the incidental effects of the war, an effect which, though it was possibly not altogether due to natural causes, is none the less of immense importance and has all the appearance of durability. All over Northern Africa there is a new sense of Islamic unity. Islam may be a waning force in Asia, but so far as Northern Africa is concerned, the exact opposite has taken place. There Islam has entered upon a revivalist period which will probably continue with more vigour than ever now that the whole country is "safe for the wandering fakir." The Moslems of Egypt and the eastern side of North Africa are trying to regain an influence which they have not enjoyed for centuries in the Sudan belt, and the Sudan belt is listening. In spite of the fact too that the lighter skinned races of

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Egypt and North Africa generally affect to despise the negro as a "slave," there is a close community of thought, outlook and sympathy between the two, which is "African," the exact opposite of "European." The gradations of colour between the Sudan and the Mediterranean are, it must be remembered, not abrupt, but gradual. Since the dawn of history, the peoples of North Africa have mingled with those of the Sahara and those of the Sahara with those of the Sudan. The process has been a continuous one, and with it there is now associated this tightening of the Islamic bond, which appeals in a peculiar degree to the desert and semi-desert races. The occupation of Moslem Africa by Christian Powers is accepted by most African Moslems in a fatalistic spirit, and with quiet toleration. Christian rule has, indeed, material advantages for the commercial classes, and it is free from the grosser forms of oppression. Nevertheless, it remains in the eyes of the African Moslem an illegal and unhallowed thing, which an inscrutable Providence permits to continue for a time, but will some day remove. This is the view held all over Northern Africa, and in spite of apparent acquiescence in, and in parts even of local contentment with, the present order of things, it is tenaciously held from the Anglo-Egyptian Sudan to Morocco, and from Kano to Benghazi. The Moslem waits for the hour of deliverance—deliverance not necessarily by forcible means, but by the hand of God.

It is because this attitude to Christian domination is the normal one of the great mass of the people, Arab, Berber and negroid, that almost any outside agency hostile to the Christian Powers can always obtain a hearing and win adherents by making use of such slogans as, "Oppression of Islam," "Advent of the Mahdi," "Advent of the Prophet Jesus," etc. Such cries and the various theological beliefs or superstitions which are mixed up with them win popular credence, and though their true character is often exposed by Europeans or even by Moslem rulers and

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divines whose political or material interests make them view promptings to unrest with disapproval, no sooner is one form of propaganda scotched, than another lifts its head. For the root of the trouble lies not in the form taken by any particular agitation, but partly in resentment at the subjection of Islam to Christian domination, and partly in the fact that, whereas the Moslems are all African, the ruling Powers are all European.

But there is another bond, which although it is more strongly developed among the Moslems has begun to affect the whole population to a greater or less degree. The Islamic cloak which covers political agitation in Africa is exposed to view in fanatical arguments and shibboleths which are familiar enough to Europe, or at all events to her oriental students; but this other link, the racial bond, remains a factor the force of which is often hardly realised and never stressed by African Moslems themselves. While it is true that the bond of Islam overrides, at least in theory, all bonds of a local, national or political character, yet the bond of a common African fatherland bids fair, under present-day conditions, now that Africa is opened up, to equal if not to surpass it in strength. It gains additional strength, indeed, from the religious tie and the result is that Northern Africa, predominantly Moslem, is now not only more religiously conscious than ever, it is also fast becoming conscious of its cultural and racial unity. Both kinds of consciousness make for solidarity. In the East the Islamic world is torn by divisions from Stambul to Iraq and Kabul, but its discords have had practically no effect upon the African Moslem peoples to the west and south of Egypt, except to create an impression that their Asiatic co-religionists have reverted to infidelity. It is sometimes thought that such problems as the Khilafat question, the changes in Turkey, or the Wahabite occupation of Mecca must, because they loom so large in the eyes of the Indian Moslem, and indeed in those of Europe, be also matters of deep concern to the

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African Moslem. This, however, is not the case. He still worships his saints despite the fulminations of the Wahabite; the Sudanese continues to venerate his local Khalifa, the Sheikh of Bornu or the Sultan of Sokoto, and he is relatively indifferent to the fate of the Turkish Caliph or, provided that there is no interference with the pilgrimage, to the political fortunes of Mecca itself. He is even ready to substitute Aba Island on the Nile, or Sheikh Othman Dan Hodio's tomb at Sokoto for the Kaaba at Mecca, if local religious constituted authority is prepared to approve.

We find then two new tendencies in Northern Africa, an Islamic renaissance and a growing sense of political unity. Both make it important to examine the policy of the European Powers which are in control of that great inland sea of sand, the Sahara, and the countries which contain it on every side.

II. BRITISH METHODS

TO begin with British policy. First, there are the great predominantly Moslem parts, Egypt, the Anglo-Egyptian Sudan and more than half of Nigeria, which together represent a very large slice of the whole of Northern Africa, probably two-thirds of its wealth and a very large proportion of its population. Egypt is, of course, in a different position to any other African country, and her independent status has been recognised. There are important reservations attached to the recognition which have still to be fulfilled, and there are British troops in Cairo, but the Government is Egyptian, and Islam is free to work out its own salvation. In the Anglo-Egyptian Sudan England is pursuing a policy which is tolerant of Islam and designed to preserve or to revive such native authority and influence as have survived the Mahdist upheaval of thirty years ago. The same attitude is found

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in Nigeria. For twenty-five years the large emirates have been maintained as protected Moslem polities, which on their side have responded in an extraordinary way to the liberal terms granted to them in 1903 by Sir Frederick (now Lord) Lugard. It has been the steadfast endeavour, both in Nigeria and the Sudan, to maintain, as far as is just and right, the tribal atmosphere and the existing indigenous political institutions, though these institutions are based on Islamic models and depend on the sanction of Moslem public opinion rather than on the democratic public opinion of European countries. The Egyptians have not yet got all they want or claim, and both in Nigeria and the Sudan disruptive propaganda has from time to time fanned discontent; yet, on the whole, British policy goes with the trend of native aspiration, not against it, in all three countries, and the more intelligent and far-seeing leaders of native thought recognise this. The policy of Great Britain in Egypt is necessarily influenced by the need of keeping our Imperial communications intact, but it would be generally admitted that she is not working anywhere in Northern Africa to destroy either Islam or native character. Her desire is rather that the elements of a stable African government should gradually be built up in all the countries under her control. When differences occur, they are usually not so much about the end in view as about practical matters, such as the rate of progress or the means by which the end is to be attained. If, as one who knows Africa recently remarked, the three most important factors in the good government of alien peoples are personal security, justice, and sympathy with ideas and conceptions even when they are alien to those of the controlling Power, it is evident that both in the Anglo-Egyptian Sudan and Nigeria these desiderata are in the forefront of policy. In the non-Moslem fringe where the British, on their arrival, found the inhabitants in a more backward political state than the Moslems in the north, the method is different. British parliamentary forms have been introduced. But everywhere in Northern

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Africa the policy has been the same, to assist the different African peoples to stand on their own feet, and there is no attempt anywhere to change the African character. Nor has the development either of an indigenous government or indigenous economic enterprise—witness, for instance, the native cocoa output of the Gold Coast—been materially prejudiced by the cry, *mise en valeur*, so freely heard in connection with tropical African colonies. Writing about Nigeria in 1904 in the *Manchester Guardian*, Lady Lugard remarked :

The policy holds good of going in boldly to the healthier lands and the finer races, and developing from the interior to the coast, not from the coast to the interior. . . . We have for the first time penetrated to the interior, and we are trying for the first time to work with the finest races in the country.

This is the opposite policy to making everything depend on the coastal port of entry, and, far from being impeded by the general pressure of European economic competition, the "development from the interior to the coast," which Lady Lugard favoured, has been accelerated since the war. It is still necessary to take care that the commercial pressure from outside does not destroy the internal will to produce and the society which produces, but the framework of native social life has been preserved unimpaired.

We have then in our dependencies and colonies in Northern Africa one aim, but two systems. The parliamentary system prevails in most parts of the southern non-Moslem fringe. Indirect rule prevails in the Moslem block to the south and south-west of Egypt and along the Sudan belt. The Moslem rulers in the Sudan and the great emirs of Nigeria consider themselves, or would wish to consider themselves, African Chiefs feudatory to the King of Great Britain, represented personally on the spot by a Governor, rather than British subjects governed by the alien democratic institutions of Great Britain, or by a Governor in Council and a Legislative Assembly, and this view is

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shared by their peoples. Precisely in the same way the Indian Princes, as the evidence before the Harcourt Butler Committee made clear, prefer that their relations with the paramount Power should be with the Viceroy as the representative of the Crown rather than with the Governor-General in Council as the representative of the Government of India. More will be said about these systems on a later page—both have their advocates—but it is now necessary to pass on to French policy which, in its aims, stands at the opposite pole to the British. Before doing so, however, one comment may perhaps be made with advantage here. Whatever the respective merits of the indirect and the parliamentary systems, the example of India is a warning of the complications which result from depending upon both of them in the same country at the same time, without any clear idea about the direction in which they are taking us.

III. THE FRENCH SCHEME

IN an article by Lady Lugard, to which reference has already been made, attention was drawn to the systematic preparation which our French neighbours were then making for the development of their own part of Northern Africa. It is now possible, a quarter of a century later, to examine their system and to form some idea of its significance.

The goal was made clear in 1923 in the words of M. Poincaré at Brioules, which are printed at the head of this article. Northern Africa is to be a part of France just as Corsica is. It occupies a completely different position in the eyes of the French to their other colonies.* The latter are considered different, however, not because their inhabitants are looked upon as unassimilable, but simply

* See *Foreign Colonial Administration in the Far East*, by Sir Hesketh Bell, G.C.M.G., pp. 138-147.

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because they are too far away for a policy of complete centralisation and absorption. The French attitude towards colour is completely different to our own, as will be seen from the following remarks by a distinguished French writer.

Questions of the colour of a man's skin or of his race are not for us of first-rate importance. . . . Thanks to her geographical position between the Alps and the Pyrenees . . . France is the great meeting ground for the Mediterranean and Germanic races. She is inhabited by a hybrid race. . . . In everyday language, the French are a nation rather than a race. . . . For us there is no "colour" problem. We have not even a French word for it, and have to describe it in periphrasis.

On the other hand, we have a million French colonists living in Algeria, at the very gates of France, in contact with a native society, under conditions which involve the closest intercourse. These natives are themselves Mediterranean whites, and as far as race goes, not very far removed from ourselves; but they are Mahomedans, and this fact creates a gulf between us and them. . . . We call it "the native question." *

This passage enables us to understand the underlying principle of the scheme which is now being applied by the French to the whole of their portion of Northern Africa. Their basic policy there, both in theory and practice, is the propagation of French civilisation and the French language on as wide a scale as possible; The touchstone applied to every administrative proposal is how far it will advance or retard the assimilation of Northern Africa to France. The question of the ethnic type of the future French subject is subordinated to the desire for numerical strength, the suitability of the kind of education prescribed for Africans to the question whether it will assist the economical and rapid development of this greater France. The benefits of French medicine are, in a word, conferred on both Berber and negro, not only or even primarily for the sake of their health, but for political reasons. The same motive underlies the equipment and selection of officials.

* THE ROUND TABLE, No. 49, December 1922, pp. 42-43.

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Arabic is not a compulsory subject, for French is to become the *lingua franca*. Officials in the African and the other colonies of France are freely interchanged, for expert knowledge of and sympathy with local African sentiment have not the same importance for the French purpose in view as they have for the British purpose. A new outlook is to take the place of local sentiment. *La France* is, in fact, to be the goddess to whom the Franco-African of the future is to devote his life; a goddess who cares nothing for "well-defined zoological species" like the nordic or the Mediterranean race. She represents, so far as political expediency permits, a civilisation which stands for the material interests of France and, in the south at all events, is anti-Islamic. Her system for the development of Northern Africa is deliberately calculated to make it the habitat of a hypothetically homogeneous Franco-African race.

The commercial and economic aspects of this development are in a certain sense subordinate to the political question of the centralisation and unification which are to make this greater France self-contained, to shorten its internal lines of communication, and to spread a system of white, or partly white, groups, like the military colonies in the old Roman world, which will assist to leaven the black zone as far as possible in the direction of the tropical belt. And with good communications the Sahara region should prove an admirable outpost for Franco-African "colonists." But the economic side has not been forgotten. Older readers may perhaps remember the consolatory reflection attributed to the late Lord Salisbury at a time when people were alarmed at the way in which the French were extending their empire in the Sahara. "They tell me," he is said to have remarked, "that the soil there is rather on the light side. Surely we can let the Gallic cock scratch in it." There are, however, hopes to-day, and apparently by no means groundless ones, that these colonists will be able to grow both food and raw materials for

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France, and great schemes are on foot to aid production. The Nile is the only river in the old world with its source in the tropics which has hitherto been utilised for irrigation purposes in regions which are sub-tropical and not unsuitable for white labour, or even temperate. The French now propose to put the Niger to a similar use, and to create an Egypt in the vicinity of Timbuctu, a region in about the same latitude as Dongola and Berber on the Nile (*i.e.*, about 18° north) which, though hot in summer, has a dry climate which is comparatively healthy for Europeans. For this purpose the waters of the river are to be held up by a great barrage complementary to the one already constructed at Soutuba near Bamako.* The new barrage will not be far from Mopti and Sansanding above the bend of the Niger, and its water will be carried by an irrigation canal into an old arm of the river which runs north towards Sokolo and Mema. A protecting dyke will be constructed south of this canal and almost parallel to the present course of the Niger, in order to protect the old arm of the river from floods. From this barrage there will be communication by water all the year round as far as the Tosaye rapids east of Timbuctu on the one side, and with the Niger and Bani above Bamako on the other. At Tosaye the Niger can easily be bridged, and there is to be another barrage and canal there. The Niger terminus of the Trans-Saharan railway, which it is proposed to build from Beni Abbas and Colomb Bechar in Algeria to Reggan, Burem and Tosaye, will also be close by, and the Trans-Saharan railway will be continued south of the Niger at Tosaye to the Wagadugu region where it will meet the line from Dakar, which is itself to be prolonged *via* Bamako and Segou, and the French Guinea and the Ivory Coast lines, which are to be extended to Bobo Dioulasso and thence northwards. From Tosaye it is also proposed to build an eastern branch of the Trans-

* The position of the various places referred to in connection with the French irrigation and railway schemes will be found in the map at the end of the article.

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Saharan line which will follow the north bank of the Niger as far as Niamey, and then run eastward to join the Dahomey railway. The latter will itself be continued across the river, which is to be bridged in the neighbourhood of Gaya. There is a network of roads already in existence both in North Africa and in the Sudan, which will feed these lines. The intransigence of the Sahara itself is rapidly being overcome and there are already a number of motorable routes both from north to south and from east to west.

As far as mechanical means are concerned there is little to prevent France from realising these vast projects for the improvement of her communications, and it should soon be feasible to get from almost any part of French Northern Africa to any other in three or four days. It is already possible to reach Dakar by air in forty-eight hours from France, and local air communications are being developed. Man power is, however, a different matter when it comes to public works of the magnitude contemplated. The population, white and black, scattered over the whole of French Northern Africa, is comparatively small, largely nomadic and under no economic necessity to work, while the available supply of labour which can in any sense of the word be called skilled is small. The possibility of carrying their scheme to completion, both from the practical and the economic standpoint, is recognised by the French to be bound up with two great administrative proposals. In the first place, the population must be taught to speak French and they must also, as far as possible, receive a French technical education. In the second place, they must, with certain exceptions, be subject to conscription ~~both~~ for military and for labour purposes, for the former purpose as far as is desirable, for the latter almost universally.

The arguments used to justify these two measures are simple, and from the point of view of logic unanswerable. Neither the Trans-Saharan railway nor the barrages and canals can be constructed at all without conscript labour

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both from North Africa and the Sudan, nor will it be possible for the at present barren region of Timbuctu to be made into an Egypt without moving population *en masse* to till the millions of acres which it is hoped that the new arm of the Niger will make cultivable. Undertakings on such a scale cannot, moreover, be kept going without a considerable nucleus of trained artisans, and these, to whatever race they belong, must all have a French technical education. Success is dependent not only on the unification of tongues, but also on the unification to a large extent of race, which is a necessary corollary of language unification. Such unification requires the decay of the different kinds of African nationality, and the creation in their place of a single one, French. This, notwithstanding the fact that the races to which the system is to be applied have hitherto shown no very marked desire, generally speaking, to become French citizens.

The most important factor is obviously the children. It was early realised that the key to success lies in education in the broadest sense of the word, and the task was taken up with characteristic thoroughness. There was, however, a lion in the path—Islam. Something had to be set up as a rival, so about 1911 it became the policy of French West African Administrations to stem the disintegration of fetishism and to encourage the indigenous cults. Christian missionary teaching was, curiously enough, put a stop to, but there were other reasons for this step connected, no doubt, with politics at home. The ban certainly no longer exists. It has, however, been found necessary to try a new plan, for the changed outlook of the thousands of black ex-soldiers who served in France during the war has rendered it out of the question to keep up the old fetish worship. The solution now favoured is to teach the children the abstract truths of science. The little African is to learn “that the shadow is not a soul, but due to the interception of the sun’s rays, that rain is the result of evaporation, not the gift of a spirit.” A solid mass of scientific fact will be

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taught broadcast and it is believed that it can be assimilated without a disastrously rapid disintegration of native society, and that such a training will prepare the recipient for other educational processes which are bound to accompany the closer contact which is being established between the Sudan and North Africa and France. The language employed in the primary schools is entirely French, and an important object of the teaching is to familiarise the children’s minds with such practical matters as the working of machinery, the structure of plants and the causes of disease. Boys who show a special aptitude go on to secondary schools where they learn to be clerks, teachers and mechanics. Finally there is an *école supérieure* at Gorée where veterinary science and agriculture are taught, and there is also a college of medicine to which boys are transferred who are going to be doctors. Naturally, conscription, especially when it is for military purposes, is a factor of enormous importance in the new curriculum, particularly when the conscript is sent to North Africa or even to France. He learns there a new standard of living and a completely new outlook on life the effects of which extend far beyond himself. Miscegenation presents a problem of peculiar delicacy in parts of the British Empire, but in French Northern Africa it is frankly welcomed, particularly if the male is French. There is no problem corresponding to the Eurasian one. In French West Africa all illegitimate half-bred children are taken over and brought up by the State in schools established for the purpose at Bamako. The boys are educated to occupy government posts, the girls to become midwives. The latter are eventually sent back to their countries of origin and remain the wards of the Government until they marry.

The logical end of the French policy is a new Roman Empire with its centre not in Rome but in Paris, with Africa as a granary and supply depot both for men and materials. This is the conception which has fired the imagination of patriotic Frenchmen for decades, but it is only since the

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war and the development of aviation and motor transport that it has passed from the domain of dreams into that of practical politics. What Tunis and Algiers are at present Morocco must shortly become, an annexe, French both in language and in mode of life, and with a large intermixture of French blood. The necessary mechanical measures for the assimilation of Tunis, Algiers and Morocco are being pushed on with unflagging zeal, and the progress which the intelligent Berber population of North Africa has already made can be pointed to to justify an expenditure, which up to 1925 amounted in Morocco alone to over £250,000,000 upon railways, roads and ports. There is a tourist programme especially designed to interest France herself in her great colonial experiment. North Africa is, however, only a half-way house on the road to the still vaster project of a gallicised French Northern Africa; a domain in which absorption will be aided by miscegenation on a vast scale, and this sea of sand, the Sahara, is to be made navigable by fast motor and aeroplane transport, with a docile negro, negroid or mixed population both within it and beyond, which under the direction of French officers and French engineers will supply soldiers in time of war and well disciplined labour in time of peace. The conscription of the Sudanese population in the colonies of the Niger, the Haute Volta, Senegal and the French Sudan, as well as in equatorial Africa, is indeed already, both for military and labour purposes, a *fait accompli*.

From a mechanical point of view, then, the unification of some three-quarters of the northern half of the African continent is already well under way, and it is being pushed to completion with enthusiasm. The new forms of trans-Saharan transport are certain in some degree to revive the old desert trade of the Phoenicians and the Arabs, and if a sufficiently cheap form of fuel can be found it may materially affect the seaborne commerce which ousted the old desert trade, and has now had the monopoly of trade-in-bulk for a couple of decades. A native oil obtained from ground

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nuts is already being used as fuel for driving machinery in the tropical districts. But, in any event, white North Africa will be brought to the very door of the Sudan and central Africa as it never has before. The contact of people with people and tribe with tribe in both regions, and what is more, the contact of all of them with Europe will of necessity be almost entirely freed from the surveillance which the limited number of ports through which Africa could be entered has hitherto made possible. African land frontiers can no longer be effectively patrolled, and propaganda from North Africa and beyond will now reach the Sudan and even central Africa with the greatest ease. It will, indeed, in the future be impossible to set a limit anywhere to the passage of ideas through the Dark Continent.

IV. INDIRECT RULE AND CROWN COLONY GOVERNMENT

WHAT then are the prospects of the French completing their great scheme of assimilation and how will a French Northern Africa and a British Northern Africa, to which such different principles are being applied, react upon one another across a common frontier of thousands of miles?

There is no intention in this article of attempting prophecy—there are too many uncertain factors; but in estimating the French chances of success we have something in the way of experience to go upon. The tenacity of the African strain is already proved. Miscegenation has already been tried on a sufficient scale to put that beyond doubt. A Franco-African race may be a possibility north of the Sahara. The North African Berber is himself white—his isolation in the high Atlas has kept him so—and the Fulbe and the Tuareg in the Sahara are still more or less white owing to tribal endogamy. Even in the north, however, there is Islam, that formidable gulf between Europe

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and Africa which, the French writer quoted on an earlier page has told us, constitutes "the native question" of Algeria. But whatever the possibilities in North Africa, south of the desert the difficulties are infinitely greater, for there nature herself stands in the way. Nothing is more remarkable than the rapidity with which in Africa, at all events in tropical Africa, the white strain grows weaker and the black stronger after racial intermixture. Even if the French scheme succeeds at the outset, can the high degree of centralisation and the constant replenishment of French blood, upon which permanent success depends, be kept up indefinitely? Yet, without these artificial aids the negro strain would surely reassert itself in a few generations and a reversion to type and the old outlook would follow. Africa herself seems to engender an aversion to assimilation with Europe, and the neighbouring territories in which development is on African lines will be more likely to react in this sense upon a gallicised French territory than it is to affect them. If, then, the only outcome of the French policy is, after all, likely to be the reassertion of the African type and the African will, British policy would seem to be based on sound sense, for it recognises the inevitable, and going as it does with the trend of African aspiration it is more likely to place our relations with the African peoples on a permanently better footing.

It remains to consider what is the best kind of government for British Northern Africa; as has been seen, there are two systems in actual use. It may seem rather an academic question at this time of day. The existing governments have all been established for a considerable number of years and there is no question of any revolutionary change. There is no movement to do away with indirect rule and the most convinced believer in that system would not dream of demanding that the roots of Crown colony government should be torn up in, for instance, the Gold Coast. Nor is there any desire in this article to dogmatise about the respective advantages of either system from an

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absolute standpoint. Both have their own peculiar qualities, and the extent to which they are applicable depends largely upon circumstance. Both have their dangers too. The indirect system works best where there are relatively advanced indigenous institutions already in existence. There must be native authorities able and willing to stand the racket of government. These conditions are found in the Moslem block. The emirates of Nigeria and corresponding institutions in the Sudan supplied exactly what was required. The system, moreover, fitted in with Islamic tradition and prejudices which would have resisted the imposition of our more alien forms. In the non-Moslem fringe, on the other hand, the conditions were, as has already been stated, completely different. When we arrived in the country we found a much less advanced stage of civilisation. There was far less in the way of indigenous institutions to build upon, and, on the other hand, little or nothing to make the introduction of our own forms repugnant to local sentiment, certainly nothing with the force of Islamic prejudice. The difficulty was rather one of understanding. "The ideas and ways of his new masters are, as far as he (the native) is concerned," says M. Paul Salkin, "a sort of fourth dimension. The African masses with their centuries of obedience and veneration have no use for such theories as liberty and equality." The special danger of applying parliamentary institutions to African races at a certain stage of their development is that they tend to become oligarchic machines which are manipulated by minorities for the benefit, not of the people of the dependency as a whole, but of sectional interests. However that may be, we followed the well-trodden path and introduced our usual system, Crown colony government.

If this were the whole matter, there would be nothing more to be said. Each system could be left to develop in its own way. It is early to pass final judgment. There is, however, a complication. A glance at the map will show

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that the territories in the non-Moslem fringe encroach, to a greater or less degree, upon the Moslem block. In Nigeria, indeed, the Moslem section is more than half the country. The result is that both systems are found at work side by side, the indirect in the north, the parliamentary in the south, which also contains the capital of the colony. The complication to which such a state of things might ultimately lead has already been mentioned, though the situation is an easier one than it is in India, because the territory under indirect rule is a separate block, not scattered about all over the country as the Native States are in India. There is, however, an immediate problem as well. The indirect system depends above everything else upon personal influence. Native forms and native authorities have been retained, and it is an essential part of the system that they should keep their prestige. The British local representative must therefore, *vis-à-vis* the native rulers, keep in the background. At the same time, he must win their confidence and respect and *propter hoc* he must enjoy the complete confidence and respect of his own Government. For it is his task not only to assist the native authorities to maintain their position; their methods must be improved, and—the special danger of the indirect system—customs which are repugnant on humane grounds must not be suffered to continue. There is, of course, force in the background, but progress induced by force is less permanent than progress induced by persuasion. Persuasion is, indeed, of the essence of the system, and it demands an intimate knowledge of the language and exceptional sympathy with native ideas, which means that the local official must be ready to spend his career in the country.

Such is the indirect system. Its strength has stood the test of time, but personal influence is none the less a delicate matter. It must be given scope if it is to be effectively exercised. It is essential that as free a hand as possible should be left to the man on the spot, for undue inter-

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ference might easily undermine his position.' Therein lies the danger. Crown colony government, the form in use in the rest of the colony, is a complicated organisation divided into a number of great departments with tentacles reaching into every corner of the country, into the regions which are administered under the indirect system, as well as the others. Under such circumstances the machine is liable to become the main consideration and the human touch, which is so important for indirect rule, to be lost. Yet, it would be a calamity if this system were to be frozen out. Decentralisation is as much needed within the limits of such a colony as it used to be between the central government and Whitehall. The advantages of the indirect system will be apparent from what has already been said. The foundations on which their future is being built will certainly not be weaker for being genuinely African. Responsibility is fostered from the start. Instead of ending with self-government the system begins with it, with self-government, however, not from the top, from legislative councils and parliaments, but from the bottom, from the hamlet, the village, the town and the district. The population is relatively speaking homogeneous in small units of this kind, and government is a comparatively easy matter. At the same time, there is nothing to prevent the system expanding when the time comes into self-government on an extended scale. As far as the local European community is concerned, it need cause no complication. There are no permanent white settlers in Northern Africa, only traders, planters and other temporary residents, and it is perfectly possible to extend local self-government to them in limited areas without any risk of acute racial conflict. This has from time immemorial been the method employed by African rulers in their dealings with immigrant communities such as Arabs, and it offers a convenient means by which co-operation between the races can be fostered.

Nor need there be any fear of the white race suffering

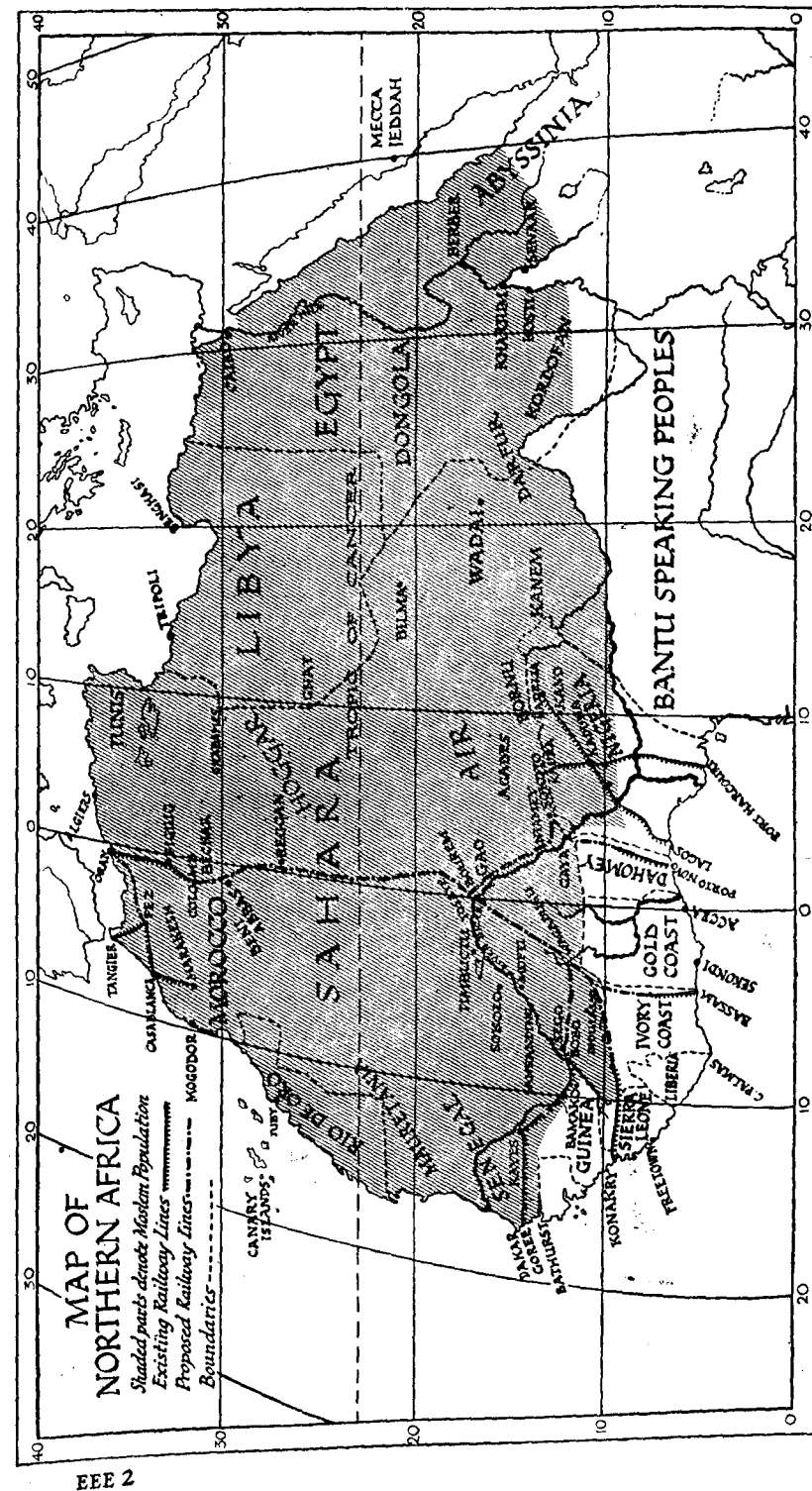
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either in prestige or pocket by making use of African institutions. That, at all events, is M. Salkin's view.

Local protectorates are (he says) the political *chef d'œuvres* of European rule in Africa. . . . Excellent economic results have been obtained by respecting the institutions of the races of Africa, by the whites adapting themselves to the genius of the Africans.

It is here that peace reigns in Africa, here the power of Europe has preserved, and not destroyed. . . . It is curious that we should have maintained our prestige in the native protectorates, and lost it among the Europeanised blacks.*

* *L'Afrique Centrale dans Cent Ans*, by M. Salkin, p. 86.



THE ROMAN QUESTION AND THE LATERAN AGREEMENTS

(TRANSLATED FROM THE FRENCH)

WHAT is known in general terms as "the Roman Question" is not one but three questions: though they are related and indeed interdependent, they are quite distinct, and, if we are to begin to understand the new situation which has been created by the Lateran agreements, we must first be at pains to disentangle the three questions. They concern the temporal power of the Pope, the relations between Church and State in Italy, and the relations between the Holy See and the Catholic world.

As regards the temporal power, the Lateran agreements recognise *de jure* a position which has existed *de facto* for half a century. During that time, though theologians and diplomatists have seemed wedded to the unchanging shibboleths of their official faith, the discerning observer has not failed to perceive a slow evolution from within towards the end now attained.

Looked at from the point of view of the relations between Church and State in Italy, the Lateran agreements represent nothing less than a revolution in the official attitude of the Italian State towards religion. The boldness and determination with which that revolution has been accepted by the one side are worthy of the qualities which inspired its leaders on the other. But this revolution, though it has converted enemies of yesterday into friends of to-day, still leaves some

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points obscure, some differences unsettled, and it rests with the future to determine whether the obscurities will be clarified and the differences composed.

Finally, the agreements open a new era in the history of Catholicism—an era pregnant with the unknown, rich in promise, yet not free from danger. For the moment we need say no more than this, that the unflinching courage with which His Holiness has embarked on this venture bears eloquent witness to his faith in Divine support and in the perennial vigour of the Church of Rome.

I. GREATNESS AND DECLINE OF THE TEMPORAL POWER OF THE POPES

The temporal possessions of the Popes, though currently described as the "patrimony of Peter," have, we need hardly say, no foundation in the Gospels. Nor can their origin be traced in the so-called "Donation of Constantine." Invented in all its particulars at the end of the eighth century, shown to be a forgery by Laurentius Valla in the middle of the fifteenth, that document is no longer claimed as authentic, even in ecclesiastical circles. The donations of Pepin le Bref and Charlemagne seem to have been mere verbal grants; and although the Frankish kings sought favour with the Popes by granting them a temporal authority which received general recognition, they attached to it no form of sovereignty in the true sense. Sovereignty came from a prolonged campaign of influence and usurpation sustained throughout the Middle Ages. This campaign was peculiarly favoured, both by the growing pre-eminence of the see of Rome over all other sees, and by the part which the Roman Pontiffs were in the ordinary course called upon to play as defenders of the people and protectors of the city during the confusion and anarchy of the barbarian invasions. Not until the beginning of modern times, however, do we see the Sovereign Pontiff exercising his

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authority by the same right as any other sovereign over "States" which were constituted like other States. At that time they included, in addition to the "patrimony of Peter" properly so-called (i.e. Rome and the territory extending from Viterbo to Terracina and from Narni to the sea), part of the Duchy of Spoleto, of the Marches and of the Romagna, as well as the dependencies of Benevento and Avignon.

What exactly are the relations between the two sovereignties, the spiritual and the temporal, united in the person of the Pope? They are involved and they are far from clear. We have pointed out that the Pope regards himself as the lawful ruler of his States by the same right as any other sovereign. But by the side of that claim we shall not fail to observe the appearance at an early stage in the doctrine of the Church of the notion that the chief warrant for the temporal power is as a foundation and an instrument of the spiritual. Something of the sacred character of the spiritual power is thus reflected, at least in theory, on the temporal, whereas in fact the process is reversed and it is the spiritual which acquires some of the profane features of the temporal power. It was in the Middle Ages, when its temporal possessions were neither extensive nor secure, that the spiritual ascendancy of the Holy See reached its zenith (notably at Canossa, in the humiliation of Henry IV). From the sixteenth century onwards, when the Popes entered, for good or evil, upon the paths of worldly ambition and strove to round off their domains by the same methods of force or fraud as other sovereigns, we find their spiritual prestige sinking into an uninterrupted decline, without the growth of their material power bringing them any appreciable compensation. The paganism and the contempt for morality of the Popes of the Renaissance disseminated an epidemic of irreligion. As the ruler of a State whose private interests absorbed most of his time and thought, the Pope seemed to lose that character of universality which is part of the essence of Catholicism. Once he was prepared to

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descend to their level, other rulers treated the Pope as they would have treated one of themselves, and the historian loses count of the insults and the violence of which the Pontiff was the victim, from the sack of Rome by the Duke of Bourbon and the affronts which Louis XIV thought fit to inflict on Alexander VII and Innocent XI down to the imprisonment of Pius VII by Napoleon I. The Government of the Papal States was in almost every age deplorable, and the attention devoted to social questions in the modern world threatened to place insuperable difficulties in the way of Papal policy. In such an age the Pope might well have welcomed the loss of his States as a blessing in disguise if the New Italy had not gone to the length of depriving the Holy See even of that minimum of territorial sovereignty which it had always, reasonably enough, considered indispensable to the very exercise of its spiritual authority, and if that deprivation had not been marked by features of robbery and brigandage, inspired not by temporal greed alone but by a spirit of revolt and hatred directed against the Roman Church and Christianity itself.

II. THE CHURCH OF THE SYLLABUS AND THE ITALY OF THE RISORGIMENTO

THERE was, indeed, a rooted incompatibility between the Church of the *Syllabus* and the Italy of the *Risorgimento*.

Like all other sovereign rulers, the Pope was bound to stand or fall by the doctrine of legitimate succession. He could not recognise in any form the revolutionary principle of nationalism, in the name of which the New Italy demanded liberty, unity, and Rome for her capital. Being a lawful sovereign in two spheres, the spiritual and the temporal, he necessarily regarded any violence directed against himself as not merely immoral but impious.

But it was not solely as a sovereign ruler and, as it were,

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in his own right that he was compelled to raise his voice in solemn protest against Italian claims. That duty followed from his position as teacher of the Faith and minister of the Gospel. The dispute which brought him to grips with the ruling House of Savoy was not, indeed, another of those disputes such as he had so often had with the princes of the old régime—painful, no doubt, but superficial and secondary for all that, because they did nothing to impair the essential harmony of principles and doctrines. Here principles were ranged against principles, doctrine against doctrine. The monarchy of Savoy brought liberalism in its train. There is a loose form of liberalism which is not always or altogether intolerable—the form which Father Tyrrell had in mind when he said in his dry way that “in English, the word liberal is not yet synonymous with blackguard.” The liberalism which confronted the Pope was very different, clear-cut, pernicious, indistinguishable from the capital heresy of modern times, which the *Syllabus* had just denounced and anathematised. At that time it was not merely the temporal interests of the Papacy, nor even the dignity and the rights of the Sovereign Pontiff, which seemed to be at stake, but the salvation of souls and the stern claims of truth itself.

The New Italy, once she had attained the aims to which she had aspired through the centuries, made repeated overtures to the Church. By the Law of Guarantees, the State offered the Pope such monetary compensation as the State thought fair, together with the usufruct of territory and of property and such legal and diplomatic exemptions, privileges and prerogatives as were deemed ample for the free exercise of his spiritual power. All such approaches, for the reasons of principle which we have just described, were in vain. The Pope regarded the Law of Guarantees as null and void, refused to enter into relations with the Italian authorities, excommunicated the royal family and all the artificers of the new order, and retired, a voluntary prisoner, to the stately solitude of the Vatican.

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III. THE INTERNAL EVOLUTION OF THE SITUATION

AN immanent justice ordained, as the unforeseen sequel of these events, that the Holy See should derive great benefits from the crisis which at first had seemed likely to threaten its existence. Time soon blunted men's memories of the weaknesses and the evils associated with the temporal rule of the Popes, but the recollection of the wrongs they had suffered was kept alive in the public consciousness by the constant renewal of their protest, and was indeed reinforced by a growing feeling of admiration and respect for the calm dignity of their attitude.

Bearing in the eyes of the world the whole responsibility for the *fait accompli* to which the Pope refused to conform, Italy felt compelled to restore to the Holy See a degree of moral freedom not less than the material freedom of which it had been deprived. No steps which might conduce to this end were neglected. As the ruler of the Church throughout the world, the Pope enjoyed complete independence, which was enhanced by the glamour of abnegation and sacrifice; and so, in the happy phrase of M. Saint-Brice, the altar became a magnificent pedestal for him. There was nothing, even to the separation of Church and State decreed by the Government on the eve of the promulgation of the Law of Guarantees, which did not help to dispel from the eyes of the world all suspicion, all semblance of an agreement made between the two Powers to their mutual advantage and to the detriment of other Catholic peoples, and thus to set beyond dispute the absolute independence of the spiritual power.

However, when the Papacy turned from its position in the world to consider its position in Italy, it was far from finding grounds for the same satisfaction. In the first place, however patient, however pliant, however intelligently alive to its true interests the Italian Government

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might show itself, it needed no improbable flight of fancy to imagine circumstances in which the Sovereign Pontiff might be driven from Rome. That might come, to mention only one possibility, through more vigorous pressure from Freemasonry, with all its power in Italy and its sworn enmity to Christianity, at least in the form of Catholicism. The mere possibility of losing Rome, with all its dread reactions on the fate of Catholicism, was enough to inspire the Papacy with the desire for a reconciliation with Italy. Apart from this, the Pope could not regard the absolute separation of the two powers, in contradiction to all Catholic dogma, as other than an abnormal and provisional situation, to which he for his part was ready to put an end, once the offence had been effaced and reparation made by formal acts of repentance and pardon. Again, how could the Pope, as the Father of all the faithful, watch without a sense of bitter grief a whole nation—that very nation which had received the Faith as a sacred trust—being drawn by its temporal leaders towards unbelief and apostasy? No doubt, even in this regard, the practice of the Italian Government was better and less rigid than its principles. It did to a considerable extent spare and respect those Catholic sentiments which had so firm a hold on the hearts of the Italian people. But such opportunism, even if it endured, could not end the spiritual torment in the minds of devout believers, who were torn between loyalty to their religion and to their country. Finally, though his divine ministry set him above nationality, the Pope was not called upon, nor had he the right, to forget that by origin, by birth, in every fibre of his human personality he was an Italian; and for that reason he was bound to be won over in advance to any settlement, if there were one, which, while securing reparation for his violated rights and guarantees of his effective independence, would contribute to the welfare and greatness of Italy.

On the other side, the change in the attitude of the Italian Government followed a similar curve. The New Italy

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had thought that unity was achieved when she seized Rome for her capital; but she now realised that that unity would never be organic and final so long as the *dissidio*, the divorce between the Quirinal and the Vatican, remained. By his declaration of *Non expedit*, inhibiting Catholics from taking any part in political elections, the Pope overthrew beyond recovery the balance of Italian political life, and created the monstrosity of a Parliament without a party of the Right. With the rise of Socialism, the dangers of abstention which had always been serious became so urgent that unofficial negotiations were opened with the Holy See and led to the relaxation, and in the end even to the withdrawal, of the order. Abroad, the Roman question was a thorn in the side of Italian diplomacy, and the Catholic Powers did not scruple to turn it to their own advantage. No gain accrued to the Italian State from the work of Italian priests in foreign missions. When Italy decided to join the Triple Alliance, Austria refused to guarantee her territory because it included Rome, and Bismarck sent an ironical suggestion to Mancini to come to terms with Leo XIII.

In such circumstances it is not surprising that the desire for an honourable settlement of the dispute should have been felt at an early stage and in both camps. The attempts at conciliation were numerous. They began between Cavour and Father Passaglia when the first Italian Parliament declared for Rome as the capital; they went on in 1870, before and after September 20; they were resumed by Crispi, who seemed at one moment to have gained the ear of Leo XIII. They were renewed many times after that. But though the goodwill which both parties brought to these discussions was undeniable, they never led to an agreement, but always met the same obstacles without overcoming them.

On the side of the Italian Government the first of these obstacles was a certain fundamental anti-clericalism which bordered on anti-Catholicism. It was reinforced by the

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fear of being accused by other Catholic nations, in the event of a reconciliation with the Holy See, of wishing to "Italianise" the Vatican. There was a jealous and passionate feeling for national unity unimpaired which made Governments look with horror at the idea of ceding territory, however small; extreme sensitiveness in regard to the absolute independence and overriding sovereignty of the civil power. There was the weakness inherent in the Parliamentary system in every country where it has been brought in from outside and artificially cultivated; and finally, the Government could not forget its Liberal origins—it was afraid to face public opinion, it dreaded the all-powerful body of Freemasons.

The Holy See, on the other hand, distrusted a régime founded on principles antagonistic to its own by men who were its enemies. It was convinced that this régime, branded alike for its blunders and its sins, was doomed to early destruction. It was unwilling to abandon claims which the Catholic world had adopted as an article of faith, or to put an end to protests which at once aroused the sympathy and calmed the minds of devout Catholics. Finally, the men of influence in the Curia could not forget their political education in the days of the temporal power, and refused to believe that any other system could ensure to the Pope the free exercise of his spiritual mission.

Time did its work, however, and imperceptibly the problem grew ripe for solution. Several conclaves were held at Rome without incident. The Pope carried on his ministry, even during the world war, in a way which made it clear that he was no man's subject. There was manifest in his person a quite special sovereignty, untrammelled by territorial power. The idea made headway that the spiritual power could preserve its complete independence without being burdened by responsibility for any State, without having any temporal basis beyond what was needed for the outward and visible sign of sovereignty. Moreover, the personal relations established in frequent un-

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official discussions brought about a *de facto* rapprochement, and smoothed over some of the harsh opposition of principles. The representatives of the Curia changed as time went on, and the successors of the men who had survived from the days of temporal power were less reluctant to admit the idea of a new order. Italy herself, despite so many gloomy prophecies, lived on, was consolidated, and not only preserved her unity but strengthened it. And so the efforts to reach an agreement were made in a different atmosphere. The negotiations between Benedict XV and the Orlando Ministry came very near to success. But the violent upheaval which shook Italy after the war through its revelation of the dangerous strength of Communism, the disintegration of the old parties, and the bankruptcy of the Parliamentary system seemed likely to throw the whole question back into the melting pot. At that moment Mussolini came upon the scene and Pius XI succeeded to the throne of Peter.

IV. MUSSOLINI AND PIUS XI

AT first sight the Fascist Revolution seemed more likely to retard than to hasten the coming of religious peace. It could ask for no sacrifice of national sentiment, for it lived by stimulating that sentiment. Since its aim was to extend and consolidate the power of the State, it could not give up even a fractional part of that power. In opposition to Catholic dogma, it preached the right of force and the virtues of violence; and, indeed, in its seizure of all the vital organs of the nation, it spared neither the activities nor the representatives of the Church. Finally, it professed in the sphere of international politics a bellicose Imperialism poles asunder from the conciliatory and pacifist ideals of the Holy See. Thus, from its inception, the new régime seemed likely to multiply causes of friction and exacerbate relations between the two Romes. Yet it is to

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that régime that within a few years the credit is due of solving, and, in Mussolini's own expression, "extinguishing" the Roman question. How did such an astounding change of front become possible, how did it then come about? That we can only learn from a glance at the psychology of Mussolini and Pius XI.

If we examine the forceful and intricate personality of Mussolini with no wish to disparage or to defend, we cannot fail to perceive its dominant characteristics—burning patriotism, Italy as a religion even to the point of fanaticism; understanding and love of the masses of the people and the gift of handling them; an indomitable will subdued to the service of ends undeniably great; an unflinching realism, which is far from excluding a certain type of idealism, but is the deadly enemy of those two scourges of the modern world, words and Utopias.

The son of a humble blacksmith and of a little village schoolmistress, Mussolini began life as a Socialist. His was not the "breadwinning" Socialism which is so often taken up by ambitious young people of proletarian origin as the quickest and most certain road to success; it was much more the "apostolic" form of Socialism to which men pledge their faith and for which they are ready to dare and to suffer. Although perfectly capable of thinking out Socialism, and even of recasting it in a new mould to fit a changed world, Mussolini never was and never wished to be one of those doctrinaires who from the safety of their studies send other poor devils out into the streets to have their heads broken. He was a militant in the full sense of the word, he risked his own skin, he was no stranger to misery and privation, he was thirteen times incarcerated in "bourgeois" prisons. Born of the people, he has remained one of the people, but in spite of his remarkable gifts of oratory, his very understanding and love of the people have kept him from becoming, or at any rate from remaining, a demagogue. And when experience and reflection alike had brought home to him the fundamental error and the colossal

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humbug embodied in the Socialist gospel, it was from the pity which as a man he felt for the masses so shamefully misled and exploited that he drew much of the energy to set out in search of a new gospel and the courage to make himself its mouthpiece.

Even in his Socialist days, Mussolini had never been an adherent of historic materialism, and he was much closer to Proudhon and Georges Sorel than to Karl Marx. In other words, he ran counter to the movement of modern Socialism, and, while it became more and more dominated by "bread and butter" questions, he professed an idealistic Socialism with a tinge of Stoic morality. Nor had he ever accepted the position that the Socialist International involved the denial of one's own country. An instinctive patriot all his life, he became very consciously Italian in the dreary loneliness of exile. But for the war, he would no doubt ultimately have reached some vague and ineffective formula of National Socialism. For him as for many other men, the war was to be the great teacher and revealer. It brought his Socialist faith and his patriotism to grips in his conscience and forced him to choose between them. His choice was soon made: he decided for his country, not, indeed, abandoning Socialism but putting it second, so that his doctrine definitely assumed the aspect, not of a National Socialism but of a Socialist (or Socialising) Nationalism.

From that moment the national or nationalist element assumed a steadily growing importance in Fascism, and, what is perhaps still more striking, Fascism developed rapidly towards a theory at the opposite pole to that which it first held.

Italian patriotism had been intoxicated by the war and by victory. It was under the constant stimulus of the great memories of ancient Rome. It suffered through feeling that Italy had not had her fair share of the spoils divided amongst the victors. Under these influences it withdrew within itself and, like the boiling masses in a volcano, generated an alarming pressure. This was the burning

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lava, always on the point of eruption, which Mussolini has mastered and directed into new channels without allowing it to cool. He has poured it into the rigid mould of a system of ideas, with one face of the system turned towards Italy, the other to the rest of the world. Italy of the Risorgimento was the child of the principles of 1789, of Liberalism and Democracy. The Italy of Mussolini rejects democracy as the lie of lies, restores a conception of the State based on authority, for freedom substitutes discipline, for equality hierarchy, and for fraternity the struggle for existence between nations. But Mussolini has not halted even after overthrowing all political values as they have seldom been overthrown in history. Autocratic and a rigid centraliser, he is evolving a doctrine which claims the whole of man's personality and devotion. By reviving the loyalties of the City-State in the ancient world, and by adding, where necessary, a modern touch—borrowed here from the romantic mysticism of the Nation as Goddess, there from the Hegelian metaphysic of the State as God, or again from Gobineau's theory of the noble race and the chosen people (applied, of course, to Rome instead of to Germany)—he has made his country the object not simply of a cult or a religion—which in a sense Catholic theology permits and even enjoins—but of religion itself.

This brief sketch of the system of ideas represented by Mussolini should help us to see how he would regard the problem of the relations between Fascism and the Church. As the author of a revolution imposed by force, but none the less dependent for its survival on the willing support of public opinion, he might look for invaluable help in the goodwill and collaboration of the Holy See, if he could win the Papacy to his cause. As a friend of the people, who had watched the havoc wrought in the popular mind by the atheism of the laity, he could not, whatever his personal attitude towards the Church might be, be unmindful of the treasures of moral and spiritual life which a religious education can offer to the masses. As a patriot,

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he was bound to desire the end of a divorce which had inflicted grievous harm on Italy. Both by theory and practice an autocrat in the political sphere, he must necessarily be in sympathy with a power based on authority in the realm of religion. He had made an end of the weaknesses and hesitations of the Parliamentary system by reducing it to an empty show; he had had the courage to dissolve the Masonic orders and no longer need fear them; nothing remained to deter him from working, once the time seemed ripe, for a reconciliation with the Church. As to any differences or inconsistencies between the worship of the State and that of Jesus Christ, between the religion of Italy and the religion of the God of Love and Justice, he felt no doubt that they would disappear in face of the harsh necessities of practical life and the accommodating power of politics. He may even, with a touch of Machiavellism, have seen in these differences and inconsistencies a safeguard for the Italian people against the danger of too complete a subjection of Italy to the Holy See, and a guarantee for the Catholic world against its fears of too complete a subjection of the Holy See to Italy.

Mussolini had the good fortune to find an associate as resolute, as daring, as much in love with achievement as himself. Unlike most of his predecessors, Achille Ratti, who had become Pope under the name of Pius XI, had not attained that eminence after a long career spent in ecclesiastical activities and offices. He was an intellectual, a scholar, a librarian; he was too familiar with the mind of the historian to feel enslaved by tradition, or indeed to see in tradition anything but a series of innovations each of which in its day had seemed revolutionary. The brief interlude as a diplomat (he was Papal Nuncio in Warsaw) which had preceded his elevation to the throne of Peter had extended his horizon over the outer world, but had given him neither the patience nor the habit of temporising which had come to be regarded as synonymous with the policy of the Papacy. With an ardent spirit and an un-

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shakable character he combined a lofty sense both of his absolute power and of his unusual responsibilities so soon after an upheaval which had left the raw material of humanity in a plastic state, ready to take the impress of the modeller for a new epoch in history. So he entered into ententes and concordats wherever he could, with a haste which the irreverent attributed to a mania for making bargains. His wish to treat with Italy was fortified by the fact that Italy now had a strong Government with a free hand to venture where no previous Government had dared to tread, either towards peace or towards war. That Mussolini should declare his intention of negotiating in order to put an end by agreement to an intolerable situation which had arisen through the past violence of the State was in itself a mark of substantial progress. Not less important was the knowledge that if an agreement was reached Mussolini was in a position to enforce its execution. All this in itself was not enough, and the Pope had still to decide what concessions he could make and what he could demand in exchange for them. Here the daring of Pius XI, not far removed perhaps from rashness, came into play. He had no hesitation in abandoning the claim to temporal power which his predecessors had so stoutly upheld. In the light of recent events, from his experience above all of the ineffectiveness of Belgian neutrality, he did not even insist on the international guarantee which Pius IX, and after him Leo XIII, had considered indispensable. He saw too clearly that its value was illusory. He adopted the words of Benedict XV when he declared, through the mouth of Cardinal Gasparri, that he looked for a fair settlement with the Papacy only to "the triumph of a broadening sense of justice in the hearts of the Italian people." There was reason to think that Mussolini had resolved to work for that triumph and to make it more complete than anything for which the Holy See had dared to hope. In place of those derisive phantoms, temporal power and the international guarantee, he offered the Pope realities of sub-

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stance—a restricted but effective sovereignty, a considerable monetary indemnity, and above all, a Concordat which would bring the Italian people once more under the sway of the pontifical crosier, from which false shepherds had sought for so long to lead it astray. It was true that the horizon held one large black cloud—the claim of Fascism to the exclusive control of education, and behind that claim, as its inspiration, the half mystical worship of the State and the Nation. With true Italian adroitness, throughout the discussions the Fascist negotiators and Mussolini himself sought to make light of this difficulty and to represent Fascism as a purely political doctrine with no particular metaphysical or theological affinities. And thus, it would seem, the final doubts of the Pontiff were overcome and so effectually indeed that when on February 11 the Lateran agreements were signed, the act found the Sovereign Pontiff moved not by a spirit of resignation, but by a joyful enthusiasm which found expression in his description of Mussolini as "the man of Providence." As for the Fascists, they appeared to be ruled by the conviction that the understanding between the two powers had been built for the future on unshakable foundations.

And yet before many weeks had passed serious disagreements came to light, and a polemic in the press soon led to a warfare of resounding oratory between the Dictator and the Pope.

V. THE QUARREL BETWEEN FASCISM AND CATHOLICISM

THE Lateran agreements are in three parts: a political Treaty, a financial Agreement, and a Concordat.

The political Treaty sets up a small sovereign State, the Vatican City. This city covers little more than 100 acres, and has only 400 subjects, but it has its own jurisdiction and is to be endowed with all the material means to free communication with the outer world. Besides this, the

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Papacy obtains a kind of moral mortgage over the capital of Italy. It is provided that the civil power shall respect, and enforce respect for, the sacred character of Rome. The Holy See for its part recognises the kingdom of Italy under the dynasty of Savoy with Rome as its capital.

The financial Agreement provides a considerable capital sum (1,750,000,000 lire) for the Holy See, which is thus for the first time put in a position to frame a regular budget.

The Concordat makes Catholicism the official religion of Italy, and at the same time frees the Italian Church from the guardianship of the Italian State and places it under the sole authority of the Holy See. The existence of the monastic orders and the rights to ecclesiastical property are recognised. The Church is not only set free within the nation, but becomes an organ of the State in so far as concerns the religious ceremony of marriage, which is to have civil validity, and the teaching of religion, which will be compulsory both in elementary and in secondary schools except by the express wish of the parents.

In accordance with the honoured traditions of diplomacy, the Lateran agreements, in spite of their apparent lucidity, contain much that is ambiguous and much, too, that is perhaps intentionally misleading.

The first dispute arose over the connection of the political Treaty and the Concordat immediately the documents had been signed. During the negotiations the Pope had insisted strongly on the close connection between these two instruments, and on the dependence of the Treaty on the Concordat. He ascribed such importance to the Concordat, he declared, that he regarded it as in itself sufficient to justify the Treaty. It is easy to understand the reasons for the Pope's attitude. When he renounced his temporal sovereignty over Rome, the Pope aspired to extend his spiritual dominion to the frontiers of Italy. By virtue of the stiffening of his authority over Italian Catholics, the Italians, while still bound by their allegiance

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to their King, would become God's people and would inherit the part which the French had thrown over. At that point the other Catholic nations might be expected to grant the Vicar of Christ the same privileges, and if they did not he might without qualms of conscience reserve all the favours of the Church for the most faithful of her daughters and the most devout of worldly rulers. This was the line of thought which M. Maurice Pernot, a writer particularly well versed in Roman matters, had in mind when he stated recently that what the Pope had obtained, he had obtained as the head of the Italian Church, whereas what he had conceded he had conceded as the head of the Church Universal.

However, the reasoning which influenced the Pope had no validity for Mussolini. In the first place, he was primarily interested in politics, and the political value of the Treaty was far beyond that of the Concordat. Apart from this, whatever might be his own strength, he could not disregard the fact that Fascism was by its origin a movement of the Left and that the anti-Catholic or anti-clerical elements in it, which were still numerous and powerful, were certain to be profoundly hostile to any extension of the influence of the Vatican or of clericalism over Italy. On these grounds he showed from the beginning a very distinct tendency to the view that of the two diplomatic instruments, the first (the Treaty) was the only one that mattered, the only one that must remain inviolate. On this point, however, Pius XI would admit no compromise whatever. In the end he had his way and obtained a solemn recognition, in the protocol of the exchange of ratifications on June 7, that the Treaty and the Concordat were inseparable, and must stand or fall together.

On several other points, however, discussion and controversy have merely revealed or even aggravated the divergence of views.

For instance, a clause of the Concordat provided that the religious ceremony of marriage should also bind the

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parties in the eyes of the law. The Pope had understood this clause to mean that anyone who had been baptised in the Catholic faith would be required by the State to adopt the religious form of marriage. He was gravely disillusioned when Mussolini made it clear, in the ratifying instrument, that any subject of the State is at liberty, according to the dictates of his conscience, to adopt either the religious or the civil form of marriage, and when Protestant ministers and Jewish rabbis were recognised as marriage officers in their churches and their synagogues by the same warrant as the priests.

If we take a more general point, the Pope had read in the most literal sense the recognition in the Concordat of Catholicism as the State religion in Italy. In other words he had interpreted the clause in the Catholic sense, as excluding freedom of worship, liberty of conscience, and the right of propaganda. Yet, by a separate law, promulgated immediately after the Concordat, religions other than the Catholic religion were actively encouraged (rather than, as before, merely tolerated) on the one condition that they caused no breach of the peace. By the same law the children of non-Catholic parents were exempted from attendance during religious teaching in State schools, and the most complete liberty of conscience and freedom of public discussion were authorised. The Pope at once protested in an open letter to Cardinal Gasparri. Mussolini stood his ground, and declared in Parliament that "while the Concordat gave to the Catholic Church freedom to exercise its spiritual power and even placed that Church in a position of special prestige by making the Catholic religion the official religion of the State," none the less there had not been and could not be any interference with "the full freedom of worship extended by the State to other recognised religions, or with the equality of all citizens in the eyes of the law, whatever religion they may profess."

The cleavage between Fascism and the Church on the

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subject of education seems even more serious. In conformity with Catholic doctrine, the Pope maintains that the education of the young is mainly or even exclusively the business of the Church. He seems to have inferred from the recognition of Catholicism as the State religion of Italy that the whole apparatus of education would pass in the ordinary course under the control or under the management of the religious authorities. Mussolini quite brutally corrected this impression. He claimed, indeed, that the State must have unrestricted powers over all teaching, even over religious teaching, on the alleged ground that no other authority than the State was in a position to fit religion into its proper place in the educational system.

This might at a first glance seem to be a mere dispute as to functions or personalities without special significance for the substance of public instruction. In fact, it goes far deeper and affects the whole theory of education. Mussolini has no objection to Catholic education in so far as Catholicism forms an integral part of Italian civilisation and traditions. He accepts it to the extent that Catholicism teaches the citizen discipline and self-sacrifice. He will not hear of it at any price where it teaches the doctrines of pacifism, where it threatens to sap the nation's courage or relax its warlike ardour. The Duce has expressed his views on this subject with unmistakable precision. In his speech in the Senate on May 25 last he used these words :

"If the modern world were not the world of ravening wolves which we all know it to be, we might abandon that form of education, which with our hatred of hypocrisy we will call by its proper name, education for war. We need not be alarmed by the term. The training of men to be fighters is a necessity for Italy, for the reason that for centuries the warlike qualities of the Italian people have found no scope. The war of 1915-1918 was the first since the wars of the Roman Empire in which the Italians as a nation fought their way to victory. With interests of our own to defend, with our national existence in daily peril, we must reject the lure of universalism.

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It is a creed which I can understand in nations that have accomplished their destiny, but I can find no room for it in a nation whose fate lies in the future.

We can all see that this is the morality of Zarathustra as opposed to that of Jesus Christ ; or, to be more accurate, it represents a duality of conscience analogous to that which we saw not long ago in Germany as a result of the development side by side of the Lutheran religion and Germanic nationalism—Christianity for the citizen in his private life, *Faustrecht* (might is right), Imperialism, in his public existence. We know where this system led Germany ; and the Pope has good reason to take alarm at the dangers of the same doctrine to Italy and the threat implied in that doctrine to the peace of the world.

The last of these disputes between Fascism and Catholicism goes even deeper, for it affects the whole conception of the nature of the Church and of that of the State. No one will have forgotten the scandal caused amongst Catholics throughout the world by Mussolini's ironical and arrogant observations in his speech in the Italian Chamber on May 13 on the decisive part played by Rome in shaping the destinies of Christianity.

This religion (he said) was born in Palestine but became Catholic in Rome. If it had been confined to Palestine it would in all probability never have been more than one of the numerous sects which flourished in that overheated environment, like that of the Essenes or the Therapeutæ. The chances are that it would have perished and left no trace of its existence.

Such was the feeling aroused by these words on the lips of a Prime Minister who claimed to be a Catholic that in addressing the Senate a few days later Mussolini attempted to explain them away and to reduce them to terms of orthodox religion by drawing a distinction (on the authority of Monsignor Duchesne) between the historical and the dogmatic points of view.

Quarrel Between Fascism and Catholicism

But the defence was not thought to be very effective, and the Pope's views at least are clear from his letter of May 30 to Cardinal Gasparri.

We had opened our hearts (His Holiness wrote) to the highest hopes during these negotiations, which were protracted and often difficult, and least of all did we expect to have to listen to the language of heresy, or worse than heresy, applied to the very essence of Christianity and Catholicism. An attempt has been made to explain away these expressions, but in our view without much success. Distinctions such as seem to be suggested between statements of historical facts and statements of doctrine are nothing but modernism in its worst and most reprehensible form.

We are confronted here to all appearance with a rooted antagonism of ideas as to the nature of the Church. It would seem that the Pope has not yet clearly appreciated the existence of an equally irreconcilable antagonism as to the nature of the State. The Catholic doctrine regarding the State represents it as an organism made by men for men. Its duty is to pursue the welfare of the community in the temporal sphere and in all else to submit to the moral and spiritual guidance of the Church. Fascism regards the State as an emanation from God, with its own morality, its own spiritual force, and if it is to find room for the morality and the spiritual force of the Church it can only be by annexing and subordinating them to itself. "The Fascist State," so Mussolini proclaims with his usual clearness, "claims the full recognition of an ethical character of its own. It is Catholic, but it is Fascist, and in essence, and to the exclusion of all else, it is Fascist. Catholicism is its coping stone. We are not ashamed to say it, to lay all the cards on the table."

Perhaps the new and radical elements in the conflict of authority between Fascism and Catholicism will now be plain. When Philippe le Bel, Louis XIV, or Napoleon himself engaged in a struggle with the Holy See, the conflict was always between a representative of the temporal

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and a representative of the spiritual power. Between Mussolini and Pius XI the conflict is between the representatives of two spiritual powers, one of them backed by an impressive force in the temporal sphere, the other without a shred of temporal authority. It is true that the spiritual power of the Pope extends far beyond Italy, to the very confines of the civilised world. But if the "war of religion" latent in the disputes between these two powers, Priesthood and Empire, were some day to break out, he would be a rash man who would venture to predict its end.

We may leave these considerations to note that barely three months after the conclusion of agreements greeted by the Vatican with a perfect outburst of joy, the Pope himself was driven more than once to speak of them in terms of the bitterest disillusionment.

"If it were necessary in order to save or to protect from worse evils a human soul," so he wrote to Cardinal Gasparri, "we should not shrink from driving a bargain with the Devil himself." A far cry, we may well say, from "the man of Providence." A few days later, in another letter to the Cardinal, the Pope alluded to the possibility of the Treaty and the Concordat falling together, and bringing down with them the Vatican City and the State built round it, and he applied to himself in the spirit of the Stoics that phrase of Horace, *impavidum ferient ruinæ*. Yet he felt it possible to end on a re-avowal of his trust in the loyalty and goodwill of men and his faith in Divine support. This unshakable optimism is not without a note of the conventional on the Papal lips. Certainly it can have found little nourishment in the subsequent course of events; and the increasing number of suspensions and sequestrations of Catholic newspapers, or the tone of Fascist polemics, daily more acrimonious, are scarcely favourable omens for the cordiality and permanence of peaceful relations between Fascism and Catholicism.

Lateran Agreements and the Catholic World

VI. THE LATERAN AGREEMENTS AND THE CATHOLIC WORLD

OUR reply to expressions of anxiety on the part of other Catholic nations as to the danger of an exaggerated Italianisation of the Vatican is implicit in what we have already said.

So long as there is a conflict of *principles* between Fascism and the Holy See, there is little cause to fear this danger, more particularly so long as the Papacy continues in other ways by all the resources at its command to emphasise its universal and international or supra-national character.

It is true that it would not be difficult to imagine a situation in which this conflict might end—if Fascism were to disappear, for instance, or if, without disappearing, it modified its mystical absolutism and its claims to the whole loyalty of its adherents, and if this happened after the Catholic system of education had had time to bear fruit amongst the younger generation of Italians. Then, no doubt, too close a union between Italy and the Vatican might come about. The Holy See, as a tiny enclave in the heart of a great country, might easily take on the appearance of an Italian protectorate, while the Italian nationality of the representatives both of the Quirinal and the Vatican in foreign capitals might tend, even against their will, towards an identity of views and interests of which the other Catholic nations would be justified in complaining.

If this situation ever arose, it would be the duty of Catholicism at large to suggest and, if necessary, to impose whatever correctives seemed proper. It would not be difficult to find them, one would think, either in an increase of the number of non-Italian members of the Sacred College, on the lines of the suggestion already put forward by Monsignor Strossmayer immediately after the Vatican

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Council, or by raising prelates of non-Italian origin to the throne of St. Peter.

Reforms in this spirit are bound to come sooner or later. The indications are that Rome will exert all her genius for temporising in order to postpone them as long as possible, but she will certainly not hold out indefinitely against firm and persistent pressure by the whole body of Catholics, still less against the threat of a schism which would split Catholicism into a number of national Churches and would confine the Empire of the Holy See within the frontiers of Italy.

PROGRESS OF PROHIBITION

I.

BADLY as Governor Smith may have been beaten when he ran for the Presidency last fall, and far from the public eye as he may now be, he made in that campaign at least one notable contribution to American social life: since then, a full and frank discussion of the prohibition problem has been both possible and respectable. It can hardly be said, however, that the people of the United States have embraced the opportunity. The "Drys" still talk earnestly, but mainly to each other: the "Wets" talk heatedly, but mainly to each other. The Governor gave everyone an opening for an exchange of opinions, but he was unable to invent a satisfactory language for them to use. Nor has there been any appreciable change in the social situation: the "Dry" districts remain about as dry as formerly, both in word and deed, while the "Wet" districts are certainly no less wet. If there be a change during the past four or five months, it is more in the temper of the partisans than in the bare facts of the case. As the lily-white lady of prohibition rolls along in her Juggernaut, the obeisances are deeper and the curses are louder—and the number of human sacrifices is greater. But where the lily-white lady will end up, none can tell.

It will be remembered that Mr. Hoover, during the campaign, offered no solution for this national problem. But he did promise that he would appoint a commission to

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investigate the subject of law enforcement in the United States, and that this commission would consider the relation of prohibition to the violation of law. For an overwhelming majority of people this was a satisfactory promise, and Mr. Hoover was elected. It was probably a minor tactical mistake to wait so long after his inauguration before announcing the names of his commissioners. And it may have been a departure from wisdom and the best administrative practice for him to appear in April in New York before the Associated Press, some weeks before the investigators had been appointed, and assert that only eight per cent. of the crime in the United States was traceable to prohibition. But if these were errors, they were cured when the personnel of the commission was finally announced. Its chairman is Mr. George W. Wickersham, Attorney-General under President Taft. He is to be supported by ten men—all distinguished lawyers—and one woman, the President of Radcliffe College. It will be both surprising and disappointing if this body confines itself to a mere finding of facts or to perfunctory suggestions or to a little of both. Something imaginative and constructive is desired on all hands. The Drys hope for certain ingenious suggestions looking to the successful enforcement of the law as it stands at present, while the Wets insist that the commissioners must find out whether the law is really enforceable, and upon concluding that it is not, make recommendations for its modification.

The President himself has not made it plain precisely what he expects the commission to do: though he has talked about narcotics, smuggling, the jury system, and police and court procedure. There undoubtedly is a need for an expert and searching study of these topics; but they are being examined. There are, for instance, various bodies such as the Chicago Crime Commission, the Baltimore Criminal Justice Commission, the Crime Commission of Los Angeles, the Kansas City Law Enforcement Association, the Cleveland Association for Criminal Justice,

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the Missouri Association for Criminal Justice, the San Francisco Section on the Administration of Criminal Justice, the American Crime Study Commission, the American Institute of Criminal Law and Criminology, the Society for the Prevention of Crime, the Baumes Commission, the New Jersey Crime Commission, and numerous committees of the Bar Associations. Obviously there is not much point in re-threshing straw which has already been flailed many times, and the country expects the President's assessors to go straight to the question of prohibition enforcement.

Among all the uncertainties of the terms of reference, two things are clear. The survey is expected to take two years, and it is expected to cost \$400,000. On this basis, the report ought to be epoch-making. And perhaps it is necessary to consume that much time and money to impress the American people with the importance of the undertaking and to evoke a popular sanction for the commission's eventual findings. Meanwhile, till 1931, practically everybody can do practically nothing—except hope for the best.

II.

THAT is to say, very little can be done nationally and conclusively. But pertinent things do happen, nevertheless, while the citizens are awaiting a solution which the chosen minds are expected to evolve. Thus, on April 18, 1929, the following items appeared in the *New York World* as news:

1. The output of sugar alcohol is large and is increasing. . . . The number of stills in thickly populated centres is growing and corn sugar is ideal for alcohol manufacture. (*Seymour Lowman, Assistant Secretary of the Treasury.*)
2. La Marr H. Smith, former customs border patrol inspector, was convicted to-day of accepting bribes from rum-runners and sentenced to two years in jail. . . . He was the ninth of twenty indicted

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inspectors either to plead guilty or be convicted on similar charges. (*Associated Press despatch from Detroit.*)

3. The Jones Act, instead of helping to enforce prohibition, will tend to clog the wheels of justice, in the opinion of United States District Judge W. H. S. Thomson. "Prior to the passage of the Jones law 95 per cent. of the defendants would plead guilty and pay their fines. Now they hesitate to send any one to jail for a long imprisonment if he is not a hardened criminal." (*Despatch from Atlantic City.*)

4. The Wisconsin Assembly, with little debate, to-day voted 56 to 33 to repeal the State Dry Act and wipe out the State Prohibition Commission. (*Despatch from Madison.*)

5. The Illinois House Committee on Judiciary to-day approved by a vote of 18 to 15 the Green resolution directing Attorney-General Carlstrom to open a court battle to establish State's rights in the regulation of medicinal liquors, sacramental wines, industrial alcohol and non-intoxicating beverages. (*Despatch from Springfield.*)

Such a flood of contraband liquor flows into the United States over the Canadian border, that the press, in the month of May, began to call attention to it. In an effort to stamp out this particular abuse the Government, on June 6, undertook to deal with the lands and waters around Detroit. Airplanes, fast motor boats and a vast force was concentrated in and around the city comprising the coast guard, together with customs men and prohibition agents of the Treasury Department. Yet the result of this concentration has not been entirely successful. Very little diminution of the flow of liquor has been observed in spite of the fact that during the first ten days of guerilla warfare three citizens were killed by prohibition agents. One of these was a decent citizen of International Falls, Minnesota, who was driving his wife and two children home at night in a motor car. Apparently, he did not stop the car promptly enough when commanded, so twenty-six buckshot were fired from sawed-off guns into the back of his car. They killed him. There was no evidence that there was any liquor in the car, nor that the man had ever been a bootlegger. Two bootleggers were shot in the back elsewhere. One, named Gordon, was killed at Plattsburg, N.Y., on

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June 13, and his body was left at a hospital by two prohibition agents who refused to give their names.

When the news of these killings reached Washington, there were no more cheers from those Congressmen who had applauded similar announcements previously, and the Administration seems to view with some alarm the shooting of citizens by its enforcement agents. That semi-political body, the Methodist Board of Temperance, Prohibition and Public Morals, indeed, felt it appropriate (perhaps even advisable) to issue an official denial that they rejoiced in the death of the people who had been killed. Even tender of the lives of bootleggers they seem to be; and in a frame of mind not unlike that of British government officials toward the militant suffragettes who went on hunger strike. Under the law, and reasoning therefrom, if anyone wished to starve in jail, no one could be held responsible for the consequences except the prisoner. Yet extraordinary efforts were made to continue life in these hunger strikers, for fear that their death might have serious repercussions. "Taking one consideration with another, the policeman's lot is not a happy one."

That's a silly and smart comment. At least the people of International Falls, Minnesota, would have good reason to think so. For when one of their townsmen was killed—the one mentioned above—they addressed a petition to the President himself. They recited the ways in which prohibition agents had usurped the civil authority, and they enumerated a long series of indignities:

The unprecedented abuses have included the promiscuous and uncalled-for use of riot guns, commonly called sawed-off shotguns, the risking of innocent lives by the unwarranted discharge of pistols, the usurpation of our police authority in matters wholly unrelated to prohibition enforcement, the bullying of pedestrians and motorists on our streets, and even threats to murder or do bodily injury to various of our policemen, including our police chief.

They had "many times" appealed to the "superior of
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these heartless ruffians." When their pleas had been ignored, they had vainly sought redress from the Assistant Secretary of the Treasury. Now, "in our helplessness, terror and distraction, we are at last resorting to you, President Hoover, and to the authority you are capable of invoking . . . For God's sake, help us."

Yet the cry from the Minnesota border town is not so impressive in some quarters as the concerted action taken by legislatures and other bodies in several of the States. By a majority of 284,697, the citizens of Massachusetts have expressed a desire that the Eighteenth Amendment be repealed. Montana has refused to reinstate a local enforcement law; Maryland has refused to pass one. The Lower House in Illinois has repealed theirs. So far as liquor cases are concerned, Michigan has repealed the penalty of life imprisonment for four convictions of crime. Wisconsin has done away with its enforcement law, and is now trying to put the State into the liquor business, on the rather astonishing theory that the Eighteenth Amendment cannot affect the sovereign States, as legal entities, but only the individual citizens. Tennessee, recognizing the facts as they are, has coolly put a tax on the malt used in making beer: while in New York, Philadelphia, Boston and Washington, eminent lawyers have organised to defend without fee worthy persons accused of liquor offenses which are penalized by the new and drastic Jones Act.

In all this maelstrom, the President has, on the whole, the confidence of both sides. The appointment of his Law Enforcement Commission gave general satisfaction, and other appointments which he had made have rather disarmed those who voted against him on Election Day. His Attorney-General, Mr. Mitchell, and his Solicitor-General, Mr. Charles E. Hughes, Junior, may turn out to be the two best officials of the Department of Justice during this generation. The President, furthermore, has undertaken to transfer the enforcement of prohibition law from the Treasury Department, where it has been for historical

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reasons, to the Department of Justice, where it properly belongs. It is proper that the one should collect the revenues of the country, and that the other should put law-breakers in jail; and the idea of raising revenue by having law-breakers plead guilty upon the complaint of the Treasury Department and pay their fines into its strong boxes, has never been a satisfactory one to logical minds. Not only has the President made excellent appointments within the Department of Justice, and given to it its proper functions, but he has dispensed with the services of certain members of the bureaucracy which he inherited from President Harding and President Coolidge. In this dispensation went Mrs. Willebrandt, the Assistant Attorney-General. During the Presidential campaign she rode the whirlwind of moral indignation, and led church groups into a political contest as church groups, in a way that was calculated to exploit religious antagonisms. Besides her, a host of inefficient office holders have been swept out, on such a grand scale that it may be inferred that Mr. Hoover promised the members of his Cabinet a free hand in dispensing with such incompetent bureaucrats as they inherited from the administration of President Coolidge.

And yet, though all these steps are greatly to be praised, they do not strike at the root of the matter. Even the President, perhaps, will have to bide his time until his commission reports in 1931.

III.

AS a topic of conversation and as a subject of interest, the prohibition question still eclipses all other political themes. Yet, as we have said before, the Wets talk to the Wets and the Drys talk to the Drys, but they rarely talk to each other. But it is more than mere partisanship that keeps them at arm's length. They differ profoundly in their views of God, of law and of life. So they don't talk about the same things, because they can't.

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It was Leslie Stephen who wrote of John Wesley (and thereby of all his spiritual descendants): "For the immediate purpose of stirring the stagnating currents of religious emotion, no man could have been more admirably endowed. . . . His aim is to stamp out vice; to suppress drinking and debauchery, and to show men the plain path to heaven, and force them into it by intelligible threats and promises." And Lecky adds, in his own *English History*, "There was something extremely repulsive in his tears and groans and amorous ejaculations, in the coarse anthropomorphic familiarity and the unwavering dogmatism with which he dealt with the most sacred subjects, in the narrowness of his theory of life and his utter insensibility to many of the influences that expand and embellish it, in the mingled credulity and self-confidence with which he imagined that the whole course of nature was altered for his convenience." Yet Lecky confirms Leslie Stephen's recognition of Wesley's power; and it would be a foolish fellow indeed who minimised the power of the Methodist Board of Temperance, Prohibition and Public Morals in the United States. The Wets, however, (and there are a considerable number of ecclesiastics among them) hold other views of the will of God for mankind—how it is to be ascertained, and how it is to be done.

The factions differ, too, in their conception of the nature of law. Dean Pound, of Harvard Law School, is a member of the President's commission. He has in mind the differences, for some years ago he wrote:

Where the analytical jurist thinks of an authoritative precept as established and enforced by some agency of politically organised society, the historical jurist thinks of a customary precept, with an origin wholly independent of politically organised society, recognised and given effect in a course of judicial action. The former sees chiefly the force and constraint behind legal rules. He conceives that the sanction of law is enforcement by the judicial and administrative organs of the State and that nothing which lacks that direct and immediate backing of organised force is law. The historical jurist, on the other hand, sees chiefly the social pressure behind legal rules.

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He finds sanction in habits of obedience, displeasure of one's fellow-men, public sentiment or opinion, or the social standard of justice.

And a group of lawyers, one of the Committees of Lawyers organised to rally sentiment against the continuance of present conditions, has pointed the theory of the "historical jurist" toward this moment in American life:

We submit that society is an organism and not the creature of man's brain; that its nature is not changed when men assume a conscious, but limited control over it; that the control of men must be in aid of the fundamental laws governing the nature of society and not in superseding them.

We do not assume to appraise the social value of total abstinence, nor to impugn the motives of those who are responsible for the Eighteenth Amendment and its enforcement Act, nor to question the legal power to proceed to these measures; but we submit that to exercise this power irrespective of the consequences is to reveal an ignorance of the nature of government and an indifference to the limits of sovereignty which must give us pause.

For a statute which cannot be enforced is subversive of all government—whether it be a levy for ship money, or a tax on tea, or a fugitive slave Act; and a Government which spends its strength in *ultra vires* functions suffers the same consequences as a man stretched on the bed of Procrustes. For nine years this land has been bedevilled with tumult and shouting; the Government has incurred the ill-will of good men and true; crime and corruption have been financed on a scale unparalleled in history. Decent men have stood by aghast at this spectacle but reluctant to subject themselves to the vilification apparently attendant on any attempt to restore law enforcement to its proper sphere. The only solution offered by those in office is to devise more searching inquisitions and more severe penalties for those who will conform; and the evil consequences which arise on attempts to enforce the statutes are viewed as consequences of the forbidden practice rather than of the attempt to suppress it. Thus perjury, bribery, gang war and murder are bred; and the Government itself is not the least of the offenders.

Surely the time has come to put aside pretenses, and fearlessly and honestly regard the pass to which this particular solution of this problem has brought us. We hold no brief for the liquor traffic. We have only respect for the total abstainer. But the insensate insistence on the employment of force, and more force, to the end of temperance is the mark neither of wisdom nor of patriotism. All too obviously the legislation lacks the popular sanction essential

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to law, and the attempts to enforce it have sunk to the level of the nursery and the kennels. To continue in the present course is to invite further and more serious disorders.

A statement like this is entirely unconvincing to the Drys. It is regarded by them with the same indignation that higher criticism of the Bible is regarded by fundamentalists, or as an old-time Hobbist would have regarded a denial of the divine right of kings. They cannot believe that the great and powerful Government of the United States cannot enforce one of the articles of its organic law. They repeat again and again that the people have spoken and that the matter is no longer open for discussion.

From the Dry side to-day there is less urging of people not to drink because it does them physical or moral harm. The talk is rather of enforcement and more enforcement, and "whether the American people can afford to be beaten on this issue," and the extent to which productivity and savings bank deposits, and imports and exports, and watts and ergs have increased. This is the line of argument which Mr. Henry Ford and Mr. Thomas Edison employ. And the Rev. Harry Emerson Fosdick, who is too much of a metropolitan preacher not to follow economics pretty closely, follows suit: "Look at the increase in productivity; read the reports of the savings banks; watch the access of purchasing power among the people." To whom Robert Louis Stevenson might have replied out of *The Amateur Emigrant*: "He did not know what you meant by the word happiness. He had forgotten the simple emotions of childhood, and perhaps never encountered the delights of youth. He believed in production, that useful figment of economy, as if it had been real like laughter."

There is every evidence that during the campaign, and at least until his April speech in New York before the Associated Press, the President accepted the "Dry"

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point of view. A law was there to be enforced, nothing else, and life was to be lived in terms of productivity. That is an attitude, on both counts, which one might expect of a man trained as an engineer. He had carried a handbook in his pocket all his life, and whenever he was confronted by a problem involving stresses and strains he was accustomed to look for the answer in the handbook, and get on to the work of putting it into effect. The law was, of course, the formula, and like all engineering formulas, it was right, and needed only to be applied. One notices, however, in his more recent public utterances, less assurance regarding the solution than before. Perhaps he is leaving the matter in the hands of his commission; perhaps some of the searching discussions which were related to his appointments to the commission, drew his attention to certain human factors which he had not sufficiently taken into account. At all events, he has set his commission on its way, and thereby for the time being removed himself from the picture.

IV.

SOMETHING will eventually have to be done to modify the present situation. It is all very well to say that the Drys have their statute, and the Wets their drinks, but both are fairly unhappy at the present time. For it is no particular fun to be an unconvicted felon; and that is what some fifty per cent. of our citizens are to-day. Neither is it any particular fun to have been put to a lot of trouble and expense to get moral yearnings inscribed on the Statute Book and then to have them flouted by large sections of the country. The Drys have their law, but they are holding on to their majority in Congress by refusing to re-apportion the Congressional Districts. The country is still divided according to the 1910 Census, although the Constitution prescribes re-apportionment every ten years.

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If and when it takes place, there will be an accretion to the Wet ranks because of the much larger representation of the cities in Congress. This is bound to come sooner or later, and the longer it is put off, the greater the danger that the Wets will actually obtain a majority. But, of course, whatever may happen in Congress to modify the Volstead Act, there is no possibility of the repeal of the Eighteenth Amendment, for which the Volstead Act is the enabling arm. Since the amendment must be repealed by the vote of the States, as such, less than six per cent. of the people, if properly located, could prevent the repeal. This they undoubtedly will always do. Not even the most extreme Wets entertain other hopes.

Still, various solutions have been proposed. The only ones which have been tried, however, are the inventions of the Drys, which is as it ought to be, for the Wets usually prove to be Greeks when they bear gifts. By an ingenious expedient the right of trial by jury, guaranteed by the Constitution, has been circumvented. Jury trials are long and expensive proceedings in a country which has been accustomed to regard litigation, and especially criminal litigation, as a kind of free drama, and it was soon found in attempting to enforce the prohibition law, that in many sections of the country juries would not convict, no matter what the evidence might be. In May, 1929, for instance, two hostesses of night clubs were finally indicted by a grand jury of the crime of conspiring to violate the prohibition law, and they were actually brought to trial in New York County. The trial of one of these, Texas Guinan, lasted a week and cost the Government not less than \$10,000. It was a rollicking piece of horse-play with "Tex" Guinan baiting the Judge. Yet she was acquitted by the jury almost immediately on their retirement to the jury room. She was photographed in court and her photograph with those of the jurors appeared next day in the papers. She was triumphantly carried from the courthouse on the shoulders of an admiring and enthusiastic crowd. A week

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later the Government undertook to try Miss Helen Morgan, whose technique in court differed from that of Miss Guinan in that she wept copiously for seven days. The result was equally satisfactory from the popular point of view, for she was triumphantly acquitted by the jury in the face of overpowering evidence, and her exit from the courthouse was marked by an even more enthusiastic demonstration than the one Miss Guinan enjoyed. In fact, it is absolutely impossible to secure convictions in cities like New York, except in the case of bootleggers who have grown so rich in pursuit of their calling that the members of the jury feel that they must have been charging the public too much.

Confronted by this situation in the large cities, the Government has for all practical purposes abandoned the attempt to secure convictions through juries, and has resorted to the equity procedure provided in the Enforcement Act. In this way, on the unsupported affidavit of a government employee, a Federal Judge may issue an injunction, without notice, against continuing to use a designated place for the sale of alcoholic beverages. After this, it is only necessary for a government agent to purchase a drink on the enjoined premises to secure an injunction against the use of the premises for any purpose whatsoever for the period of one year. Since the procedure is in equity there is no jury, and the punishment, of course, may amount to hundreds of thousands of dollars through loss of the use of the property for a year. In such cases, the bootlegger who has been running the restaurant usually disappears, and the whole loss falls on the landlord, till then blissfully unaware that his property is being used for an unlawful purpose.

The effect of this procedure is to dragoon unwilling landlords into the Federal Police service, and in this respect, the law is most successful. Further possibilities of the process are obvious. Thomas and Vincent Murphy were criminally tried for maintaining a liquor nuisance, *i.e.*,

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using their property as a speakeasy. A New Jersey jury, as usual, acquitted them. Thereupon the United States Attorney, on the same facts, applied for and secured an injunction. At the injunction trial, the defendants proved that they had been acquitted in the previous trial, but this was of no avail, Mr. Justice Holmes of the Supreme Court remarking that the "Government may have failed to prove the appellants guilty, and yet may have been, and may be, able to prove that a nuisance exists in the place."

Another interesting development results from the searches and seizures conducted by the Government. The law, in ordinary instances, is that no place can be searched except upon probable cause, or in pursuance of a search warrant obtained on affidavit. It has been found that when the prohibition agents enter a restaurant, buy intoxicating drinks and then proceed to search the place, having reasonable cause but no search warrants, the news spreads to all the adjacent speakeasies, which thereupon close and block their doors. The custom has grown up, therefore, of sampling the drinks around a neighborhood in advance and then swearing out warrants against each of the violators. The warrants are served simultaneously by gangs of prohibition agents who are protected from the populace by the local police, with the result that a crop of injunctions is obtained in the manner described above. There is no longer any serious attempt to secure criminal convictions by jury trial: and about the only problem with the new system is to prevent the news of the procuring of the warrant leaking out to the speakeasy before the warrant can be served.

When this system is applied to automobiles, there are obviously much greater difficulties in the way of the Government. The attempt was first made to hold up all automobiles which were under suspicion and to search them, and if any liquor was found in them, to arrest the occupant. The difficulty about this particular solution of

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the problem was that the Supreme Court finally ruled that evidence obtained by theft, or illegal entry, or without probable cause, was not available for use against the defendants at the trial. Accordingly, it is now necessary under the Enforcement Act either to have a search warrant in order to hold up an automobile, or else to have, beforehand, probable cause to suppose that liquor is being transported. The subsequent discovery of the liquor in the car is not available as evidence of having probable cause beforehand. This decision of the United States Supreme Court is the only thing that stands between any motorist and an indiscriminate search by enforcement officers at the pistol point, and it is regarded by the extreme Drys as proof of the antediluvian character of the justices of the Supreme Court. One wonders whether it is good law.

To meet this difficulty the government agents resorted to an old revenue law, passed in 1866, which declared that whenever any goods or commodities on which taxes were imposed are "removed or deposited or concealed in any place with the intent to defraud the United States of such taxes," such goods and commodities shall be forfeited, and every "carriage or any conveyance whatsoever . . . and all things used in the removal or for the deposit or concealment thereof, respectively, shall be forfeited." This theory of forfeiture is quite different from the theory of forfeiture provided by the Enforcement Act, because no previous criminal conviction is necessary, and because the rights of innocent owners and lienors may be ignored. The vehicle itself is personified, and the proceeding is against the vehicle, and whenever a vehicle is discovered, with or without the consent of the owner and with or without probable cause, to have liquor contained in it, it can be seized and forfeited without a jury trial.

The unfortunate owners of the vehicles have protested that they are very willing to pay any tax which may be due on liquor found in their car, but that the Government

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refuses to accept taxes on liquor, refuses to sell stamps, or to provide any machinery for the payment of tax. The vehicle, whether a motor, or motor boat, must be forfeited, even though all the occupants of it are acquitted by a jury in a criminal action arising upon the same facts.

In cases where the prohibition enforcement agents have committed crimes such as shooting and killing suspected persons, tapping telephone wires, selling liquor themselves as stool pigeons, and various other offenses for which they are often indicted in the State courts, the Enforcement Act provides that the trial of the case may be removed from the State court to a Federal court, and, thereafter, the State court may not proceed with the case. In the Federal court the prosecutor is, of course, the United States Attorney, and instead of prosecuting the criminal enforcement agent, he appears to defend him. This has resulted in the acquittal of every enforcement agent who has been subjected to it, so that it may be assumed with some reason that crimes may be committed with impunity by an enforcement agent, provided the acts complained of are done in performance of his duty as a national officer.

If these and many similar devices for safeguarding the officers of the law and for making sure of the conviction of offenders were employed for the purpose of dealing with murderers or counterfeiters, it is doubtful whether any one in the land would take the slightest interest in the matter. As the case stands, however, there is a very general dissatisfaction with the situation, the exact cause of which is difficult to formulate. It is complained, for instance, that to prosecute a bootlegger for failing to pay his income tax on the profits that he makes from his profitable vocation (because juries will convict a rich bootlegger for this offense though they will never convict him for violation of the Enforcement Act) is somehow unfair; and yet, if this same procedure were invoked against a dealer in narcotics, probably not one lonely voice would be raised in his defence.

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It really is important that the solution, when found, should be one which will save the face of good government. It could be provided, for instance, that the Judge should pass first upon the guilt or innocence of the accused and that thereafter the jury should discharge its function by determining the sentence to be imposed. Under the present system, the Judge is put in the ridiculous position of sitting through a long, expensive trial of a prisoner whom everyone knows is just as guilty as he can be, gravely ruling on points of evidence, keeping order in his courtroom and listening to the same old story of the stool pigeons. He then takes the trouble carefully and minutely to instruct the jury as to their duties, only to have them almost immediately acquit the prisoner. The jury, too, ought not to be put to the necessity of violating their oaths in order to register the sentiment of the community in these cases. If the Judge could legally find the prisoner guilty, he would have a feeling of self-respect and duty properly done, while the jury could then suspend sentence on the offender without any twinge of conscience as to the discharge of its own obligations.

V.

THE problem is not so much what to do, as how to do it. Again and again as enforcement approaches efficiency, the clamor increases and the Government relaxes its efforts. The leadership of the Drys has been largely left to the Methodist clergy, and it has been very bad leadership. Until 1920, the leadership of the Wets was left to the liquor interests, and that was worse leadership. The prohibition law being now riveted into the Constitution, the question is befogged with irrelevancies about patriotism which make a dispassionate consideration of the problem doubly difficult, while the enormous monetary revenues available to bootleggers have financed the under-

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world on a scale unparalleled in history. No one can regard without concern the vast wealth and power of the criminal class since prohibition: the criminal law was never made to cope with antagonists such as these. On the other hand, the frantic efforts of the Government to deal with the situation are causing distortions in the bill of rights which are equally a cause for anxiety.

It may be that some Dry Mussolini will arise to drive dissenters into exile and crush opposition by persecution. This seems very unlikely. It may be that a Wet John Hampden will arise who, by his disinterestedness and integrity will lead a peaceful rebellion which will result in something resembling local option. This also seems unlikely. The most probable outcome is the practical nullification of the amendment in large sections of the country. This has been the case with the Fifteenth Amendment; it may be the case with the Eighteenth as well. And though the solution will give complete satisfaction to nobody, it may make life fairly tolerable for every one.

The United States of America.
July 1929.

THE SOUTH AFRICAN NATIVE'S POINT OF VIEW

(FROM A NATIVE PEN)

I. THE TWO SCHOOLS

THE burning question of South Africa to-day, as it was yesterday, is the problem of the relations between white and black. It is a problem that overshadows all others in magnitude and gravity, and it has baffled and is still baffling South Africa's great minds. The question of the black man, his future and his place in the economic and national life of the country are a constant theme with the white man, and his daily preoccupation.

The question came into existence when the two races met at the Great Fish River near Grahamstown over a hundred years ago. At that time the black man was developing along his own lines. He was contented with his own life in his own villages, with his own society and his separate institutions. He had no desire to come within the ambit of the white man's life. He wanted to live his life untrammelled by forces and influences foreign to his way of thinking. He tended his cattle and sheep and cultivated his lands so as to produce sufficient to satisfy his few wants. His alternative occupation was fighting, and that fighting was prompted in many instances by the desire to capture the cattle belonging to other tribes. When he had nothing else to do he drank his beer and basked in the sunshine of Africa.

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Now this sort of life was naturally condemned by Europeans as a life of laziness which could not be allowed to continue, as it was considered a menace to the very existence of the white race in South Africa. For in those days the African jungle had to be cleared before towns and cities could be built, before roads and railways could be made, before diamond, gold and coal mines could be sunk and before the land could produce maize, tea, sugar, cotton, and fruits. The white man in those days was averse to using his muscles; he looked down upon manual labour because he thought he belonged to the "chosen race" which was permitted by Providence to exploit the labour of the black man, whom he regarded as a descendant of Ham, Noah's cursed son. Consequently the unwillingness of the black man to supply his labour or to come under the control of the white man constituted a serious menace not only to the existence of the white race but also to the transplantation of Western civilisation on to this southern end of the African continent. The white farmers, or more precisely the pastoral white farmers, needed labour on their farms and men to look after their cattle and sheep, and the townspeople wanted labour for their domestic service, for their stores and other establishments. Then came the mines and other industries. These could not be undertaken without labour, and the person to supply that labour was the black man. His unreadiness to supply the labour without which South Africa could not have made the progress that she has made in economic and commercial development constituted a grave problem in the handling of which two schools of thought among Europeans were created.

The two schools were agreed upon the principle of teaching the black man the dignity of labour; but they differed as to what was to be his place in the political and national life of the country. The missionaries and some of the British colonists maintained that the black man, as a human being, was entitled to human rights and

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to a place in the sun. Their views were supported by people in England who held that in the eyes of the law all British subjects were equal irrespective of their race, colour or creed. The other school, composed mostly of men of Dutch descent, maintained that by Divine decree the black man was created to be a servant and that his place in the life of the South African nation was to be that of a servant and nothing else. In short, he was to be kept in his place. This was the issue between these two schools of thought; it was a clash of ideals and in the interpretation of certain passages of the Bible. "Of one blood God made all the nations of the earth," declared the one school. "No, no," said the other emphatically, "the black man, as the descendant of Ham, is predestined to occupy a subordinate place to that of the white man." The outcome of this difference of ideas and principles was a misunderstanding and quarrel between the British colonists and the Dutch settlers.* Eventually this led to the Great Trek which is, fundamentally speaking, responsible for the complexity of our inter-racial problems.

While this quarrel was going on among the whites, the black man was becoming aggressive and troublesome. That is to say, he continued on his southward movement and thus encroached upon the territory occupied by the Europeans on the western side of the Great Fish River.† Truly speaking he was developing along his own lines and so he wanted to drive the white man into the sea, as he neither wanted to be his equal nor his servant. He was

* The quarrel was not between the British and the Dutch colonists. A great many of the British colonists, especially in the frontier districts of the Cape Colony, took (and take) the same view of Native affairs and the place of the native on or off the map as did (and do) the bulk of the Dutch. The quarrel at the time of the Trek in the late 'thirties was between the frontiersmen and the authorities at Cape Town and their philanthropic supporters on both sides of the water.

† The author omits to state that the Europeans were aggressive too and tried to continue their movement north-eastward. It was a clash of two streams of migration. In the end the Bantu were pushed back a fair distance.

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not concerned with what God decreed or did not decree about him. He wanted his own way of life. So not only did he refuse to supply his labour* but also protested against the white man's encroachment upon his life. The white man, he argued, had no right to be in Africa; he came from the sea and back into the sea he should be driven. The struggle which followed is so well known that there is no need of any recapitulation here. Suffice it to say that it widened the gulf between the two schools of thought among the whites, and culminated in the defeat of the black man and the disintegration of his tribal life and organisation, and gave birth to a new people and new problems.

As for the whites, they were now not only divided into two schools of thought but also divided into two groups of States as the result of the Great Trek. There was the British group and the Dutch group, pursuing two different kinds of Native policy. In the British States, i.e., the Cape Colony and Natal, the black man was being educated and brought into the ambit of the white man's civilisation. Sir George Grey, as Governor of the Cape, had adopted† a policy that was destined to bring to an end the Kaffir wars, as his policy in New Zealand ended the Maori wars of independence. This policy recognised the Bantu people not only as British subjects but as citizens of the Cape, entitled to British liberty and justice. It gave support and encouragement to the evangelisation and education of the Bantu by missionaries; it realised that the destiny of the Bantu and that of the Europeans were one, and that the solution of the problem of the relation between white and black lay in the recognition of the

* This is put too absolutely. Numbers of Bantu took service on Cape Colony farms in the early 'forties.

† Sir George Grey built on foundations that had already been laid: (i) the Kaffir wars had really ended before he came by the breaking of the Cape frontier tribes by two disastrous wars between 1846 and 1853; (ii) the Cape had recognised civil equality for all, irrespective of colour, by a series of enactments between 1828 and 1853. But Grey has the credit of carrying on the process.

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identity of their interests and in giving them equal opportunities for improvement and equal rights in the eyes of the law. In Grey's time, representative government had just been granted to the Cape in 1853 and the franchise rights had been extended to the Bantu people of the Cape. Since then the Cape has entered upon an era of peaceful development in which both Europeans and Bantu co-operated as fellow citizens.*

But in the Dutch States, i.e., in the Transvaal and the Orange Free State, a different policy was being pursued. The Voortrekkers, as we know, left the Cape chiefly as the result of the misunderstanding between British and Dutch on the question of the treatment of the native people.† Their attitude towards the native was clearly defined in the declaration issued by their most noted leader, Piet Retief, to the effect that while they would not permit slavery in the country to which they were going, nevertheless they would make laws which would uphold the authority of masters over their servants. It is quite clear that the Voortrekkers looked upon themselves as the natural masters of the black peoples. Consequently the policy which they inaugurated in the Dutch States was that of "keeping the black man in his place" as a hewer of wood and drawer of water for the white race. "The people," so declared the constitution of the Dutch States, "shall not admit of equality between white and black in either State or Church." This policy refused to recognise the Bantu people as citizens of the State; it deprived them of any title to landed property and of any claim to liberty and justice. They could only live in the State as servants, and so long as they knew that the white man was their master they were kindly and sympathetically treated.

It is needless to refer to the oppressive conditions under

* The author should have noted that the Native policy of Natal differed from that of the Cape Colony. Roughly speaking, it came midway between that of the Colony and that of the Republics.

† Rather say "between the British authorities and themselves," etc.

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which the black man was taught the dignity of labour. Suffice it to say that in spite of all this he learnt not only the dignity of labour but the fact that in the economic life of to-day he could only live by the sweat of his brow. He realised that he was defeated and helpless, and that whether he liked it or not he was forced to submit to the white man's rule and become his servant.

II. THE PROBLEM SINCE UNION

BRIEFLY this was the position when the Anglo-Boer war broke out in 1899. And when the end came in 1902 no change was made. The northern colonies, namely the Transvaal and the Orange Free State, were allowed to retain their policy of repression; they were allowed to continue to refuse franchise rights to the Bantu people. In the meantime the prejudices of the Dutch people were spreading to the British in the new colonies; so much so that at the time of the unification of the four colonies in 1910, it might safely be said that the majority of Europeans, both Dutch and British, were violently anti-native in their attitude. The Union, they said, was to be a union of white men only, whose existence was threatened by the presence in their midst of an overwhelming number of natives just emerging from a state of barbarism. So that when the National Convention met in secret at Durban and Cape Town to consider the important question of the unification of the four colonies, the northern colonies had definitely adopted the Native policy of the late Dutch States. There was no question but that the issue was between the North and the South, between the liberal policy of the Cape and the repressive policy of the North. The struggle was tremendous, the South putting up a brave and noble fight; but it was on the defensive. Its policy was vigorously attacked not only by the Dutch but also by British in the North, who had now been con-

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vinced, rightly or wrongly, that the natives should be kept in a position of subordination for all time as they constituted a serious danger to the supremacy of the white race.

The outcome of this struggle was a compromise over the Cape native franchise by which it was agreed that the Cape native franchise should not be extended to the northern provinces but that it should not be taken away from the Cape except by the decision of a two-thirds majority of both Houses of Parliament sitting together. The last proviso clearly shows that it was the intention of the Convention, or more precisely that of the majority of the delegates, to destroy the foundations of the Cape and to build the Union of South Africa upon the foundations of the Transvaal and the Orange Free State. That the North had gained an advantage over the South in the compromise no student of South African politics can deny. The compromise definitely laid it down that no one unless he was of European descent might become a member of Parliament, and that the Parliament of the Union of South Africa would have the right to disfranchise all the Bantu people; provided, of course, that the consent of the white people as a whole were secured. There can be no doubt that those who proposed this compromise were influenced by the fact that white opinion, particularly in the North, was gradually but surely growing in favour of the repression of Bantu aspirations and progress. They were confident that the day would come when a white South Africa would agree to deprive the Cape natives of their franchise rights.

The teaching of the black man the dignity of labour, as I have already pointed out, resulted in his learning the fact that in the economic conditions of the country he could live only by the sweat of his brow. And finding that in the depression which followed the Anglo-Boer war he suffered with the rest of the community he decided to seek employment both on the farms and in the towns. On the farms he found a class of white farmer known as the

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bijwoner, *i.e.*, white men who leased farms from their owners and cultivated them on the condition that the latter, as owners, should share the products. Generally the bijwoners belonged to the poor white class, and being unable to cultivate the land themselves they in turn leased portions of it to natives, on the same conditions. As a result many natives, particularly in the Transvaal and the Orange Free State, took to farming and made good.

Those who went to the towns discovered that they were not destined to be a race of servants, and that, as citizens, they had the right to acquire land; so they formed in the Transvaal a Land Owners' Association, which enabled them to test the validity of the law which prohibited natives from buying and owning land in the Transvaal. In the case of Tseu *versus* the Registrar of Deeds, the Supreme Court of the Transvaal declared the law *ultra vires*, and the way was opened for natives to acquire land anywhere in the country. Companies were formed and farms were bought while townships were established with marvellous rapidity. There was no question but that the black man had discovered the value of land and was determined to possess himself of it. He had been called out of his old life and brought by the Europeans into the new life much against his will, and now he was going to adapt himself to it.

There was no doubt that the new Bantu had come into existence and a new problem was created. It was no longer the question of teaching the black man the dignity of labour but of preventing him from competing with the whites on the farms and the whites in towns. His laziness was no longer a menace to the existence of the white race but his industry and progress were! "Make South Africa a white man's country," was the cry heard from all sides. The Government was urged to take drastic steps to prevent the "indiscriminate buying of land by natives in the Transvaal, and stop the pernicious system of allowing natives to plough on half-shares in the Free State." The country was stampeded into the belief that unless the Government took

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action the Europeans would be ruined and the country would become the black man's country. The beautiful cities of South Africa, it was argued, would share the fate of Zimbabwe and other ruined cities of Southern Rhodesia, and all that would remain of the white race would be the blood running in the veins of the "brown children that would be found playing upon the ruins of the Union Buildings." The effect of this propaganda, which was conducted and preached by some of South Africa's leading statesmen and politicians, was to create an anti-native feeling that was as unreasonable as it was unsympathetic.

General Hertzog, who was then the Minister for Native Affairs in the Botha Ministry, came upon the scene and proclaimed that he had discovered a scheme which would solve the native problem. The scheme was that of the territorial separation of the races. In their own areas natives would own land, govern themselves and develop along their own lines; they would be as free as the Europeans in their own areas. On paper the scheme appeared to be attractive and practical, and so it secured a certain measure of support even from the best friends of the Bantu people among the Europeans. But General Hertzog was not destined to put his proposals into operation, for as the result of his independence policy (which aimed at secession from the British Empire) he was expelled from the Ministry and was superseded by the late Mr. Sauer.

Whether or not Mr. Sauer would have succeeded in carrying out the scheme is a question for speculation to-day. The impracticability of the scheme is now generally recognised. It was, however, tried. A Bill for the territorial separation of land ownership was introduced in 1913 and passed through the House of Assembly with lightning speed. Its main provisions were (1) the demarcation of South Africa into European and native areas, (2) the restriction or prohibition of natives from buying and leasing land in European areas without the express consent of the Governor-General, and *vice versa* the prohibition of Europeans from

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acquiring land in native areas, and (3) the stoppage of the cultivation of land belonging to European farmers by natives.

On paper the scheme appeared to be a fair settlement of the land question ; but when the demarcation of land came it was soon found out that a great injustice had been done to the Bantu people, for only 13 per cent. of the land was allotted to nearly 5,000,000 natives, and this was mostly unsuitable for habitation and cultivation. In justice to the Commission that was appointed to demarcate the land, let me say that they would have set aside large tracts of land on the lines of the Transkeian territories but this was found impossible owing to the unwillingness of Europeans to part with their farms. Thus the Natives Land Act failed to separate the races ; but instead it imposed disabilities upon the Bantu people by stopping them from purchasing and leasing land from Europeans* while it made it possible for Europeans to acquire land in potential native areas. The irony of the situation is that, immediately after the passing of the Act, those parts of the country which had been indicated as suitable for natives proved to be rich and capable of producing either sugar, cotton, or fruits. Consequently Europeans invaded these areas and bought all the land available. To-day more than half the native population of the Transvaal, the Free State and Natal live on European-owned farms, because the reserves which had been allotted to the various tribes before the Anglo-Boer war are overcrowded and are thus unable to maintain their populations.

The effect of the operation of this Draconian law was to render hundreds of native families landless and homeless, particularly in the Free State which is essentially a white man's country with but one native reserve near Harrismith. Some of these unfortunate people perished, together with

* The Courts decided that they could still acquire it in the Cape Colony. Elsewhere the force of the law was somewhat mitigated by administrative action.

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their livestock, on the roadside, searching for places of refuge. As the result of this sudden interference with the conditions of native life in the rural districts there was a general migration of natives to the towns (in many cases doubling and even trebling the urban population) for the purpose of securing better working conditions, better wages and places to live in.

The outcome of this migration of native families to the towns was (a) the lowering of native wages, (b) the creation of a native unemployment problem, (c) the creation of slums in the cities, (d) the increase of lawlessness among natives and (e) the increase of competition between white and black workers in industry. These social problems naturally caused a great deal of concern among Europeans ; so much so that a cry was raised that unless drastic steps were taken to stop native migration to the towns civilisation would be ruined.

Meanwhile the *bijwoner* who lived on land which he hired from the big landowners and which he farmed by means of the above mentioned half-share system, found himself unable to carry on his farming operations, and in consequence he followed his native "servants" to the towns. This migration of poor whites to the urban areas aggravated the situation and made the problem of urban natives assume a new phase. These men being without any industrial training were unable to secure employment. The result was that some of them resorted to dishonest ways of earning a living. They took up the trade of illicit liquor selling. That is to say, they bought liquor from the bottle stores and sold it to natives at exorbitant prices. The inevitable result of this was the social mixture of the races which was detrimental to both, since it was not the meeting of the higher but of the lower strata of both the European and Bantu societies. The degradation which followed is a tragedy which has no parallel in the social history of any nation. The white man and the black man were drowning in an ocean of poverty, evil and vice.

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It was the working out of the laws of changeless justice which "bind oppressor with the oppressed." And this, as I have already pointed out, caused a great deal of concern among the Europeans. The Government was, therefore, urged to make a law which would bring about the solution of the problem of the urban natives. So serious indeed was the agitation that the Smuts Government was compelled to introduce in Parliament a measure dealing with the situation. This was the Natives Urban Areas Act of 1923. The main purpose of the Act is (a) the residential segregation of natives from Europeans in towns, (b) the elimination of the slum areas, (c) the housing of natives in areas set aside for them, and (d) the control of native ingress into the towns.

It is now nearly six years since the enactment of this measure and yet the problem of urban natives is as menacing as it was five years ago. The fact is the natives are still coming to the towns on account of the operation of the Natives Land Act. And unless the land question is seriously tackled so as to provide more land for natives in the rural districts the problem of urban natives will never be satisfactorily adjusted. In the Free State where there is but one native reserve, native population in urban areas is increasing to an alarming extent. Bloemfontein has a native population of 25,000 souls whose labour cannot be absorbed by local industries. Consequently the local authorities are confronted by a problem which is beyond their capacity to solve. They have repeatedly approached the Government for more powers to control the native influx, but it is doubtful whether with such powers at their disposal they would be in a position to bring about the solution of this burning question. It is not more powers but more land which will prevent the influx of natives into the towns.

So far I have dealt with the policy of segregation in relation to land ownership and residence in the towns, and have endeavoured to show how under the economic conditions of to-day this policy has become impracticable.

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Now I propose to deal with the policy as it affects the administration of Native affairs. In 1927 the Government introduced and passed through Parliament the Native Administration Act. The purpose of the Act is to effect the control of Bantu life, for it provides for (1) the constitution of the Governor-General as the supreme chief of all natives with the powers and functions that were exercised by a Bantu paramount chief in the olden days, (2) the appointment of native commissioners, who shall be white, to administer native law and custom, (3) the application of Bantu law and custom except when the principles of civilisation are violated, (4) the appointment of chiefs instead of hereditary chiefs, and (5) the creation of native appeal courts manned by Europeans only.

It must be admitted that so far as the backward natives, those who are still under tribal organisation, are concerned, the Act is suitable and necessary. It enables them to preserve their institutions, their customs and traditions, and helps them to outgrow their tribal conditions without disruptive disintegration. But its fault is that it does not recognise Bantu progress, for it applies to both the civilised and the uncivilised. Although there are people who think that the Act aims at preserving the national life of the Bantu people, yet it is quite plain that the real motive behind it is not to encourage the Bantu people to develop along the lines of their race genius, but to provide the Government with machinery for their control. The application of the Act to both the civilised and the uncivilised alike shows clearly that the intention is to check the development of the Bantu people along the path of Western civilisation.

General Hertzog, who is a staunch advocate of the policy embodied in this Act, has repeatedly told white South Africa that because it took the Europeans two thousand years to reach their present stage of development the Bantu people could not be expected to reach it in a hundred years. The natural inference, therefore, is that the native must

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go through practically the same period before he can claim equal treatment, equal opportunities and equal rights with the European. To prevent the possibility of his making rapid progress it is, therefore, essential that the native should be "encouraged to develop along his own lines"; but the white man must control these lines of development!

The policy of segregation applies also to native taxation and native education. Under the Native Taxation and Development Act of 1926, every male native over the age of eighteen years is required to pay a poll tax of one pound sterling to the general revenue of the country. If he lives under the tribal system he pays ten shillings more, which is used by the Government for the making of roads and bridging of rivers and the like in his reserve. One-fifth of the general tax is earmarked for native education and development. This means that native education is not financed from the general revenue of the country, and it may be said without exaggeration that it is financed by the natives themselves. The money earmarked for native development and education is about £225,000 per annum. Out of this sum the Government intends to establish agricultural schools for natives, to give grants to missionary schools and colleges and to pay teachers.

There are very few government native schools in the country. Most of the schools and colleges which are catering for the native are under the various churches that are operating in South Africa. In fact it is no exaggeration to say that the Bantu people owe what progress they have made in education to missionary efforts. The Government came in simply because it had to or, more precisely, because it wanted to control and direct native education. This system of financing native education has had the effect of retarding its development. Three-fourths of the Bantu children of school age are to-day without school facilities. That is to say, there is no money in the Native Development Fund to support new schools which are

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springing up in the country. Under this policy of segregation the only way in which the Development Fund could be augmented is to levy another tax on natives; but the wages paid to them cannot bear any further taxation. It will be seen, therefore, that the system is not beneficial to Bantu progress in matters of education.

III. THE ONLY WAY

THE trend of legislation since Union has been to differentiate between white and black in every sphere of life. This policy of differentiation is based on the theory that the two races, being different in colour and in different stages of development, cannot be regarded as forming one nation with identical interests. But what our politicians and statesmen fail to understand is that South Africa cannot, in the economic life of to-day, be either a purely white man's country or a black man's country. It is the country of both, and as no two objects can occupy the same space at the same time, so no two nationalities and no two civilisations can be developed in the same country at the same time. Whether we like it or not, the two races form one political nation and their destiny is one.

To my mind this policy of differentiation will encourage racialism and create a Bantu nationalism whose slogan will be "Africa for the Africans." For Bantu nationalism, like the nationalism of any other people, will naturally revolt against foreign control and seek a separate State wherein to realise its destiny. The idea that the Bantu people will remain the servants of the white man is misleading. We were created in the image of God to contribute our share to "the gathering achievement of the human race." Consequently we must either be regarded as citizens of South Africa with full human rights or we must be given a chance to develop along our own lines in a separate State, which will be politically independent of the European State. But we all know that in

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the economic life of South Africa this is impossible. This being so what, then, should be the policy which South Africa should pursue? The policy of repression is bound to fail, and the policy of differentiation is impracticable.

The only practical policy is that of recognising that the political and economic interests of the two races are one and not two, and that the solution of our inter-racial problems lies in the recognition of the fact that South Africa is the common heritage of both races and that its security lies in the uplifting of both.

Since 1921 broad-minded men and women on either side of the colour line have realised that "the history of the Native question in South Africa has been the history of failure; failure to recognise that the interests of the two races are one and not two; failure to recognise that the Native question and the industrial problem are the same thing." This group of men and women are, of course, few in number, but the number is growing. The policy which they are pursuing is the only policy that will save South Africa from endless racial strife, and that is the policy of inter-racial co-operation which has found expression in the Joint Council movement. The basic ideas for which this movement stands are:—

(a) That Europeans and natives are integral parts of the South African nation, and that the opinion of both natives and Europeans should be sought in all national questions; (b) that the matters in respect of which European and native interests coincide are far more important than those in which they differ; (c) that the better we all understand one another the greater is the hope for a peaceful and prosperous South Africa; and (d) that the future progress of South Africa is inseparably bound up with the economic prosperity of all sections of our South African population.

White South Africa has to choose between this and the policy of repression, and South Africa's prosperity will depend upon the decision which is made.

South Africa.

July 1929.

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I. FIRST THOUGHTS

THE recent general election was generally regarded during its actual progress as one of the "dullest" in our history. In spite of an almost ceaseless flow of oratory in every part of these islands; in spite of an unprecedented expenditure, incurred equally by all the great parties, upon "propaganda" of all kinds—the pamphlet, the hoarding, the loud-speaker, the advertisement columns of the press, nevertheless no great issue, stirring the depths of public feeling, either arose from natural causes or was created by artificial means, which will serve to give a name to the struggle and make it memorable in our political annals. The Home Rule election of 1886; the Khaki election of 1900; the Free Trade election of 1906; the War election of 1918; the Russian election of 1924—all these are remembered with bitterness or shame or triumph or cynical amusement. But they are remembered. The election of 1929, baffling, incoherent, obscure, may perhaps go down to history, if at all, as the "Safety First" election.

As we suggested in our last number might prove to be the case, the electorate rejected the slogan of "Safety First" but achieved the result. With the uncanny good sense (or perhaps good fortune) of the British people, the electors have, in however blind and groping a fashion, produced a parliamentary situation almost exactly suited to the

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present needs of the country. In spite of the anomalies and even absurdities of our electoral system, it may be doubted whether so satisfactory a conclusion could have been reached by any other method.

It certainly cannot be denied that, with three great parties in the field, this system is open to serious logical objections. The mere fact that the Socialist and Conservative parties, each polling over 8,000,000 votes, obtain some 290 and 260 seats respectively in the House of Commons, while the Liberal party, with over 5,000,000 votes, only achieves the representation of 60 constituencies, is, of course, a strong theoretical argument in favour of reform. Put in another way, whereas the Labour party has one Member of Parliament for every 29,000 votes cast for them, and the Conservative party one Member for every 33,000 votes, it has taken 90,000 votes, on the average, to return a Liberal. Had the seats been allocated in proportion to votes cast, the Conservatives would now have 231 seats, the Socialists 226, and the Liberals 144.

It may, however, be observed that each party in its turn has reaped advantages from this system and has not been unduly troubled by its unfairness when that unfairness was favourable to itself. In the pre-war days, Labour was undoubtedly under-represented. In the election of 1924, the luck of the three-cornered contests favoured the Conservatives. And if the Liberals are now the victims of what Mr. Lloyd George has called "the dictatorship not of the democracy but of the croupier," he must remember also that the British people are not enamoured of logic, have a great fondness for a gamble, and some contempt for those who, when beaten in a game, blame the rules or the umpire. At the same time, there is no doubt that the present electoral system will be subjected to searching enquiry in the near future. Already the new Government has agreed, under Liberal pressure, to appoint a Parliamentary committee to review the whole situation, under the chairmanship of Lord Ullswater, who, as Mr. Speaker Lowther,

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presided over the committee in 1918 which resulted in a vast extension of the franchise, including the grant of the vote to women. This committee, on which the three parties are to have equal representation, will begin its labours in the autumn, and although the Government has made an oblique attack upon the Liberal, and, to some extent, the Conservative party also, by insisting that the enquiry should extend to all aspects of electoral law, with particular regard to the use of central party funds, yet the fact that the combination of any two parties could dominate the committee and thus frame whatever report they might agree upon, has interesting future possibilities, which no doubt the leaders of all parties will not be slow to observe. It may be, indeed, that this question will dominate the politics of 1930-31, and lead eventually to a completely new political situation, coupled with a radical change in the alignment and emphasis of present political parties.

All this, however, belongs to the future. Meanwhile, we return to the view, already expressed, that even under the present illogical system of representation, the nation has no reason to be dissatisfied with the result of the recent election.

In the first place, Mr. Baldwin's Government has disappeared, and with its fall a host of difficulties are removed. Although the last Government will rank high in our history; although its record of achievement is a notable one; although, as the Government that faced the general strike of 1926 and by its firm stand destroyed for a long time, perhaps for ever, the foolish methods of "direct action" and "unconstitutionalism"; although by its reform of the rating system and more especially its radical re-casting of our whole system of local government it can claim to have accomplished two tasks of the highest importance, yet in spite of all these merits the people judged rightly when they expelled it, at least temporarily, from power. It was an old Government. It was a tired Government. It was, above all, a Government out of touch with the electorate.

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Mr. Baldwin gave the people the impression of being an exhausted and somewhat dispirited leader. The party which he led had no clear vision of the future, and seemed to have no ambition to direct or control our development in any particular direction. And when the late Government definitely decided to abjure a policy of any kind and stand upon its record, it was already doomed.

Secondly, nothing could be more satisfactory, from the national point of view, than that the Labour-Socialist party should be forced, once again, to accept the responsibilities of office. The short Government of 1924 was not a fair or a sufficient test of Socialist capacity. It could easily be represented that it was brought down by an unscrupulous intrigue; it was even suggested that the forger had been called in to help an agonised bourgeoisie, and that the Zinovieff letter had been the instrument of a modern Titus Oates. Mr. MacDonald's new administration gives the Labour party a fresh opportunity, and an opportunity which he can use in the most favourable conditions. The fact that he still has no absolute parliamentary majority is a safeguard both for himself and for the nation. No Government of recent times has taken office amid more general expressions of favour and good will.

Thirdly, the almost complete disappearance of Socialist extremists, at least from official quarters, represents a real gain. Already we see the sobering effect of office, even upon such men as Mr. Lansbury and Mr. Shinwell. Already we are being reminded, in almost tearful accents, of the "inevitability of gradualism." And when Mr. Thomas has been engaged for another six months in "curing unemployment," we shall no doubt find that even his exceptionally buoyant spirit will be considerably subdued.

Fourthly, the steady movement in British industry towards what is generally called "rationalisation," is likely to receive a considerable impetus from the new Government. It has long been clear that the problems of cotton and coal, of iron and steel, and of shipbuilding, cannot, or

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will not, be solved without some measure of administrative and legislative interference by the Government of the day. The extraordinary hold which some of the more antique and reactionary directors still maintain upon the basic industries can hardly be shaken by any other means than coercion. The last Government was always very reluctant to use even the most tentative measures of compulsion. Indeed, in its attitude towards industrial questions it was dominated by a strongly Cobdenist theory wholly out of keeping with traditional Tory principles. It is already noticeable that the coal owners, under the distant threats of Socialist interference, are hastily adopting all those means towards a more efficient management of the industry—amalgamations, selling agencies and the like—to which no Conservative Government was able to persuade them. What for three years they have passionately resisted, becomes all at once the obvious and desirable course.

In other of the basic industries also the new Government have a real chance of scoring marked success. They have made a good start; and if they are not unduly hampered by past pledges or the presence of their left wing, they should be able materially to assist the development of the new industrial system to which Britain is inevitably moving. They may even—such are the ironies of politics—go down to history as the Government that made "capitalism safe for democracy."

Lastly—and this is the most cogent reason which leads us to believe that the result of the general election was on the whole salutary—it will be possible for a new Government to give a new direction to our foreign policy and to retrieve some of the blunders of recent years. It cannot be doubted that one of the main causes of the Conservative party's defeat was the universal distrust, far transcending mere party divisions, of Sir Austen Chamberlain's diplomacy. The splendour of his early successes—the admission of Germany to the League and the signing of the Locarno

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treaty—had long been dimmed. The failure of the Geneva Naval Conference, followed by Lord Cecil's resignation, was a much more serious blow to the late Government's prestige than was recognised at the time. And the apparent inability of the late Foreign Secretary to achieve any result in the field of Anglo-American relations—the dominating problem of the world, in which the British public is vitally and even passionately interested—told heavily against Conservative chances at the polls. Everywhere the suspicion existed or was sedulously created that we were heading for a fresh outburst of naval rivalry, comparable to the Anglo-German contest during the years preceding the war. This the electors were determined, at all costs, to prevent. And since they believed that the eclipse of Sir Austen Chamberlain and Mr. Bridgeman would prove an excellent method of avoiding this calamity, they were cheerfully prepared to risk the somewhat misty dangers of Socialism (of which they had no practical experience) rather than enter on a path which might ultimately lead to the horrors of war (of which they had only too bitter and too recent memories).

This rather crude judgment was, naturally, somewhat unfair to the late Government. Nevertheless, the need for a change in the sphere of foreign policy was real and pressing. Mr. Ramsay MacDonald has the chance of a lifetime. It is to be hoped that he will make the best use of his opportunity.

II. THE TROUBLES AHEAD

AT the same time, there are formidable dangers in the path of the new Government, some of which may easily prove fatal. The inherent difficulty of any "Government of the left" is that it has generally achieved office by an ambitious and often spectacular electioneering programme. It has, while in opposition, sedulously fostered the wildest hopes in the minds of the electors, and it comes into power

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with the grave disadvantage of having excited too many and too lively expectations. Above all is this true of the present Socialist party. The doctrines of Socialism, still supposed to represent its declared faith, are easily expanded. But they are not so easily put into practice. And when the chief priests of this strange creed have already largely "lost their faith," they find the innocent credulity of the devotee something of a nuisance. In countless homes up and down the country humble folk cherish a naive belief that somehow or other the very fact of a Labour Government being in power will ease all the difficulties of life, and cure, as if by a magic formula, the oppressive burdens of poverty and disease. The millennium, if indeed it is not to be expected in the very first session of a new Parliament, can scarcely be delayed beyond the early days of the next. The fantastic denunciations of what is called "the present system" have led these supporters of "Socialism" to entertain a pathetic hope that another "system" will shortly and speedily be organised. And the more eloquent the perorations of Ministers in the past, the more ambitious the visions which they have dreamed, the more splendid the castles in the air which they have allowed themselves to design, the greater will be their malaise and the disruption of their party, as month follows month and year succeeds year without, perhaps, any noticeable or startling change in the social and economic order having been actually accomplished.

This underlying difficulty of all advanced Governments is not always fatal. It is sometimes possible to cultivate the particular in order to distract attention from the general. It may be practical to attribute the delay in bringing about "Socialism" to the artifices and wiles of the bourgeois parties, still actually commanding a majority in the House of Commons. It may be a way out of larger difficulties to stimulate the fading enthusiasm of a disappointed electorate by a spectacular attack upon a special class. This was the plan adopted by Mr. Lloyd George, with

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conspicuous success, in 1909. And for similar reasons many experienced observers believe that the new Government will follow the same precedent, and that the budget of 1931, if not that of 1930, will be used to regalanise the Labour forces into loyalty and enthusiasm by a policy of vindictive taxation. If the Conservative party were to fall into the trap, and by a violent or ill-directed opposition come to be regarded as the recognised protagonists of the super-taxable class, it might easily find the election of 1931 even more disastrous than that of 1929.

Meanwhile, however, apart from the vague and general expectations raised by the Labour Government, there are the specific pledges. Election pledges are always dangerous. They can indeed often be evaded, particularly if they affect the electorate as a whole. But when, as in the case of the pledge to the miners, they have been given to a powerful and well-organised interest, commanding over forty seats in the House of Commons, the matter is not so easy. At the present time there is no certainty as to what course the Government proposes to pursue regarding the repeal of the eight hour day. But there is no doubt at all that a reversion to a statutory seven hours would have a disastrous economic effect upon the coal-mining industry. It might even lead to an increase in the numbers of unemployed, so large as gravely to embarrass the Government, pledged as it is to the "cure of unemployment." At the same time, the very definite promise to repeal the Eight Hour Act cannot altogether be disregarded. The delegates of the Miners' Federation, at their annual meeting at Blackpool, while agreeing to leave the matter for the moment in the hands of their executive, made it clear that they would not tolerate neglect or evasion. And unless the general situation in the chief coal exporting districts alters radically during the next few months, it is difficult to see by what means Mr. MacDonald proposes to reconcile his categorical pledge with what he knows to be the economic necessities of the situation.

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But coal mining is not the only industry with serious difficulties before it. Already the dispute in the cotton trade has caused nearly half a million workers to be idle. Even a Labour Government has not been able to avoid this calamity. There is perhaps some hope that the special committee of enquiry which has been appointed may be able to frame a scheme for the reorganisation of the industry on modern lines. But rationalisation or reorganisation is a long and laborious process. Meanwhile Lancashire has had to submit to the crude method of strike and lock-out.

Similar considerations apply to the wool trade, and, in a lesser degree, to iron and steel, and heavy industries. Altogether, the industrial outlook is not very encouraging, and the difficulties that may be expected will naturally react upon the popularity and stability of the Government.

Above all, there is the perennial question of unemployment. This obstinate problem has already embarrassed four administrations in recent years, and contributed to their fall. The telling figure of "over a million unemployed after five years of office" was a grave weapon against the late Government at the polls. No doubt, the same phantom haunts the minds of its successor. Mr. Thomas has indeed made a gallant start. He has appointed committees and persuaded Parliament to authorise loans. He has talked and appealed and cajoled and travelled. But all the time formidable difficulties are in his path. In the first place, it is still very uncertain whether those orthodox economists may not after all be right who aver that the raising of specific loans for relief works and the like in the end increases rather than lessens unemployment, by depriving industry of the financial resources which would otherwise be available. Secondly, the exceptionally high rates of interest ruling in New York, coupled with the export of gold to Germany and France, may lead to an increase in the bank rate, with an immediate and discouraging effect upon employment. Thirdly, any tendency to

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increase outdoor relief or make it easier to obtain, and any relaxation of the conditions under which unemployment benefit may be drawn under the insurance scheme, will certainly have the effect of increasing the figures of the registered unemployed. Mr. Greenwood, by the abolition of the guardians appointed by Mr. Chamberlain in West Ham, Bedwellty and Chester-le-Street to bring some order into those districts, has made a significant gesture which will not be lost on certain boards of guardians in other districts. Miss Bondfield, the new Minister of Labour, has up till now succeeded in temporising with the question of insurance benefits. But the Labour party is so definitely pledged on this point and has conducted so violent an agitation upon the question in the constituencies during recent years, that it is difficult to see how the pressure can long be resisted. It is more than probable that in the autumn a measure of relaxation in the conditions qualifying men and women for benefit will be introduced, and possibly also increases will be made in the amounts of benefit in certain cases. But all experience shows that such a course will tend to increase the numbers registered as unemployed by encouraging that marginal body of persons, not indeed large in proportion to the whole mass of the insured population, but yet quite sufficient to swell considerably the statistics, who mysteriously find work if sufficient pressure is put upon them to do so, but join the ranks of the unemployed if relief or benefits are available.

Lastly, if the Government should be forced by these and various other concessions to the raising of large amounts of additional taxation, and if, as seems probable, that taxation is of a somewhat punitive character upon the richer classes of the community, there is a real danger of a sense of apprehension and insecurity in the business and investing community very dangerous in the face of the strained credit situation and leading to a still greater depression of trade. While nothing like a "flight from the pound" has yet occurred, such might easily be the result of too

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violent an attack. And this in its turn would swell the figures of the unemployed by the restriction of credit and the increase in the rates for money which would be the only counteracting measure available to the Bank of England.

For all these reasons, therefore, it does not appear that the new administration will have an altogether easy task. The dangers that beset it are real, and may prove obstinate. At the same time, the opportunities are great, and the men chiefly concerned in solving the problems, partly, indeed, of their own making, which beset the Government, are men of courage and intelligence. Mr. MacDonald, Mr. Thomas, Mr. Snowden, and Mr. Graham, all have determination and capacity. If they can overcome the difficulties just outlined, they will prove themselves possessed of rare political genius.

III. THE OPPOSITION PARTIES

MEANWHILE, neither of the Opposition parties finds itself in an altogether happy situation. The Liberals, after an unexampled expenditure of effort and treasure, succeeded in winning only some sixty seats in the new Parliament. Moreover, owing to the somewhat unexpected numbers of the Labour party, the Liberals are not really able to hold the balance in the manner which they had hoped. They are not able to offer the Conservatives the possibility of a stable Government, and for that reason all immediate chances of a coalition are ruled out. At the same time, the quality of this small party is very high. Apart from Mr. Lloyd George, who in a few weeks has recovered all his old mastery of the House of Commons, men like Sir Herbert Samuel, Mr. Runciman, and Mr. E. D. Simon add distinction to the new Chamber, and will undoubtedly, in the next few months, prove them-

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selves parliamentarians of marked ability. Mr. Lloyd George, incomparably the most interesting figure in contemporary politics, has already shown himself the dominating personality in the new House. After a temporary eclipse from 1924 to 1929, when the huge Conservative majority made his position almost impossible, he is now listened to with attention and respect. Nor can there be any doubt that he holds the key of the political situation, and that his decisions during the next two years will prove the decisive factors. At the same time, the Liberal party finds itself subject to all the inherent weaknesses and difficulties of a centre position. It is almost equally divided into two schools of thought, the one with Conservative, the other with Radical leanings. In the event of a complete re-alignment of parties, half the Liberals would go to the right and the other half to the left. It will need all Mr. Lloyd George's skill to maintain the separate entity and unity of his party. Already he has suffered a serious defection. Sir William Jowitt dealt him a severe blow by deserting to the Socialists within a week of his election as a Liberal. Further secessions may easily follow, since it is clear that the prospects for ambitious men, conscious of their own talents, are but poor and uninspiring so long as they remain wedded to Liberalism. Men who have already made their mark and held high office in the State may remain faithful. But the opportunities and expectations are not so enticing for younger men.

The Conservative party is at the moment distracted by feuds and factions. Apart from the natural disgruntlement which follows any defeat, there are at work forces wholly opposed and disharmonious within the party. While Mr. Baldwin still maintains a strong hold upon the affection and respect of the party, there is an undoubted movement hostile to his leadership. He is accused, in certain quarters, of being without the vigour and combative qualities essential to opposition. He is regarded as somewhat indolent and even supine. Nor has he the personal attributes necessary

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to lead a dispirited and disunited party to fresh and more strenuous endeavours. On the other hand, Mr. Churchill is thought to have displayed almost too feverish an anxiety to attack. By nature more prone to the policy of the assault than to that of the siege, he has already opened the trenches. His conduct during the first few weeks of the new Parliament has displayed to the full both the strength and weakness of his character. As far as can be seen at present, he is as far as ever from the leadership of the party, and still evokes, in certain powerful quarters, feelings of uneasiness and distrust.

Mr. Neville Chamberlain has meanwhile given indications of a return to his father's political philosophy, and is engaged in an attempt to restate an Imperial economic policy on modern lines, which he hopes may prove the salvation of his party. But he had already been outbid by Mr. Amery and Lord Beaverbrook. Amid all these discordant notes, the party is puzzled and distraught. A by-election at Twickenham has demonstrated the confusion in the Conservative ranks. Sir John Ferguson, standing as a Conservative, was officially repudiated by the Central Office, on the ground that he was advocating a protectionist policy of a character unacceptable to the leaders. He was supported by many private Members and certain influential ex-Ministers, as well as by the whole force of Lord Beaverbrook's powerful press. Nor is it at all clear whether an official ban may not have proved more helpful to him in his campaign than an official blessing.

It will thus be seen that the Conservative party is going through one of those recurrent periods of distraction which beset it from time to time. The same symptoms appeared after the defeat of 1906. But it would be a mistake to attach too much importance to these difficulties. A party of the right is always liable to them, but Conservatism is an essential feature in any political system and the Conservative party generally recovers its equilibrium, not so much owing to its own virtues as to the

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mistakes of its opponents. Nothing will do more to revive the Conservative party than a serious menace to property and economic stability from the Socialists. Under such a threat, the ranks will be closed and the rally begin.

IV. THE ECONOMIC AND INDUSTRIAL SITUATION

RECENT months have not been unpromising, from the industrial point of view. The production of iron and steel has increased; the output of coal has been greater than in the corresponding quarters of 1928; the statistics of shipbuilding tonnage show improvement; the seasonal summer rise in unemployment has been less marked than usual. Price and credit movements have, however, been disquieting, and make the outlook uncertain. The recrudescence of industrial disputes this summer coincides with the return of the Labour Government, but has only indirect connection with the change that has come over the expectations of Labour. Four important movements are in progress as we write, in textiles, coal mining, engineering and shipbuilding, and railways, but it is hard to attach them to a common thread.

In the two textile trades of cotton and wool the employers have renewed their demands for wages reductions, and in Lancashire have carried them to the point of a general lock-out. In both industries average wage rates show a greater proportionate increase over 1913 than in the other staple exporting industries; but in both the problem of recovery from nearly ten years of depression is more one of reorganisation than of wages costs.

The cotton stoppage began on July 29 on the expiry of the employers' notices. They had never moved from their position that a wages reduction must take place, and the utmost concession they would make was that the amount of the original demand for one of $12\frac{3}{4}$ per cent. might be modified. The operatives had begun by refusing

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any reduction and by asking that the question should wait until the Government inquiry has reported; then they suggested arbitration by the Industrial Court. On the eve of the stoppage division appeared among the unions. Those on the spinning side of the industry, the Spinners and Cardroom Amalgamations, recognising that the employers were unmovable, were prepared to negotiate a reduction. Those on the manufacturing side, headed by the Weavers' Amalgamation, held out for arbitration. A last-minute hitch among the cardroom operatives ended what seemed a promising chance of a peaceful settlement between the employers and the spinning unions, and a general stoppage took place, which was virtually complete among the federated firms. Once the stoppage had begun, feeling among the operatives hardened, and the spinners' leaders, after a vote of the branches had been taken, were denied negotiating powers. The deadlock was now complete; the parties were without common ground, and the only alternative to an obstinate struggle was arbitration. The manufacturing employers were favourably disposed towards it, but the spinning employers, who have never taken kindly to trusting outsiders, stuck out until August 13, when, after the Prime Minister had made a persuasive personal appeal, they accepted the principle, and a way out was at last open.

A general reduction of the size first demanded would have pressed hardly on the poorer paid workpeople, especially on the weavers, in whose case, it was generally admitted, a flat rate reduction would operate inequitably. The operatives' resistance gained in strength from their feeling that the troubles of the industry were not of their making, that the employers were "taking it out of the workpeople" instead of applying themselves to reorganisation, and that the effect of the reduction on the economic position of the industry would be exceedingly small. The operatives had long advocated a public inquiry, and it was in fulfilment of its pledge to them that the Government,

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on July 31, appointed a subcommittee of the Committee of Civil Research

to consider and report upon the present condition and prospects of the cotton industry, and to make recommendations as to any action which may appear desirable and practicable in order to improve the position of this industry in the markets of the world.

The part which the State can play in the revival of the cotton industry is limited, much more limited than in the coal industry. The inquiry may be valuable in stimulating action within the industry and in suggesting practical measures of Government assistance in the shape of trade facilities and export credits. Lancashire has been talking rationalisation and reorganisation steadily for the last five years, but progress has been disappointing. The actual condition of the trade has grown worse. A fifth of the American cotton spinning section is permanently closed down; another fifth is idle; the greater part of the remainder is working at a loss. The Egyptian cotton spinning section, after a long profitable period, is suffering from over-production and internal competition.

The two main problems are, first, the elimination of the cut-throat competition within the trade by the creation of large-scale amalgamations, particularly of spinning mills; and second, the increase of the volume of trade, which involves radical changes in marketing methods and improvements in technical efficiency. The most promising amalgamation scheme, that of the Lancashire Cotton Corporation, is only slowly getting on its feet. It may soon comprise some thirty mills, and it aims at embracing 10,000,000 spindles (rather more than a sixth of Lancashire's total) together with a larger number of looms than has been yet brought under one ownership in this country. It is now clear that one of the worst results of the recapitalisation "bubble" was that it has made the combination of badly financed companies much more difficult than that of sound companies. A merger of fifteen Egyptian

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cotton spinning firms is passing through much less trouble than is being met with by the Lancashire Cotton Corporation, which is mainly amalgamating mills spinning American cotton. The main obstacle in the way of the Corporation has been its insistence on calling up unpaid capital, and it has met with stubborn resistance from the directors and shareholders of the bankrupt mills, in spite of the pressure exercised in its favour by the banks. Many other amalgamation projects are in the air, and some may mature.

The industry has already strong combinations in fine spinning, bleaching, calico printing and dyeing, but each of these enjoys some monopoly advantages, and is mainly horizontal, thus maintaining the stratification which has long been characteristic. The new amalgamations in spinning and, it is hoped, later in weaving, will also be in the main horizontal; but much is being made of the possibilities of co-operation between such combined sections, especially in organised marketing, and the planting of bulk productions in foreign markets where the undercutting of Japan, Italy, and the United States is most acutely felt. One of the most interesting of Lancashire's problems is how to combine the advantages of the present horizontal stratification with those of the vertical method adopted by some of her keenest competitors. Successful co-operation based on large-scale units would bring the English industry to a stage of development not reached by its foreign competitors.

Much useful work is being done by the Joint Committee of Cotton Trade Organisations, covering all sections of the trade, including the operatives. It has produced reports on costs of production, financial reorganisation of the spinning section, technical efficiency and adaptability in the weaving section (in which Lancashire has fallen behind), and specific methods of meeting competition. One of the Committee's proposals reached the stage of practical experiment a year ago; spinners, manufacturers,

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dyers and merchants joined in sharing the risk of putting on the China market a cloth in competition with a well-known Japanese line. It is too early to say whether the form chosen for the experiment will be permanently successful, but the same principle of co-operative marketing is about to be extended to other fields in which Lancashire has lost ground in her export trade.

Like the cotton industry, the wool and worsted industry has been for nearly two years on the edge of a stoppage over wages. The wages agreement was ended in November, 1927, and the Industrial Council fell out of gear, but the claim for reductions was not pressed hard, and the unions obtained a respite last year by supporting safeguarding. This spring, even before the tariff was refused, the employers moved again for a reduction. After sporadic stoppages, the Industrial Council was revived, and on July 26 the two sides nearly reached agreement on the amount of the reduction—the employers asking for one of 9·09 per cent., the unions being ready to concede one of 7·25 per cent. A final settlement has not been reached at the time of writing. Although the fundamental problems of the West Riding industry are much like those of Lancashire (except that the legacy of bad finance is smaller), even less advance towards rationalisation is perceptible.

If there is to be another of our recurrent coal crises this year, it will not come until the autumn. The district wages agreements in two-thirds of the coalfields expire or are terminable about the end of the year, and the Miners' Federation has decided to make this the occasion for trying to win back the national agreement and the national minimum wage that were lost in 1926. The Government is pledged to the miners to reduce their hours. To return to the seven-hour day would, on the coalowners' estimate, add between 2s. and 3s. a ton to the cost of production, and compel either severe contraction of output with intense unemployment, or drastic counterbalancing wages reductions. The miners' conference on July 25, for lack of a

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clear lead from its executive (although Mr. Cook was this time on the side of moderation and caution), adhered to its demand for immediate repeal of the Eight Hours Act. The decision is not, however, final, and the Federation will be reluctant to force the Government's hand. The Government is attempting to find a way out by persuading the miners to accept a small reduction of hours, and the owners to improve the ability of the industry to bear this burden by developing organised marketing.

The President of the Board of Trade announced on July 23 a programme of voluntary co-operation among the owners, backed by the threat of legislative compulsion. The owners have responded quickly; the existing district marketing schemes, two of which were moribund, are being overhauled; districts without schemes, notably the north-eastern fields, are creating them; and the first steps are being taken towards the formation of a national co-ordinating committee. It remains to be seen whether the divergences in principle between the largest scheme, that of the Central Commercial Collieries Association, which covers the Midlands, and is bound up with an export subsidy, and those of the other districts, which are more concerned with maintaining minimum prices, can be reconciled.

The Government also promises measures to facilitate colliery amalgamations and to nationalise minerals. Neither measure will arouse the old opposition, and opinion in the industry has largely swung round to the view of the Samuel Commission that State ownership of minerals may be a powerful means towards securing closer organisation.

The outlines of the coal problem will be clearer in a few months, but it is already evident that it will severely tax the statesmanship of the Government and the industry if it is to be solved without economic disturbance.

In the depressed industries of engineering and ship-building the unions continue, rather half-heartedly, their efforts to raise wages. The forty engineering unions, after

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abandoning the idea of selective approach to the more profitable sections, fell back on a national application, the consideration of which the employers have deferred to the autumn on the ground that they must know first what effect the Government's policy will have on industry. The shipbuilding employers, faced with a similar multiplicity of unions, have offered to establish a national standard time-rate for craftsmen of £3 a week and for unskilled men of 41s. a week. This is probably an advance towards more rational organisation, but it seems to be as little likely to win early and general acceptance by the unions as other recent proposals of the employers for overcoming the sectional differences and conflicting policies of the unions.

Acting under pressure from the rank and file the three railway unions have given notice to end, on November 13, the agreement of last year by which all grades suffered a wages cut of 2½ per cent. The companies' reply is that they still need the sacrifice and that it is too early to judge of their success in meeting road competition, to which end they have just acquired extensive interests in road transport companies. In the interests of the trade unions themselves, there is much to be done in levelling up wages in these competing services.

Although the Mond-Turner Conference, and, still more, the ideas behind it, will stand out as a landmark in industrial history, it has had few positive results. Some trade union enthusiasm evaporated when the Federation of British Industries and the National Confederation of Employers Organisations turned a cold and sceptical eye on the Conference's first report. But realising the danger of mere negation the employers have set up a joint committee with the General Council of the Trades Union Congress to discuss means of co-operation. The committee did not get to work until July, and it may be some time before any proposals emerge. Meanwhile, since its report on unemployment in March, the Mond-Turner Conference has been

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quiescent. From the beginning certain large sections of industry have been lukewarm, if not hostile, towards the underlying principle of national co-operation. It is a commentary on the state of British industry that the unrest of the summer of 1929 is mainly displayed in these sections, and that in each the root problem is that of rationalisation, the promotion of which the Conference put in the forefront of its programme.

IRELAND : EVENTS IN THE FREE STATE

I. POLITICAL

NOTHING more clearly indicates the change which has taken place in our political point of view than the equanimity, amounting almost to indifference, with which Irish public opinion now contemplates an English general election. Most of us can remember the thrill with which we followed each of these contests in the past as the struggle for Home Rule waxed and waned. In those days even English by-elections filled us with excitement. Now the swing of the pendulum and the most thrilling orations on unemployment leave us entirely cold. The Free State was much more interested in the result of the Sligo-Leitrim by-election than in the fate of Mr. Baldwin's Government, which is indeed quite as it should be. This contest was a straight fight between the Government party and Fianna Fail and was a real trial of strength between the parties, for it was the first time that Mr. de Valera's ramp concerning the payment of the land annuities* had been submitted to the verdict of a typical rural constituency. In the result the Government candidate, General Sean MacEoin, won by a majority of nearly four thousand votes and actually increased the party poll. It is true, of course, that General MacEoin (better known perhaps as the Blacksmith of Ballinallee), whose heroic and chivalrous exploits in the

* See THE ROUND TABLE, No. 74, March 1929, p. 379 *et seq.*

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Anglo-Irish struggle have given him a legendary and almost mythical fame, was a very strong candidate, but this by no means explains the failure of the electorate to rise to Mr. de Valera's bait, even though in order to increase its attractiveness he had undertaken to devote £2,000,000 out of the £3,000,000 land annuities which he proposes to appropriate to a scheme for derating agricultural land, and to apply the remaining £1,000,000 to other grandiose schemes for the benefit of the farmers. The Fianna Fail party was indeed foolish enough to raise the question by a motion in the Dail, which gave Mr. Hogan, the Minister for Agriculture, a splendid opportunity of riddling Mr. de Valera's position both legally and morally. Mr. de Valera's argument is that the only authority for paying the land purchase annuities to the English National Debt Commissioners or the Bank of England is Section 12 of the Free State Land Purchase Act of 1923 which authorises the payment of the annuities over to a British fund, with the implication that if that section were repealed the Free State Government would be bound to retain the annuities, as they would have no legal authority for paying them elsewhere, and that in any event as the agreement of December 1925* between the English and Free State Governments cancelled all our obligations to bear a portion of the British National Debt, as provided by Article 5 of the Treaty, land stock being a part of the public debt, there is no longer any obligation to pay these annuities. Mr. Hogan aptly and conclusively answered that if Section 12 had never been inserted in the Land Act of 1923 the land purchase annuities could not be legally retained because all the Land Purchase Acts from 1891 to 1909 specifically set out that these annuities shall be paid over by the Irish Land Commission to the Land Purchase Fund or Account for the purpose of transferring the interest to the stockholders and creating a fund to redeem the stock. The effect of Section 12 of the Land Act of 1923 was not to

* See THE ROUND TABLE, No. 62, March 1926, p. 352 *et seq.*

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authorise for the first time the payment of the annuities to this fund—that authority was already given in the previous Acts—but to provide that the annuities should be paid to this British fund not by the Land Commission, as provided by the previous Acts, but by the Free State Ministry of Finance. As regards the argument based on the agreement of December 1925, Mr. Hogan points out that public debt is a debt in respect of which the taxpayer is liable, and in respect of which he has no remedy and no security. The land annuities cannot come within this definition because they are debts due by private citizens who had borrowed the money to purchase their land, and it is only for the purpose of paying interest and sinking fund to the National Debt Commissioners that land stock can be treated as a national debt. The essence of the transaction is in reality perfectly simple. The Irish farmers wanted to buy their land but they had no chance of getting the money, even at an exorbitant rate of interest, without security. They were able to do so owing to the fact that the British Government, or, in other words, the British taxpayer, went security for the payment of the purchase money. The purchase was financed accordingly and repayment spread out over a large number of years at $2\frac{3}{4}$ per cent. interest. For forty years this bargain has been honourably carried out on both sides, until now when the Fianna Fail party suggests that although the loan must be repaid to those who lent the money it must be repaid not by the Irish farmers who borrowed it but by the British taxpayer who went security for its payment. No doubt we can pass legislation refusing to pay either the capital or interest of this legitimate debt, but, as Mr. Hogan caustically remarks, such a decision would inevitably lead to a discussion, if not on the validity of the Eighth Commandment, at least on the contentious issue of whether the sovereign people have a right to do wrong. Moreover, it is not improbable that in this event the Irish farmer, having been set such a dishonest headline, might legitimately ask by what moral authority the Free

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State was entitled to pocket the annuities or to enforce their payment. The whole of this agitation against the land annuities is another unfortunate illustration of Mr. de Valera's political weakness. The question was first raised by *An Phoblacht*, the organ of extreme Republicanism, and Mr. de Valera immediately followed suit, because he is in the unfortunate position that he has not courage enough to ignore the whip of any infinitesimal body of extremists who shout louder than himself. Moreover, he has apparently no clear views on the subject, because at first he stated that the farmers should not pay annuities calculated to compensate the landlord but rather a land tax graduated in accordance with their ability to pay. And although he now states that he is not in favour of the repudiation of debts, he apparently considers that they should not be paid by the debtor but by the surety. But Mr. Hogan was really flogging a dead horse, because any public interest that Mr. de Valera's pronouncements on the subject aroused died a natural death when it was discovered that whatever the ultimate destination of the land annuities his scheme in its final form provided that the Irish farmer should continue to pay them as usual. The really serious aspect of the whole matter is rather the fact that the second party in the State should deliberately father such an immoral project.

Another matter which has created violent controversy is the Juries' (Protection) Bill, which, as its title denotes, has been introduced by the Government to protect jurors in political cases against assassination and terrorism.* This drastic measure provides amongst other things for the secret empanelling of juries, majority verdicts of nine out of twelve, imprisonment for refusal to recognise the court, exclusion of the public from certain trials, prohibition of the publication of jurors' names, the service of jury summonses by post, and penalties for the intimidation of jurors. In its original form this measure was intended to be

* See THE ROUND TABLE, No. 75, June 1929, p. 594.

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permanent, but the Government has now wisely decided to limit its operation to two years. Whilst there is much to be said for some of its provisions, and whilst it may be agreed that the principle of a substantial majority verdict is sound, there does not seem to be much point in preserving the form of trial by jury when the vital elements of the system are eliminated. Nor does it seem possible, whatever system is devised, to secure absolute secrecy. It is not much satisfaction to a juror to be shot by number instead of by name. Although the Bill will undoubtedly be passed with some minor amendments, the debates in the Dail and Senate show that it has aroused little enthusiasm, and there can be little doubt that public opinion generally would have favoured a more drastic measure substituting a special judicial tribunal of two or three judges for trial by jury in cases of a political nature. The small gang of fanatics who have done their best to kill trial by jury through terrorism do not deserve to have the system maintained for their benefit, nor can jurors be legitimately asked to expose themselves to serious risks for the purpose of preserving what is now little more than a mere formality. Mr. de Valera, with his usual unconscious humour, having complained that the Bill was an outrage on Magna Charta, proceeded to demonstrate that it was really the continuity of British government in Ireland. His party tabled more than one hundred amendments to the Bill, whereupon the Government retorted by imposing a rigid time limit for the various stages of the measure, which was duly carried. Had Fianna Fail dealt with the Bill in the ordinary way by a reasonable number of relevant amendments they would undoubtedly have been able to put up a more effective opposition, instead of frittering away more than half the time allowed to the committee stage in a series of useless divisions which only gave additional point to the Government's contention that opposition to the measure was really based on vexatious obstruction undertaken to please Mr. de Valera's real task-masters outside.

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The Economic Committee* has issued interim majority and minority reports on the question of a subsidy for wheat. The majority, consisting of the Government members of the Committee, are against a subsidy, and the minority, representing Fianna Fail, are in its favour. The majority contend that it is uneconomic to turn our farmers from their present methods of farming which are profitable, to the cultivation of crops like wheat which can only be made to pay if the whole people, including the farmers themselves, are taxed to subsidise them. It is not surprising that, owing to the impossibility of arriving at any agreement on questions of importance, this committee has now decided to dissolve. The experiment it involved was worth making, but it was almost impossible that it should succeed. Fianna Fail would erect Bishop Berkeley's brass wall around the country if it could, and by a policy of stiff protection try to produce everything here regardless of expense or efficiency. The more impossible the project the more likely it is to find favour in the eyes of Mr. de Valera's party. For these reasons it favours a subsidy on wheat, alleging that our food supply would be endangered by a blockade, as if wheat were the only food stuff produced in Ireland. A good example of the pitfalls inherent in such a policy is to be found in the fact that the Government has already had to revise the recently imposed woollen tariff by raising the limit of exemption for cheap imported cloth from 1s. 6d. per square yard to 2s. 6d., the Irish woollen manufacturers having admitted that they will not for some time ahead be able to supply cloths of that value and that consequently the ready-made clothing trade, which is also protected, would not be able to carry on their business at a profit. Mr. de Valera's motion that the flour milling industry should be protected by imposing a tariff on all imported flour, save flour admitted under special licence for biscuit manufacture, gave rise to an interesting debate on another aspect of the same subject. The Tariff

* See THE ROUND TABLE, No. 74, March 1929, p. 276.

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Commission* had already advised against such a tariff, which is demanded by the flour millers on the grounds that they are subject to unfair competition through the dumping of English flour. The Tariff Commission considered that no circumstances exist to prevent an efficient mill in the Free State, working at full capacity, from being able to produce and market flour at a price capable of competing successfully with British flour, if British flour is sold at rates which give a reasonable return to the producers. A tariff, in their view, would only increase the price of flour, and consequently the price of bread. Moreover, it would only lead to additional employment for some 150 persons. Mr. McGilligan, the Minister for Industry and Commerce, pointed out that the real remedy was to rationalise our flour milling industry by concentrating the manufacture of flour in large port mills efficiently managed.

Various estimates of an interesting nature have also been discussed in the Dail recently. Particular mention must be made of Mr. McGilligan's statement in his capacity of Minister for External Affairs, a department in which considerable development has recently taken place. The total of this vote is now £59,796, and Mr. McGilligan pointed out that, whilst we are only spending something less than 3s. out of every £100 of national expenditure on foreign representation, Finland spends 17s. and Norway 24s. He pointed out that our membership of the British Commonwealth of Nations is that of a completely independent State freely associated with other member States and co-equal in status with them. The supreme executive authority in every exclusive concern of this country was exercised on the sole advice of the Executive Council. Our contribution towards the formation of new constitutional doctrines within the Commonwealth was positive, persistent and decisive, and had been directed to removing anomalous legal forms, securing the discontinuance of practices that have no place in modern democratic life and

* See THE ROUND TABLE, No. 72, September 1928, p. 827.

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no justification in present constitutional theory. Our purpose was that whatever remnants there may be of the old order of Imperial control should be removed and the last legal vestiges of the organisation now superseded swept away. The free co-operation which is the basis of the Commonwealth idea, the instrument of its usefulness, and the expression of the individual sovereignty of its members, would be clothed in forms which would reveal rather than conceal its reality. We had sent representatives abroad, and were sending more representatives abroad, primarily as part of our contribution to the organisation of peace as the world's most impressive need. We have fulfilled our traditional national policy of taking our place amongst the nations of the world, and if our influence was to be increasingly felt in the promotion of progressive causes and if our efforts were to be thrown more and more into the balance of forces working for the peace and harmony of the world, our new responsibilities must be solemnly understood and seriously undertaken. After this declaration of policy Mr. McGilligan stated that the Government were about to establish diplomatic relations with France, Germany and the Vatican. This latter step has given great satisfaction not only in Ireland but to the Irish race all over the world whose traditional spiritual allegiance to the Chair of Peter has now found definite expression. The first Minister Plenipotentiary appointed to Rome is Mr. Charles Bewley, K.C., a distinguished member of the Irish bar who speaks Italian and is in every way a most suitable representative. It is interesting to note that this appointment was decided on without any consultation or discussion with the Irish Catholic bishops. In this, as in other matters, the Free State Government, whilst maintaining a perfectly correct attitude, has shown itself entirely free from clerical influence. For instance, quite recently a parish priest in County Galway, who assisted illegal manifestations of the agitation against the payment of the land purchase annuities, received and served a sentence of

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six weeks' imprisonment amidst general approval. But although these various representatives abroad will fulfil the useful purpose of "showing the flag" and establishing political contact with the world, their commercial value must naturally remain slight. In that respect the office of the High Commissioner in London must remain the most important and is doing constant good work by arrangements for the exhibition and supervision of Irish produce, the settlement of commercial disputes, and reports on the movements of markets and prices.

An unfortunate situation, which has fortunately remained internal, has recently arisen concerning our national anthem and given rise to one of those political storms in a tea-cup in which we delight. In order to understand its implications it is necessary to explain that the official anthem of the Free State is "The Soldiers' Song," a rather poor piece of doggerel verse set to indifferent music which was a popular ballad of the I.R.A. during the Anglo-Irish struggle. It was obviously adopted by the Government not because of its inherent qualities but because it would otherwise have been appropriated by Mr. de Valera. Being in its nature frankly political rather than national, it has naturally unpleasant associations for many people. Unfortunately there is no other alternative tune but "God Save the King," which in Ireland at all events is not so much a prayer for the King as an expression of the old Unionist ascendancy spirit and as such is unfortunately also both partisan and irritating to nationalist sentiment. The recent controversy arose through the refusal of the Governor-General to attend the Trinity College sports—one of the principal social events in Dublin—unless he was received with "The Soldiers' Song" instead of "God Save the King." The committee in charge of the sports endeavoured to arrange a compromise by offering to play both tunes, but to this the Governor-General, acting with the approval of the Government, refused to agree. In the result the Governor-General did not attend the sports,

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which were consequently boycotted by outside clubs. The attitude of the Governor-General and the Government would seem to be that "God Save the King" is the English national anthem and that in the Free State the King's representative as head of the State should be greeted with the Free State anthem only. This is, of course, a further development of what one might call the policy of maximum separation within the terms of the Treaty of 1921, and whilst it can be logically defended it is also extremely regrettable, because in the long view insistence on relatively trivial rights of this kind does not placate the Republican element and definitely retards the possibilities of reunion with the North. One feels that in such matters the Government is guilty of allowing itself to be influenced by extremist opinion in the very way it properly accuses Mr. de Valera of acting. What we really require is a new national anthem, entirely devoid of political antecedents and expressing the love and pride of all Irishmen in their common country. But we must leave that ideal solution to the combined and healing forces of time, good taste, and common sense.

II. ECONOMIC AND GENERAL

NO better proof of our economic progress can be found than the fact that during the last year, for the first time, our emigrants to the United States have failed by seven thousand to exhaust the allotted quota. This proves that both the desire and the necessity to emigrate are alike diminishing, and it may well be that the materially reduced quota which soon comes into force* will satisfy our necessities. The trade statistics continue to show continually improving results. The external trade turnover of the Free State for the twelve months ended May 31, 1929, reached £105,784,000, or almost exactly £3,000,000 more

* See THE ROUND TABLE, No. 75, June 1929, p. 604.

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than for the previous twelve months. Both imports and exports increased, imports by £1,314,000 and exports by £1,675,000, whilst the adverse trade balance is down by £361,000, to £13,554,000 as compared with its former figure of £19,000,000. The post-war slump in prices unfortunately coincided with our civil war and made the years 1922 and 1923 disastrous ones for our agricultural industry. But since 1924 and the steady development of our agricultural exports on systematic and efficient lines, the general economic condition has steadily improved. The recent figures show that agricultural exports continue to develop. We have now a much larger number of cattle and sheep per hundred persons than any of the other European countries. The supply of pigs is greater than in any other European country except Denmark. We sell more cattle and beef to Great Britain than any country except Argentina, more sheep and mutton than any countries except New Zealand, Argentina, and Australia, more pigs and pig products than any country except Denmark, more eggs than any country except Denmark, and twice as much poultry as France, our strongest competitor. The Free State now ranks fifth as a purchaser of British goods and tenth as a supplier of goods to British markets. The United States last year purchased British produce and manufactures to the value of £46,624,000 compared with £35,136,000 worth purchased by the Free State. Denmark, our greatest competitor in the British markets, purchased only £9,763,000 worth of goods from Great Britain although she sold to her goods valued at £53,056,000. The Irish Free State imported 78 per cent. of its consignments from Great Britain and Northern Ireland, and 22 per cent. from other countries, whilst it sold 96 per cent. of its exports to Great Britain and Northern Ireland, and only 4 per cent. to all other countries. Our export trade is strongly seasonal in nature. Exports are always low in March and April and usually reach their maximum in September and October. Imports fluctuate

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in a more irregular manner. In every one of the last five years imports increased from January to March (the month of maximum imports), fell from March to August, rose again from August to September, and fell from October to January. This seasonal trend in exports gives its general character to the trend of the balance of trade, which usually reaches its highest point in March-April and its lowest in late summer. Everything goes to show that this year we may expect an abundant harvest and this, combined with the successful advertisement of Irish produce in Great Britain, is bound to improve our trade figures for the second half of the year. The activities of the Empire Marketing Board, the floating exhibition of Irish produce in the steamship *Killarney* which has recently visited the principal English ports, the Irish exhibit at the North-East Coast Exhibition, and the recent visit to Ireland of representative English business men, are all steps in the right direction and can only increase that economic co-operation between the two islands from which both have so much to gain, and out of which the most fruitful and natural kind of union in both interest and policy must eventually grow. This year it is also estimated that the revenue from tourist traffic will be at least £3,000,000, a welcome addition to our national income, largely due to the efforts and organisation of the Irish Tourist Association which has certainly justified its existence. This traffic can be still further increased given efficient service on the part of the hotel proprietors and effective advertisement of our national beauties and sporting facilities.

The report of the Free State Land Commission covering its work for the last five years has just been published. This gigantic undertaking has already involved advances for land purchase amounting to £99,790,519, and will require about £30,000,000 to complete. Nor do these figures include some £3,795,984 advanced by the Land Commission to rural district councils for the purchase of small plots under the Labourers' Acts. Under the last

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Land Acts 1923-27, which completed by compulsion the purchase of all agricultural land in the Free State, land bonds amounting to £4,029,239 have been issued in satisfaction of the purchase price. Land purchase, whilst it has not worked all the wonders which its advocates predicted, is bound in the long run to establish the Irish farmer on a firm basis of prosperity and independence and to place him in a favourable position to cope with those problems of organisation and rationalisation which agriculture must face in the near future. The Agricultural Credit Corporation,* whose special function is to make long term loans repayable on an annuity basis to farmers, creameries, and agricultural enterprises generally, has completed its first year's work. During this period 2,555 loans have been issued to borrowers, totalling £322,000. Applications for loans totalling £811,000 are at present in process of issue or investigation. Recent developments have included a scheme for the erection of new creameries and an arrangement for making loans to members of creamery societies through the societies themselves. The co-operative movement is also being helped by the Corporation through loans for the purchase of machinery and schemes for the financial reorganisation of the weaker societies. To meet the increasing demands on its funds the Corporation has recently made a public issue of £250,000 in the form of mortgage bonds guaranteed by the State. It has powers to borrow under State guarantee up to a total of £7,500,000. It is interesting to note that a similar organisation is now being established in England.

The Shannon hydro-electric power works are rapidly nearing completion. The headrace or power canal extending for seven and a half miles from Parteen Villa, where a large dam or weir about 320 feet in length is being constructed across the Shannon, to the power station at Ardnacrusha near Limerick, is now nearly finished and the power station

* See THE ROUND TABLE, No. 66, March 1927, p. 349, and No. 71, June 1928, p. 608.

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itself is already far advanced. The amount originally voted for the work was £5,210,000, and this has now been increased by a further sum of £450,000. Reports of an alarmist kind were recently circulated concerning the collapse of one of the huge embankments erected in connection with the scheme, but these were grossly exaggerated. What really happened was that about two hundred yards of an embankment, erected near the dam across the Shannon at Parteen Villa, in order to raise the level of the river about twenty-five feet above the dam, subsided about twenty feet owing to the foundation clay becoming soft through the diversion of a small stream in the vicinity. It is now proposed to reconstruct the embankment by removing the soft portion of the foundation, or, if this fails, to build a new embankment in the immediate vicinity where a satisfactory foundation of red boulder clay is available. This subsidence, although it has proved unexpected and irritating, should not delay the completion of the works and the supply of current beyond next spring, and occurrences of the kind are almost inevitable in a scheme of this magnitude. The Electricity Supply Board under its statutory powers has already taken over the most important municipal electricity undertakings, but so far has not been able to come to terms with the important company which supplies electricity for the lighting and tramways at Cork. The rates of charge already announced provide that electricity used for lighting and domestic purposes in private dwelling houses will be charged for at a fixed amount dependent on the poor law valuation of the house, plus 2d. per unit of electricity consumed. The fixed charge will vary with the valuation on a sliding scale. Factories which agree to take a supply from the Board for power purposes will be supplied with electricity for lighting purposes at 6d. per unit, and public institutions will be charged at the same rate. The Board is supplying fittings and appliances on a system of easy payments, and will also undertake to wire premises on the hire-purchase system.

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Great interest has been aroused by the announcement that Mr. James Drumm, a young scientist connected with the National University of Ireland, has succeeded in inventing a new form of electric storage battery which is capable of being charged and discharged in a few minutes. A company has been formed to develop the invention, in which the Free State Government has acquired a controlling interest. At the moment experiments are being undertaken on the Irish railways, and it was owing to a premature disclosure of this fact, and the announcement of the Government's financial interest in the matter, contained in the annual estimates, that the matter became public. There is no doubt that laboratory tests have been carried out with success, and if the invention survives the practical tests which are now to be made on the railway, there can be little doubt that it will give rise to world-wide developments. For one thing, the electrification of our railways would become a simple task, and according to the estimate it would cost less than £100,000. Furthermore, such electrification would provide an enormous and continuous market for the current from the Shannon scheme. But indeed this would be only the beginning of the wonders which would be worked by such a battery, for it would undoubtedly solve other problems of transport on road, water, and, above all, in the air, which have so far eluded the greatest engineers. We might even envisage a situation in which the profits from the part ownership of such an invention would relieve the citizens of the Free State of all taxation. We cannot, however, ignore the fact that some of the greatest inventors have been seeking to solve this problem for many years, and so far, although success has often been claimed, no results have justified the claim. In any event, it is a matter for congratulation to find that we have young scientists capable of tackling such problems and a Government wise enough to encourage them with financial assistance.

By the death of Senator Mrs. Alice Stopford Green,

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the eminent Irish historian and widow of John Richard Green, the English historian, Ireland has lost a great and distinguished citizen. For many years her house in London was the salon for all who wished to help Ireland, and after the Rebellion of 1916 and the execution of her friend, Roger Casement, she abandoned her influential position in London and took up her abode in Dublin, where, in spite of much persecution by the "Black and Tans," she continued to carry on her work. Subsequently she became a strong supporter of the Free State, and was nominated as an original member of the Senate, to which she presented a beautiful casket of Irish workmanship to hold a list of the original members. A woman of unique charm and gracious personality, with an intellect of rare quality, she lost no opportunity of supporting any movement for the cultural development of Ireland, and her house in Dublin remained till the end a centre of fruitful intellectual activity. Her historical work is a vehement patriotic protest against the assumption that the native Irish, before the English came, were savages without commerce or culture, and though all her conclusions may not stand the test of criticism, she has certainly killed for ever the old anti-Irish method of writing our history. Her little primer on *Irish Nationality* will long remain the most moving and eloquent summary of Ireland's story, and, as she liked to remember, it was as popular with the Irish soldiers in Gallipoli and Flanders as with the Sinn Fein prisoners in the English internment camps. All who knew her will treasure the memory of her personality and of her work for Ireland.

Catholic Ireland has this summer been celebrating the centenary of Catholic Emancipation with appropriate thanksgiving. The ceremonies, which were exclusively of a religious nature, were marked by a degree of quiet devotion and efficient organisation that reflected credit on the whole nation. Some 500,000 people attended a Pontifical High Mass in the Phoenix Park, Dublin, and it

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may be doubted if so great an assembly of people has been seen in Ireland since the days of O'Connell's own Repeal meetings. They came from all parts of the country, and for the most part arrived, assembled and dispersed within the space of fourteen hours. There was no disorder or intemperance of any kind. Altogether, the demonstration proved not only the loyalty of the people to their faith, but the spirit of order and progress so characteristic of the new Ireland. It is pleasant also to note that, in the words of a prominent Catholic prelate, the celebrations were carried out "in no spirit of revenge, or with any desire to rekindle the feuds and animosities of the past," and to find both the Church of Ireland and the other Protestant sects joining with their Catholic fellow-countrymen in deploring the penal laws. We can rejoice also that the great principles for which O'Connell fought, freedom of conscience and equality of civic rights for all, have now been enshrined in the national constitution of the Free State and are the heritage of every Irishman, be he Catholic or Protestant.

Irish Free State.

August 1929.

CANADA

I. THE CANADIAN DIPLOMATIC SERVICE

THE development of a Canadian diplomatic service became inevitable when the Dominion began to take over control of its international relations. Control, without satisfactory machinery to exercise that control, would be as useless as a licence to drive without a motor car. That machinery is now being developed in the Department of External Affairs in Ottawa and in the establishment of legations abroad.

Prior to 1909, that part of Canada's foreign relations which was not administered directly from Downing Street was entrusted to the care of the Canadian Secretary of State. No department devoted exclusively to international relations was considered necessary. But in 1909 the Government decided that the Dominion had attained a position of sufficient importance in the world to warrant the establishment of such a department. As the most important of Canada's relations with other countries were at that time, and still remain, those with Great Britain, the designation Foreign Office was obviously unsuitable. Hence the name, Department of External Affairs.

It was not until 1912, however, that the new department was given a Minister of its own. In that year, by statute, the Secretaryship of State for External Affairs was joined, and remains joined, to the office of Prime Minister. The newest among Canadian government departments hence acquired the prestige of having its destinies guided by the

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leader of the Government. In the future, as Canada's external relations gain in volume and importance, it may not be considered wise that the head of the Government should by law be forced to accept the added burden of the departmental work associated with external affairs, but at present the arrangement seems to work admirably.

The work of the department has naturally grown as the Dominion has more and more accepted the responsibility for conducting its external relations. That growth has been greatly accelerated during the last few years by the opening of Canadian legations abroad and its natural consequence, the opening of foreign legations in Ottawa. But the most striking evidence of the development of Canada's control of her external affairs, and the one which has caused the greatest controversy, is the growth of a distinctively Canadian diplomatic service—if indeed the diversely organised group of Canadian representatives abroad should at present be termed a diplomatic service. A distinction must be made at once in the service between those who represent the country in other parts of the Empire, and those who represent it in foreign capitals. Indeed, there is also a third class: those who are attached to the Canadian advisory office at Geneva. A Canadian Minister is, of course, accredited by the King to the head of a foreign State, and the High Commissioner by the Canadian Government to the British Government; the political advisory officer at Geneva is technically accredited to nobody. But in spite of formal distinctions, the work of all three is, or should be, essentially the same, and all may be considered, in practice, to form a part of Canada's diplomatic service.

The first in seniority and importance of Canada's representatives abroad is the High Commissioner in London. The first appointment to this post was made as far back as 1880 by Sir John Macdonald. Sir John is enthusiastically remembered by his followers to-day for his "British subject I was born, British subject I will die" sentiments; but it

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should not be forgotten that he was a staunch believer in a sane but steady development of Canadian nationalism: and so we find him a determined upholder of the dignity and quasi-diplomatic status of a Canadian High Commissioner a long fifty years ago. The Conservative party in Canada is traditionally the buttress of the British connection and the exponent of Empire patriotism, but there is enough evidence to support the view that it has always stood for the development of a national spirit—not that there is or need be any contradiction between the two.

The duties of the High Commissioner as laid down in the Act of 1880 establishing the office are substantially the same as they are to-day. The importance attached to the office of the High Commissioner is shown by the calibre of the men who have filled that post: Sir Alexander Galt, Sir Charles Tupper, Lord Strathcona and Mount Royal, Sir George Perley and the Hon. P. C. Larkin. The London appointment is, and will remain, the keystone of the diplomatic arch. Indeed it is bound to become of even greater importance than at present, for its possibilities as a channel of approach to the British Government in political matters, as well as a source of information to the Canadian Government on British problems and the British attitude towards Canadian problems, have far from reached the limit of their development.

There was also before the war a representative of the Canadian Government in France, appointed as an agent-general in 1882 and between 1911 and 1928 known as the Commissioner-General. Recognition of the increased importance of this office was made last year when it was raised to the dignity of a legation and its incumbent for the last eighteen years, the Hon. Philippe Roy, became a Minister Plenipotentiary of His Majesty. Mr. Roy, as Minister, is now given officially and of right that recognition by the French Government which previously had been accorded merely by courtesy or by virtue of the good offices of the British Ambassador. It would seem proper that

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Canada's varied and important relations with its first mother country should be conducted through a representative in Paris who has the dignity and status conferred by diplomatic rank.

The first Canadian legation to be established, however, was that in Washington. The idea of Canadian diplomatic representation in Washington, and indeed in other capitals, goes back much further than is generally realised. As long ago as 1892, Sir Charles Tupper, a Conservative leader in the Canadian House of Commons, moved the following resolution :—

It is expedient that communications be opened with His Majesty's Government in order to bring about such fuller representation of Canadian interests at Washington and at the capitals of other countries in which such other representatives may be found desirable as may be consistent with the proper relations which should exist between Great Britain and Canada.

Sir Charles was thinking of a Canadian attaché at British embassies. Sir Wilfred Laurier, the Liberal leader, supported the resolution, but added that he would have gone further in the direction of separate representation :—

It is manifest (he said at that time), and it must become more and more obvious, that the interests of Canada and the interests of Great Britain are of necessity, on account of their respective positions, distinct and separate upon many things.

Sir John Thompson, during the same debate, warned the House of the futility of accepting as the Canadian representative at Washington "any person who is to be a mere servant in the British Legation there."

Even in those early days, then, there was the conviction that separate diplomatic representation for Canada at Washington was desirable, and also the feeling that this representation should be in some degree at least independent of, though co-operating with, British diplomacy. The question, however, was allowed to slumber for years,

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till in 1919 it was brought up again in a more advanced form by Sir Robert Borden. There was to be a separate Canadian legation in Washington, a separate Dominion Minister for purely Canadian as distinct from Imperial affairs. Any difficulties as to what was Imperial and what was Canadian could be solved by consultation between the Ambassador and the Minister, or by referring particular questions to the respective Governments. When the British Ambassador was away the Canadian Minister was to act for the whole Empire.

The American Government was willing to receive the Dominion Minister, the British Government gave the plan its blessing, though not without some misgiving, but the proposal was suddenly allowed to drop. Possibly the domestic political situation in Canada was responsible. In 1926 it was taken up again by a Liberal Government. This time action followed. A legation was opened and the Hon. Vincent Massey appointed Minister. But nothing was heard of the plan that the Canadian Minister should be a sort of second-in-command in the British Embassy. That suggestion was, for obvious reasons, allowed to drop.

That the Washington Legation in its two and a half years of existence has justified itself must now be apparent even to its most prejudiced opponents. Nor has the Empire been shattered by its establishment. Its value and even its necessity are now clear. It is doubtful if there are more than two or three countries that have more varied and more important contacts with the United States than has Canada. With the Dominion the greatest customer of the Republic; with a St. Lawrence Canal project in the offing, and with other problems arising from time to time, Canada would be unwise to continue to ask the British Embassy, which is fully occupied with other matters, to bear the increasingly heavy burden of conducting her relations with the United States.

It is not being ungrateful for the service performed by that Embassy in the past, efficient, valuable and gratuitous

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service, to quote the words used by Sir Richard Cartwright, forty years ago :—

More than that, I say what is known to every member here, what is known to every man of common sense in Canada, that it is utterly impossible that an English ambassador, notwithstanding the fact that he may have enjoyed many years of experience, can possibly know as much as one appointed by ourselves, either of the wants and necessities of the people of Canada, or of the particular feelings and prejudices which actuate the people of the United States.

Mention should finally be made of the opening in the present year of a legation in Tokio with the Hon. H. M. Marler as the Minister.

The circle is complete. We are represented at the capitals of our nearest neighbours, to the south, to the east and to the west—the north, at present, may safely be ignored. But can the process be stopped here? Ottawa has declared a halt, temporarily at least, in the search for further diplomatic fields to conquer, but her declaration took no cognisance of the fact that other countries might like diplomatically to conquer Ottawa. It is both necessary and desirable, of course, that we should receive representatives from those countries where we ourselves have opened legations. A British High Commissioner in Ottawa is also welcomed as filling a long-felt need. If other countries, however, should express a desire to open legations in the Dominion, can their requests be refused, or acceded to without reciprocation on our part? China, it is rumoured, has announced her intention of giving her Consul-General to Canada the rank of Minister. Germany and Italy may not desire to remain at Ottawa in a position inferior to France. Within ten years, it has recently been prophesied, all the great countries may well be represented by Ministers at the Canadian capital, with corresponding Canadian legations in their own.

The diplomatic service of Canada will, then, in all probability grow. How will it grow? How will it be organised? The parent British service has supplied the

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model for a good many countries. Fifty years ago its social exclusiveness and the fact that it was open to one type of Englishman only would have made it no model for Canada in spite of its undoubted efficiency. To-day it has retained that efficiency but lost its class consciousness. Entrance is limited only by ability to pass a severe intellectual and personal test, and it is possible to rise in it to the very top without a private purse or party popularity, though in the United States foreign service, both seem necessary to win the greatest rewards. The United States is herself indeed becoming aware of this and other weaknesses in such an important part of her governmental machinery and the whole foreign service is undergoing a process of reorganisation. Canada can find much that it will be wise to follow in the experience of the United States in this field, but she will be well advised to base the traditions and organisation of her diplomacy on London rather than on Washington.

But, however it may be organised, the new service must expect opposition. In the past this opposition has seen in any Canadian diplomatic service merely a useless, even a dangerous, gesture on the part of ardent nationalists possessed by a feverish desire to exhibit to the world on every occasion the Dominion's cherished equality of status, irrespective of the necessity or advisability of such an exhibition. Though the proposal for separate diplomatic representation was first made by the leader of the Conservative party, that party has since been lacking in enthusiasm for the idea. It can only see in this new departure a blow aimed at Imperial unity, and it feels that every Canadian representative abroad is a possible source of conflict with Great Britain; that there would always be the danger that a British Ambassador and a Canadian Minister in some foreign capital might be found urging different courses, thereby presenting to foreign eyes the unpleasant spectacle of Imperial want of unity.

Mr. Bennett, the present Conservative leader, has

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carried on this policy of opposition, though in a modified form. His position now seems to be that the establishment of Canadian legations in Washington and Paris is understandable, both because of the importance of our relations with those countries and because they themselves are sufficiently conversant with the peculiar constitutional nature of the Empire and its people not to misinterpret the new development. But there is no justification, he holds, for legations in Japan or in any other country, because such legations would undoubtedly be considered to be an assertion of complete Canadian independence. They would create a situation fraught with the greatest danger to Canada and to the Empire.

Some have opposed a Canadian diplomatic service because of the needless expense connected with it. "A good practical trade agent is all we need in foreign countries" is the burden of their argument. Others have looked with suspicion upon this adventure in gold lace and knee breeches as undemocratic. Not only has the Labour group in the Canadian House been suspicious of "this ambassadorial business," but a Conservative member of that stronghold of dignity and formality, the Senate, has also declared that he didn't believe in "all this gold braid stuff." Another member of Parliament put it even more picturesquely when he asserted that it would take "more than pink teas and 10 o'clock dinners in Washington to make Canada a nation."

If the desire for national development within the Commonwealth, a desire which cannot now be denied, finds it impossible to express itself in separate diplomatic representation without endangering the principle of Imperial co-operation, then that co-operation does not mean much and would soon disappear anyway. But it has often been insisted that the Crown must speak as one voice in foreign capitals. As one voice, yes, but not necessarily with one voice. If the only voice was that of the British Ambassador, before that voice could be used in any ques-

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tion of general Imperial interest, or with Imperial implications, every Dominion would have to be consulted. If any one objected to the words proposed they would not be spoken. What difference then does it make whether there is one voice, or two, or three, when in matters of common interest they say the same thing, or say nothing?

* Probably no better defence can be offered for the development of a Canadian diplomatic service than that embodied in the words of the present Prime Minister of Canada, spoken in the Canadian House of Commons on January 31, 1928:

May I conclude, Mr. Speaker, by saying that it has been solely from a desire of meeting the responsibilities of Canada as one of the sister Dominions of the British Empire, to play our part with respect to Canadian affairs as we believe we should play it in foreign relations as well as in domestic relations with a full consciousness of our responsibilities, that we have been led to take the step we have taken with regard to representation in Europe and in Asia, and of which we hope this House will approve. In other words, our desire in these particulars as regards our country in its relation to other parts of the British Empire is expressed by the three words: equality, co-operation and responsibility. We believe in the equality of the British nations within the Empire; we wish to co-operate in a friendly and helpful way with all parts of the Empire, and we wish in co-operating to assume to the full the responsibilities which as a nation within the British Empire we believe are ours in Imperial and international affairs.

II. THE TOURIST TRAFFIC

THE tourist is, of course, no new phenomenon in Canada. Even in the days of New France there were visitors who might be described as tourists, and their number has steadily increased since then. Not a few travellers wrote accounts of what they had seen, and tourists' guides to Canada became common in the nineteenth century. But the early tourists had to be prepared to face discomforts which effectually kept down their numbers. Even in the middle of the nineteenth century

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there were few hotels worthy of the name, and most of the country inns were crude in the extreme. Canada, too, is a country of great distances, and it was long before any effectual means of surmounting this obstacle disappeared. The railway, of course, meant a great advance in speed, comfort and economy; but the railway has distinct limitations for the purposes of sightseeing. The present tourist traffic is new because of its great volume, and it seems clear that the change depends for the most part on the development and distribution of the motor car and the building of roads. The comparative ease and cheapness of travel to-day would have astounded the hardy traveller of the nineteenth century, bumping over corduroy roads, moving with more comfort but less speed in the heavy river boats.

The tourist traffic is made up of Canadians and foreigners. The former add, of course, to the total volume, but their numbers are comparatively small and their influence somewhat different. It is with the foreign tourist that this discussion is concerned. Foreign tourists, who may enter Canada by boat, rail, or motor, represent a number of countries. Probably about two-thirds of them are motorists, while an overwhelming majority are from the United States. Thus the significant feature—and it is significant—of the present tourist traffic in Canada is the great number of American motorists. This fact, which may be readily established by reference to official figures, is equally apparent to any one who cares to watch the cars on a main road.

The number of foreign cars which entered Canada during 1928 was 3,645,455, an increase of 500,000 over the previous year, and fifteen times greater than the figure for ten years ago. Estimating the number of persons per car as 3.5 it will be seen that some 12,750,000 visitors entered Canada by motor during the past year. If to this number be added the visitors entering by boat and railway (the total of which is uncertain), there appear to have been some 15,000,000 or more visitors to Canada during 1928. In

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other words, the number of tourists during the year was one and a half times as great as the resident population of Canada.

The records kept by both Dominion and provincial authorities make it possible to examine these figures in some detail. Slightly over two and a half millions of the foreign cars which entered did so on permits that permitted them to stay not more than twenty-four hours. The greatest number of such permits (no less than 1,419,000) was issued at points on the Niagara river where tourists have always been anxious to see both the Canadian and the American sides of the Falls. Nearly a million cars were entered on permits that were good for sixty days. This class would include the majority of visitors on ordinary motor trips of varying lengths. The remaining cars were admitted on permits good for six months. Over four million persons therefore—and most of them citizens of the United States—made more or less protracted stays in Canada during 1928. It is significant that the number of cars entering for this longer "vacation period" has steadily and rapidly increased in the last ten years. Though the majority of these cars come from such neighbouring States as New York, Michigan, Ohio, etc., Canadians are accustomed to seeing licence plates bearing the names of every State in the Union. New England, Southern or Mid-Western accents may be heard in every Canadian city. The long frontier enables tourists to cross at a variety of points; the records show that cars entered at 144 ports of entry during 1928.

The distribution of tourists in Canada is necessarily uneven. Ontario, which is close to great industrial centres in the United States, receives considerably the largest share of the traffic; but the greatest proportional increase in 1928 was in the province of Quebec, while the traffic in the maritime provinces has also increased proportionately more than in Ontario. This tendency will probably continue, since both Quebec and the maritime provinces offer greater contrasts to the American tourist than do the more accessible points of Ontario and the prairie provinces.

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All manner of cars and people compose the motor tourist traffic from the United States. Ancient cars strive to keep up to the minimum speed now being imposed on crowded highways, and the latest and most expensive cars to keep within the maximum allowed. Some cars contain a surprising number of children; others only two or three adults. Rich and poor come alike. The average daily run has greatly increased. A recent inquiry in the United States indicated that it was 234 miles as compared with 100 miles ten years ago. Although the average is probably somewhat less in Canada, a similar change has taken place, especially in Ontario and Quebec which contain most of the paved highways. The Department of Highways of Nova Scotia has estimated that the average stay of tourists in that province is eleven days with an average of 637 miles covered. The reasons for the increased daily run are not hard to discover, improvements in cars and roads being the chief. The obvious and most important result is, of course, that the tourist is able to cover great distances in a comparatively short time.

Though according to one estimate 80 per cent. of the motor tourists stayed at hotels, the use of motor-camps has become general, and many cars may be seen carrying tents for use at night. Scores of towns and villages have free municipal camps, many of them equipped with conveniences, such as electricity for lighting and cooking. Private camps vary in comfort and cost from a field where one may pitch a tent for 25 cents per car to a fully equipped camp at \$2 or more. The camps are, of course, a great boon to those who cannot afford hotels or to those who wish to avoid staying in cities. They are usually inspected by the provincial authorities and have become an accepted institution. Their existence helps to explain the great increase in tourists in the last few years.

Why do people tour in motors at all, and in particular why do they come to Canada? The great majority of motorists crossing into Canada have undoubtedly come for

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pleasure. The motor tour has here as everywhere become an accepted form of holiday, and continues to increase in popularity. No doubt many Americans come to Canada from interest in a foreign, though readily accessible, country; others because of the great opportunities for hunting and fishing; others are attracted by the Canadian summer resorts. The popularity of Canadian cities as centres for conventions of all kinds seems to be owing in part to the absence of prohibition, but this would apply in a much lesser degree to motorists.

Whatever may be its causes—and they are naturally diverse—the effects of the tourist traffic are of great importance. The economic effects are the most obvious and the easiest to estimate. The Dominion Bureau of Statistics estimates the value of tourist traffic from the United States, including both motorists and others, at \$250,501,000 for 1928—an advance of nearly \$35,000,000 over the previous year. More than two-thirds of this revenue comes from motorists. The Bureau further estimates individual expenditure as follows: for 24-hour permits, \$7 per car; for 60-day tourists, \$156.35 per person; and for six-month permits, \$560 per person. An American firm of specialists in hotel accounting has made a still more detailed study of tourist expenditure with a view to finding out how the “tourist’s dollar” is spent. Though these calculations were made after a study of American cities, the results would be very similar in Canada. The average expenditure they divide as follows: hotels, 23 cents; restaurants, 18; retail stores, 31; garages, 10; theatres, 8; miscellaneous, 10. All these figures are, of course, open to criticism, and can only be based on estimates. Certain forms of business receive direct encouragement from the tourist trade. Hotels, for example, are prospering in spite of the many camps; and, at least at Montreal and Toronto, large new hotels have been built, chiefly because of the tourist trade. Then, too, ingenious persons have invented a form of hospitality which is neither a camp nor

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an hotel, but a series of cottages or huts which take something of the character of both. Garages, of course, receive direct profit. But in addition to these, it is easy to see that all business is stimulated. It has been estimated, for example, that the consumption of food products by tourists in Ontario in 1928 was equal to $5\frac{1}{2}$ per cent. of that by the resident population. In estimating the net economic value to Canada of the tourist traffic, however, one must remember that there is a considerable counter-account. The figures of the actual foreign expenditure of outgoing Canadian tourists are difficult to arrive at; \$100,000,000 annually has been suggested. If this is at all accurate the balance in favour of Canada would still be about \$150,000,000, a sum that would go far towards providing the annual interest payments on Canada's foreign indebtedness. Certain it is that the tourist traffic constitutes an "invisible" export of the greatest importance. Of Canada's exportable commodities the only two that rank with it in value are, to take the year 1927, wheat, \$353,094,940, and printing paper, \$116,993,256.

Road-building is at once a cause and an effect of tourist traffic. But it may at least be said that the great additional traffic caused by foreign cars makes possible the building of roads on a scale that could otherwise not be considered. All these roads are available to the resident population for business and pleasure. Dominion, provincial, and local authorities have all been increasing their expenditure on roads, and the argument that good roads attract the tourist has been a powerful motive behind this activity. The Canadian countryside has seen revolutionary changes with regard to roads in recent years. Of the total road mileage of 424,014 some 50,000 miles have a gravel surface, and some 7,000 miles have a paved, or other highly improved, surface. Paving is being pushed forward yearly on the main highways, especially in the eastern provinces, and although progress sometimes seems slow it must be remembered that by far the greater part of the total road building

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hitherto accomplished has been crowded into the last seventy-five years, which have also seen, for example, the building of 40,000 miles of railroad. The sparse population in many parts of the country, the great distances, and the effects of the winter months on road surfaces have made the problem of road development a difficult one. There is as yet no all-Canada highway from coast to coast—a considerable stretch through northern Ontario has still to be completed—but undoubtedly the use of the automobile will hasten this project which otherwise would have been postponed indefinitely.

There are other effects of the great tourist traffic which are much more difficult to define. How is the population of Canada influenced by contact with ten million or more Americans every year? Is there any real cultural or political effect? To answer these questions it would be necessary not only to have some idea of how far the tourists mix with the resident population, but also to estimate a kind of influence which seems intangible. On the whole it is perhaps safe to say that the visitor to a country is more likely to be impressed than to impress; and if this be true, we may look for a better understanding of Canada by citizens of the United States. Motor travel with its speed probably encourages superficial observation, but visitors by motor usually learn more of the local communities than those who travel through towns and villages by train, and the motor car has made it possible for thousands of Americans to visit Canada who otherwise would never have done so at all. The very rare summer tourist from the south still comes with a fur coat, but his species will soon be extinct. The fear is bound to be felt that the tourist traffic will lead to, or accentuate, the "Americanisation" of Canada. Fifteen million people visiting nine million! The great expenditure of money by these tourists may be thought to lead to too great an influence. In answer it can only be said that such an influence cannot be seen to any dangerous extent. Superficial evidence must not be

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taken too seriously. The American flags put up along the road beside the Union Jack indicate an interest in "the tourist dollar" rather than a wavering loyalty, and it is probable that the chief effect of them is to arouse a resentment against the practice in the minds of a host of Canadians. Canada may in one sense be becoming a playground for the United States but there is little evidence that this is leading to a servitude of any kind.

There are those who deprecate the annual invasion of Americans. Fortunately, however, the "stage American" is not typical, and in general there is politeness and good feeling on both sides. True, Canadian roads are made crowded by American cars; but the existence of those roads is due in large part to these same cars. To many Canadians the worst by-product of the tourist traffic is the invasion of quiet parts of the country; and the plastering of "hot-dog" stand signs, and cheap camps on either side of the main roads. These evils would, however, be found, though in lesser degree, if no Americans entered Canada, and they are evils for which a self-governing country must assume the responsibility of finding its own cure. There are attractive nooks and by-ways which are suffering from the tourist invasion, and one cannot but regret this, but there are also in Canada regions which have suffered economically from the lack or disappearance of industries; and in some cases these regions can now hope to live on their own merits. Places noted for their beauty or good sport have only to become known to be visited. The tourist traffic is now too profitable to be disregarded. Rather the annual invasion is actively encouraged by governments, motor leagues, and private agencies of all kinds. Good or bad, the tourist traffic has come to stay. Once a subject of humour or abuse, it has now become an important factor in the economic life of the Dominion.

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I. THE FEDERAL CHRONICLE

The Timber Workers' Strike

IN December 1920 Mr. Justice Higgins reduced the hours for timber workers both in the country and the city from 48 to 44 per week. After this decision Parliament so amended the Commonwealth Conciliation and Arbitration Act as to provide that the standard hours in an industry could only be altered by a majority of the full Court of three judges. In the exercise of this jurisdiction the full Court in September, 1922, restored the 48-hour week to most branches of the timber industry, leaving the hours at 44 in the remainder. In 1923, and again in 1928, the employees moved the Court to have the 44-hour week declared a rule common to all bound by the award. The employers on each occasion sought to have the standard hours fixed at 48. In 1923 the full Court refused to make any change. In 1928 it decided that the standard hours for the whole industry should be 48. This decision was embodied in the award relating to the timber industry made by Judge Lukin on January 23, 1929.

In this award the judge also discontinued the allowance of 3s. per week granted by Deputy-President Webb in 1923 to the timber workers in country towns and the bush. He further reduced, in a few cases, the margin between the wages of the unskilled and more skilled workers; inserted clauses to prevent action by the union against the institution or the operation of the system of payment by results; increased the proportion of youths who might be employed from one

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in eight to one in four, and reduced the rates of pay of such youths by amounts ranging from 5s. to 15s. per week. Certain reductions in wages (in Victoria, for example) were also brought about by a readjustment of the basic wage consequent upon a more accurate observance of the Government Statistician's index figures by Judge Lukin. Longer hours, less pay, piece work, substitution of youths for adults—such an award naturally excited apprehension in the trade union world.

In arriving at conclusions so unwelcome, the full Court and Judge Lukin were guided by the specific provisions of the statute under which they worked, by carefully ascertained facts relating to the general economic position of the timber industry, and, in the case of Judge Lukin, by a close personal study of the circumstances in which the work was performed, and of the degree of skill requisite for each of the different classes of employees. According to section 25 D of the Conciliation and Arbitration Act,

The Court shall, before making any award or certifying any agreement, and in proceedings for the variation or cancellation of an award, or agreement, take into consideration the probable economic effect of the agreement or award in relation to the community in general, and the probable economic effect thereof upon the industry or industries concerned; provided that this section shall not affect the practice of the Court in fixing the basic wage.

In the course of an elaborate judgment, Judge Lukin traced the history of the industry since 1914, noted the results of "an exhaustive, painstaking, and careful examination by an expert accountant" of the balance sheets of representative firms in all the States except Tasmania and Queensland, and concluded that "throughout Australia the timber industry generally is now at the worst it has ever been in its history." The full Court was of the same opinion. This depression was attributed to high costs of production, the use of substitutes for timber, competition from overseas, high freights on local timber, the regulation and restriction of timber getting by the Forestry Depart-

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ment, inefficient methods of marketing timber at home and abroad, the excessive number of mills, and, in Sydney, to ruthless competition.

By comparing the timber workers' wages and conditions with those of other wage earners for whom it had made awards, the Court also found that, "comparatively speaking, the timber workers have been exceptionally well treated in the past, particularly since the making of the Higgins award." "It would appear," said Judge Lukin, "as if the marginal men in the timber industry have been, comparatively speaking, a favoured class in industry." Aware of the decline in the industry between 1920 and 1928, mindful of Mr. Justice Higgins' dictum that the Court would reduce rates "awarded by it in exceptional times and under exceptional circumstances which have passed away," and confronted by section 25 D enacted by the Legislature a few months before, Judge Lukin agreed with his learned brethren that four hours should be added to the working week of city yards, and revised the minimum rates payable to certain classes of employees.

In determining the base rate, Judge Lukin adhered to the practice of the Court as declared by it on April 30, 1923.* He was unable to find in the judgment of Deputy-President Webb the circumstances which justified the 3s. added in 1923 to the basic wage. Such reductions as he made in margins were due to his conclusion that, as the result of improved machinery, much of the work which was classed as skilled in this industry was labourer's work or little better. He also found that, whereas in the United States and Canada the proportion of men in the timber industry on the labourer's wage varied between 50 per cent. to 60 per cent. of the total employed, in the Australian States subject to the Webb award the proportion varied between 10 per cent. and 15 per cent. Space does not permit of further analysis of Judge Lukin's judgment, but in view of current criticism it is necessary to note that, while pro-

* See 17 Commonwealth Law Reports, p. 376.

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viding for piece work, he introduced safeguards to prevent any abuse of it. So, too, while satisfied that more boys could be properly employed in the industry than the Webb award allowed, he gave either side access to the Court if by reason of any special circumstances it was thought that the number of unapprenticed boys employed should be increased or reduced.

The timber workers in Sydney, Melbourne and Adelaide refused to abide by an award which was as distasteful to them as was that of the late Mr. Justice Higgins to the employers in 1920. On February 1 they downed tools. Despite the use of volunteer labour and almost continuous efforts towards a settlement, the unionists in Sydney and Melbourne still remain on strike at the date of writing, some twenty weeks later. It is understood that the timber workers' union was, even at the outset, ill provided with funds for a prolonged contest. Such a stand has been possible only because the timber workers have received continuous and widespread support from the members of other unions. The trade union world regards the timber workers as fighting a battle which all will have to fight in the near future, considering Judge Lukin's award as only the precursor of a general attack on the workers' standards. It may be, of course, that the reduction of nominal standards will, in the end, by restoring prosperity, actually raise real standards. But that is a long term view, and the unions are determined that if Australian costs must—as we hear said on all sides—be reduced they shall not be reduced at the expense of the wage earners. That is the large issue which looms behind the confused mass of detailed objections to Judge Lukin's award, and which still, after many months, keeps the northern coalfields idle in New South Wales. The timber dispute has, in fact, become a more scientific form of the "general strike." Both sides have fought desperately, and there has been, perhaps inevitably, an accompaniment of vituperation, misrepresentation and even violence.

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As was forecast in our last issue,* the strike has put the recent amending Conciliation and Arbitration Act, and indeed the whole arbitration system, to a searching test, from which it cannot be said to have emerged satisfactorily. That Act, it will be remembered, was based on the principles, *inter alia*, that "those who appeal to the arbitrator must observe his awards," and that the members of a union should not be committed by their officers against their own will to an industrial dispute. In order to secure the observance of awards, the sanctions provided by earlier Acts were revised and elaborated; in order to avoid control of a union by its officers, provisions were inserted for a secret ballot of all members. An attempt was made early in the strike to put both these principles into operation, but without any effect upon the course of the dispute. The timber workers' union was fined £1,000 for committing acts in the nature of a strike, Mr. E. J. Holloway, the secretary of the Melbourne Trades Hall Council, was fined £50 as previously recorded, for inciting others to a breach of an award.* Neither of these fines has been paid, nor, it is understood, has any attempt been made to enforce the judgments. In Sydney a number of individual timber workers were ordered by the Court to comply with the award, but the order was flouted. Such matters, in fact, pass out of the sphere of law into politics, and enforcement becomes impossible. The attempt to secure by a ballot of the timber workers an unfettered expression of their willingness or unwillingness to return to work under the Lukin award proved equally ineffective. Of some 15,000 voting papers issued, only some 6,000 were returned—5,318 of these were in the negative. This vote did not, of course, make the strike legal. The whole value of the ballot idea lay in the opportunity it was thought to offer of a genuine expression of opinion on the part of the members of a union. But it was clear in this case that no such expression had been given. The strike leaders made the

* See THE ROUND TABLE, No. 75, June 1929, p. 642.

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most strenuous efforts, especially in Sydney, to stultify the ballot, and the Arbitration Court, on an examination of the papers, concluded that they had been improperly dealt with. The whole incident suggests that the ballot in such circumstances is valueless as a safeguard.

It is serious enough that the events of the strike should have discredited some of the essential provisions of the Commonwealth Parliament's most recent industrial legislation. It is more serious still that, in the campaign of vilification that has been conducted, the Commonwealth Arbitration Court has been held up to public obloquy. It is most serious of all that trusted and responsible Labour leaders have soberly urged the workers to defy the industrial law of the Commonwealth. In the face of such an attitude, no system of compulsory arbitration can possibly be carried on. In these anxious days of Australia's economic readjustment, it may ultimately be of great service to the people of Australia that, as is chronicled elsewhere, the Commonwealth arbitration system as at present constituted seems to be approaching its end. For if such an attitude be deliberately adopted, sanctions are useless, and it is dangerous to keep laws on the statute book when substantial obedience to them cannot be secured. "The result of allowing such action," said the present Attorney-General (who was Minister for Industry a year ago), "would be to engender disrespect for the law, and that would have very evil effects upon the community as a whole." He might have said much more.

The Premier's Conference—Compulsory Arbitration

Among the subjects listed for discussion at the Premier's Conference, which was opened at Canberra by the Prime Minister on May 28, probably the most important related to industrial arbitration. The report of the Economic Mission, the timber workers' strike and a sharp rise in the Federal basic wage quickened political interest in a Federal activity which has occasioned endless controversy since

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the establishment, in 1904, of the Commonwealth Court of Conciliation and Arbitration.

The duplication and overlapping in the industrial field as the result of Federal and State awards have been costly, vexatious and confusing. Parties have invoked the jurisdiction of the tribunal from which the more favourable decision was expected. In some cases, trade unions have secured both a Federal and a State award, and have ignored the less acceptable one. In others, industrial disputes have been created in order to bring a log before the Commonwealth Court. Recent decisions in that forum, however, have induced other unions to apply for de-registration in order to utilise the State Courts. Members of the same union are working under awards of different Courts. State Ministers, who distinguish between the Government *quâ* employer and other employers, resent the control now exercisable by the Federal Court over industrial matters. "It can be truthfully said," recently observed the President of the Victorian Chamber of Manufacturers, "that the passing of the Federal Arbitration Court will remove the most fruitful source of industrial upheaval with which Australia has been burdened for a decade."

On the other hand, it is generally recognised that there are some industries so continental in their operation as to be most properly within the jurisdiction of a Federal tribunal if they are to be in any way subject to compulsory arbitration. It is equally clear that, as trade among the States under the Constitution must be absolutely free from State interference, the industries of any one State might be unequally handicapped by State industrial legislation or awards. "There is not the slightest doubt," said Mr. Bruce,* "that industrial legislation and administration should be matters for Federal jurisdiction."

To this end, in 1926, Mr. Bruce requested the people of Australia to strike out of the Constitution the words which limited the power of the Federal Parliament with

* *Sydney Morning Herald*, June 5, 1929.

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respect to conciliation and arbitration in industrial disputes. A majority of the electors in four States and a majority of the electors in the Commonwealth refused to do this. At the Conference just concluded, he invited the Premiers to state definitely whether they were prepared to recommend to their Parliaments the reference of full industrial powers to the Commonwealth. Without hesitation they replied in the negative. He thereupon announced that, subject to transitional provisions, his Government would submit proposals to Parliament for the repeal of the existing Federal arbitration legislation, save in respect of the shipping and waterside industries. The contemplated evacuation of most of "the new province of law and order" is regarded with hostility by unificationists and by industrial advocates of the one big union; with apprehension by trade unionists working under favourable Commonwealth awards, and by manufacturers with formidable competitors in other States; and with approval by the Premiers of the several States. But there is little enthusiasm in any quarter for compulsory arbitration as such. The enforcement of awards against employers and the inability to enforce them against sufficiently large groups of resolute employees, the flouting of the Court by the timber workers, the deadlock in the northern coalfields, the conflict of competing jurisdictions, the spirit of litigation which the atmosphere of Courts seems to engender, and the obvious necessity of instructing the judges about the working of the industry whose economic life they may endanger, have begotten a measure of disillusionment and distrust discouraging to those who are anxious for peace in industry, but most heartening to the avowed destroyers of "the capitalist system." It remains to be seen whether, as the Prime Minister anticipates, the facts of the industrial situation will ultimately induce the electors of the Commonwealth to clothe the Federal Parliament with plenary powers in the industrial sphere.

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The Finances of South Australia

In 1926-27, after a succession of good seasons, South Australia had a deficit of £1,050,050—the largest in its history. Being of the opinion that this condition was partly due to federation, the State Government, mindful of the successful appeals of Tasmania and Western Australia, asked the Government of the Commonwealth for a special grant of £750,000 per annum. The Prime Minister thereupon appointed a commission, consisting of Sir Joseph Cook and Messrs. Brookes and Barton, to examine this claim and to advise as to the steps to be taken by the Commonwealth or the State to remedy such financial disabilities.

South Australia is not rich in natural resources. It is more dependent than any other State, except Western Australia, on its primary industries. It is particularly sensitive to droughts, such as were experienced in 1914 and 1918-19; and reacts swiftly to any shrinkage in the farmer's margin of profit such as has been fairly general since 1925. Only 18.3 per cent. of its total area has an average rainfall of over 10 inches. This physical fact has increased the cost of development, which has been, comparatively speaking, much greater in South Australia than in the other States.

The present unsatisfactory financial position of the State has gradually developed, but the serious deficits of the last two years are due chiefly, according to the Commission, to losses on the railways and on works of a developmental character. The total expenditure on the former from loan moneys between 1923 and 1928 was £11,444,192. The bulk of this large sum has been spent on or in relation to a rehabilitation scheme. The loss sustained by the railways over the same period was £1,536,843, and that for the current year will probably be £800,000. "If the railways could be made to pay working expenses and interest on their capital debt," observe the Commissioners, "the financial problem of the State as it exists at present would be solved." On works of development the outlay,

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during the last nine years, has increased by 121 per cent. In many cases the revenue received from such works has not been sufficient to pay working expenses. "The increase of population during the same period," Sir Joseph Cook and his colleagues remark, "was 23 per cent." "Add to this," they continue, "that large areas of this land prepared for settlement at a cost of approximately £1,500,000 have not yet been occupied, and the seriousness of the position becomes obvious."

The Commission also enumerated some of the benefits "of a most substantial character" which federation had conferred upon South Australia. They found, however, that since 1914, the State had been adversely affected by the federal connection. It has not derived from a high tariff advantages commensurate with resultant increases in the cost of production.

It needs no elaborate statistics (wrote the Commissioners) to prove that those States whose industries are primary and agricultural and whose staple products depend largely upon the price ruling in the world's markets must feel the burden of this general protective policy more acutely. South Australia fulfils these conditions more fully perhaps than any other State and feels the burden correspondingly.

The Federal Arbitration Court and the Navigation Act have also contributed to the State's financial undoing. The awards of the former affect the States by imposing burdens on their revenue, and are enforceable irrespective of the will of the legislature of the State concerned. The latter has led to a sharp rise in the cost of coal and timber, two necessary commodities lacking in South Australia.

To meet its liabilities the Government of the State increased taxation in all directions. "We have been greatly impressed," observed the Commissioners, "by the spirit in which the people of South Australia have faced their problems. No State of the Commonwealth has a finer record in the face of natural difficulties." But at the end of the last financial year, the budget disclosed a deficit

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of £275,000. The Commission therefore recommended that a special grant of £500,000 per annum should be paid by the Commonwealth to South Australia for a period of two years, and that, during the same period, the Commonwealth Government should refrain from enforcing the conditions of the Federal Aid Roads Agreement Act which requires South Australia to provide 15s. for every £1 contributed by the Commonwealth. They also suggested that during the currency of those two years the position should be reviewed by a permanent commission appointed to make a continuous study of the financial relations of the Commonwealth and the States. The Prime Minister has announced "that the Commonwealth is not in a position to make a grant to South Australia this financial year, but will fully consider the recommendation of the Royal Commission of a grant for two years when the budget for 1929-30 is being framed."

The Royal Commission on Child Endowment or Family Allowances

Following the introduction of a system of family endowment by the State of New South Wales, the Commonwealth Government appointed a Royal Commission in September 1927 to report on the general question of instituting a scheme of a similar nature throughout the Commonwealth. The commissioners' report, which appeared in March, 1929, reveals a fundamental disagreement between the majority of three and the minority of two. The majority report recommends that the Commonwealth should not attempt to institute child endowment. The minority report, expressing the views of the Labour member and the only woman member of the Commission, regards the proposed system as the logical corollary of the living wage doctrine, and a measure of justice which should not be delayed.

The question has a constitutional aspect. Counsel to whom it was submitted took different views as to the power

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of the Commonwealth to introduce child endowment. The majority report emphasises the danger of the Government enacting legislation which might subsequently be declared *ultra vires*. The minority relies upon the evidence of the Solicitor-General. The majority can see only two ways of instituting Commonwealth child endowment, *viz.*, by alteration of the Constitution, or by reference of the matter to the Parliament of the Commonwealth by all the State Parliaments. It prefers the former alternative, but thinks that in view of Australia's present economic position, no scheme should be undertaken unless its benefits patently outweigh the evils of the additional taxation involved. The most prominent features of the present economic situation are claimed to be a very large total of public debt, a heavy annual interest charge, a large and increasing total of public debt unrepresented by existing assets, or represented by assets not earning full interest on their cost, a high and growing taxation, and an absence of reasonable progress in productive activity. In view of this, the majority thinks that taxation could not be increased without evil effects, and pleads for caution in undertaking further public expenditure on child endowment. The minority thinks that the country can afford to inaugurate a moderate system of family allowances, and that such an expenditure of part of the national income would be a good investment for the community. Opinions of economists are quoted in support of the view that if more expenditure were diverted from improving "material capital" to improving "human capital," the gains would in the long run outweigh the losses.

The matter is complicated by the variation of wage-fixing machinery in different States, and the overlapping of awards which is a constant source of friction. The standard of living is defined differently, although it is generally left painfully indefinite. The family unit, to meet the needs of which the basic wage is adjusted, consists for New South Wales of man and wife; for Western Australia

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of man, wife and two children; and for the other States and also for the Commonwealth, of man, wife and three children. If child endowment is attempted, wages should, in the opinion of the majority, be stripped of endowment elements, and to prevent a somewhat irresponsible competition both should be placed under the exclusive control of a single tribunal for the whole Commonwealth. The minority considers it undesirable that family allowance should be made part of the system of wage fixation, or should be delayed until the Commonwealth has complete control over wages.

The general argument for child endowment is the insufficiency of wages to support a family. The majority rejects the applicability of this view to Australia, for not only have effective wages increased over recent years, but "the great majority of employees receive more than the basic wage." Moreover, organisations for social work among the poor gave evidence that, although some child distress exists, the cause is seldom the insufficiency of the wage. Unemployment, sickness, accident, gambling, extravagance, drink, want of suitable housing accommodation, excessive rent, widowhood and wife desertion were cited as definite causes. The majority considers that where special assistance to children is needed, it can best be furnished through existing agencies. As against this, the minority finds that for families of wage earners where the children number more than two, the standard has generally been lower than is reasonable, the disparity increasing with the size of the family.

The economists who gave evidence before the Commission were united in approving of the principle of child endowment in so far as it would reduce inequality of incomes, but they also pointed out that this gain might be offset through the effects upon production of the two alternative methods of raising the necessary funds, *viz.*, taxation, and a redistribution of wages. The majority prefers the second alternative. If the basic wage were reduced from

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£4 5s. to £3 4s. per week, 7s. per week could be paid by the employer for each employee, to provide a fund out of which child endowment would be paid at the rate of 8s. per week for the first child, with a reduction of 1s. per week for each additional child, but paying 4s. per week for each child after the fifth. The other 14s. per week would be "saved to industry." This except in "a few and probably negligible cases" would not mean merely an addition to profits, but a reduction in prices and a lower cost of living. Recognising the unpopularity of such a proposal, the majority suggests as an alternative a wage reduction of 7s. per week to provide for child endowment, thus yielding with reluctance the coveted "saving to industry." The Commonwealth Government might bear the cost of administration. But the minority rejects redistribution of wages as less equitable than a more heavily progressive rate of income tax, and a lowering of the exempted minimum. "The broadest backs should bear burdens carried in the interests of the community as a whole."

The Commission is unanimous on one matter only—that existing health and maternity services should be extended.

II. THE QUEENSLAND ELECTIONS

"LABOUR in Queensland," according to *The Australian Worker*, "is a record breaker. Its fourteen years of continued rule established a record unparalleled in any part of the world. And now, in the catastrophic results of last Saturday's elections (May 11) it has set up another record. It is doubtful if any party ever before sustained a defeat so overwhelming. The Government led by Premier McCormack that faced the electors with a clear majority of fourteen has staggered back from the polls with nearly twenty members missing, including several Cabinet Ministers."

Although it was thought that the swing of the political

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pendulum would probably be away from Labour, such a *débâcle* was a complete surprise. It was anticipated that the Government would be returned with a reduced majority. Speculation has therefore been general as to the causes of its defeat. "The Labour Government which Mr. McCormack led," according to the *Daily Standard*, the Labour paper in Brisbane, "had almost reached the end of its tether as a constructive force. . . . The best that it could do was to offer a staunch defence of what had been achieved and a sympathetic administration." The decline in the Premier's faith in State enterprises, his commendable prudence in the expenditure of loan moneys, and his firm handling of formidable strikes by the railway workers and wharf labourers, chilled the enthusiasm of many of his supporters and irreconcilably antagonised the left wing of his party, who ran candidates against official Labour men. The Communists also put up a candidate in two Labour strongholds, but in Queensland, as in other States, they are numerically insignificant. Their sustained vilification of the Government, however, and, to quote the *Worker*, the organ of the Australian Workers' Union, "the studied insanities," on the eve of the election, of Mr. "Jock" Garden—their most widely advertised spokesman in Australia—helped voters hesitating between two opinions to a decision adverse to Labour. The acute dissension within the Labour party was the more remarkable when contrasted with the solidity of the Opposition, whose political strength in previous elections had been partly spent in internecine quarrels. It presented a united front under the vigorous leadership of Mr. A. E. Moore, a dairy farmer of undoubted sincerity and considerable political capacity. He kept prominently before the electors the losses sustained by State undertakings, particularly railways, the relatively high *per capita* taxation of Queensland, and the extent of unemployment. A large number of workless were led by a false rumour to associate his accession to office with a liberal expenditure of borrowed money.

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It has also been suggested that the report of the British Economic Mission, which was made available to the electors at a nominal price by the political opponents of the Government, helped to bring about what has been described by a member of the new administration as a return to sanity. Finally, it must be remembered that no elector in Queensland, under the age of 35, had ever known a State Government other than that of Labour. Conceivably, therefore, many of them were responsive to the appeal to give the other side an opportunity of showing what it could do. In the result, the state of parties in the new Parliament will be 44 Country-Progressive Nationalists, 27 Labour, 1 Independent. The new administration is pledged *inter alia* to tackle the problem of unemployment, to give a free rein to private enterprise, to permit freehold tenure, to take a referendum to ascertain if the people of Queensland wish to recreate a Legislative Council, to reduce the salaries of members from £750 to £500 per annum, and to correct those glaring anomalies in the size of the electorates which were at once a source of political strength and a grave reproach to the Labour party.

Australia.

June 26, 1929.

SOUTH AFRICA

I. THE GENERAL ELECTION

THE results of the recent general election expressed in figures are as follows: The Nationalist party obtained 77 seats, one member was returned as an independent Nationalist, and in one constituency which was formerly Nationalist the election has still to take place owing to the death of a candidate after nomination. Assuming that the Nationalist party candidate will be returned there we shall have for all practical purposes 79 members supporting that party in a house of 148. The party has therefore a clear majority. The South African party came back with 61 members and the Labour party with 8 of whom 5 are of the section which follows Colonel Creswell and 3 of the section which has abjured his leadership. Before the dissolution the House numbered 135, and consisted of 63 Nationalists, 54 South African party members, 17 Labour and one independent. Of the thirteen new seats added by the last delimitation and the nine seats lost by the Labour party 16 have gone to the Nationalists and six to the South African party. Of the total number of votes polled the South African party obtained 159,049, the Nationalists 143,408 and the combined Labour sections 31,854. Nine South African party members were returned unopposed, so that the 159,049 votes recorded for that party are represented by 52 members while the 143,048 recorded for the Nationalists returned 77. The corresponding figures

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for the election of 1924 were 151,216 votes cast for the South African party and 113,625 for the Nationalists.

Territorially considered, the result of the election is that the South African party holds the larger towns (outside the Orange Free State) and the province of Natal, while the Orange Free State and the country districts outside Natal are predominantly Nationalist. This result is reflected in the racial allocation of the new House in that the party led by General Smuts is almost entirely drawn from the British section while General Hertzog's following is to a man of Dutch descent.

In the new Ministry Mr. Tielman Roos, whose state of health unfortunately prevents him at present from taking any active part in public affairs, is replaced as Minister of Justice by Mr. Pirow, who unsuccessfully opposed General Smuts in the election, and for whom a seat has yet to be found. Mr. Jansen, who was Speaker in the late Parliament, is added as Minister for Native Affairs, and two portfolios, instead of three as in the previous Government, are given to members of the much diminished Labour party, Colonel Creswell and Mr. Sampson. Otherwise the Ministry as regards its personnel remains the same. Politically, however, it is fundamentally different. The basis of the last Government was the so-called Pact between the Nationalist and Labour parties. To-day the Pact exists only in name. The Nationalist party has a clear working majority of its own, and the two Labour members of the Cabinet are there merely on sufferance. Their resignation would not bring the Government to its knees.

As regards the position of the political parties the result of the election is undoubtedly of far-reaching effect. The Labour party, paralysed as it is by its internal dissensions, is for the present of negligible account. But as between the two main parties the result has been, as is indicated above, to revive in a marked degree the old racial alignment of political divisions, and, unless the South African party can recover some of the ground which it has lost in the country

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districts, this most undesirable line of cleavage is bound to be accentuated as time goes on.

In any analysis of the causes which led to what is undoubtedly a striking victory for the Nationalist party the first place in importance must be assigned to its attitude on the Native question, which has for the first time appeared as an issue in party controversy. But, leaving that for the present on one side, one may discern certain minor factors in the political situation which contributed to influence electors in favour of the Government. The five years since 1924 have been years of comparative prosperity and of budget surpluses, standing out in marked contrast to the years of deflation, of commercial and industrial disorganisation, and of deficits on the public accounts which the last South African party Government had to encounter. These last five years have also been years of almost complete industrial peace, and the memory of the violent upheaval on the Witwatersrand in 1922 is still strong enough to keep alive in certain sections feelings of bitter animosity against General Smuts, whose unenviable task it was to enforce at all costs the maintenance of law and order.

But it was the Native question, and the use which was made of it as election propaganda, which were the decisive factors in the campaign. The Native question covers, of course, a wide field, but it was on General Hertzog's proposals with regard to the representation of natives in Parliament that attention was almost entirely concentrated. These proposals amount in effect to a drastic reform of the existing franchise law of the Cape Province. It is true that his Bill also provides for a rudimentary form of representation for natives in the other provinces of the Union, by allowing them to elect two representatives to the Senate. This innovation, however, was extremely distasteful to a large number of his followers, especially in the Transvaal and the Orange Free State, and it was sedulously kept in the background on the election platforms. The real purpose of the Bill is to reform the existing Cape

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franchise which makes no distinction of race or colour, by establishing a communal roll for natives who may become qualified as voters after the passing of the Act, and providing that, as their numbers become adequate to furnish the necessary quota, they may elect up to five European members to the House of Assembly. The existing Cape franchise, it was said, would inevitably lead in time to the Europeans on the roll being outnumbered by the natives, and lurid pictures were drawn of the Union under native domination, which the electors were told would follow if General Smuts were returned to power. This propaganda playing upon a popular psychology which is peculiarly sensitive to stimulus on anything connected with the relation of white to black produced, especially in the country districts, an atmosphere in which discussion of the question on rational grounds was impossible. What made the attack even more formidable was that it found the South African party in a position ill adapted for defence or for counter attack. A considerable section of that party, more especially in the Cape Peninsula and the so-called Western province of the Cape, is strongly opposed to any alteration of the existing franchise which would amount to an abandonment of the principle of equal rights for all civilised men. Another section, embracing perhaps the majority of the party, holds the view that the existing Cape franchise cannot be indefinitely maintained, especially if any advance is to be looked for in the direction of representation for natives in the other provinces, and that some form of communal roll for natives will have to be resorted to. Still another section is opposed, as are most of the Nationalists, to any extension of parliamentary representation to natives outside the Cape. In order to keep in line these conflicting views the party endeavoured to avoid dealing with General Hertzog's proposals on their merits, and took the ground that such a far reaching constitutional change should not be made the subject of an election campaign until the country had had time and opportunity to consider it in

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its bearings on the whole question of the relations of European and native, and until an attempt had been made by consultation with the natives to secure at any rate a measure of agreement with them. This was to be achieved by setting up a national convention or commission which should review, in all their aspects, the relations of white and black, and whose report should be awaited before any measure affecting these relations was submitted to Parliament. Probably most people would agree, looking at the matter in the cold light of reason, that this would be the way of statesmanship in approaching such a problem. But in the sound and fury of an election campaign, against the hot gospellers of a "white South Africa" it afforded no tenable battleground.

Such were the issues on which the election was decided. It is bound to have a far-reaching effect on the political future of South Africa. It gives the Nationalist party for the first time a clear parliamentary majority. It has produced a House of Assembly divided more nearly on racial lines than it has been since the death of General Botha. It has broadcast among the native peoples the impression that the white man lives in fear of them as a menace to his existence, and that his only remedy is a policy of repression.

Parliament is to meet on July 19 to enable the Government to pass its financial measures for the year. It is unlikely that any measures of general policy will be undertaken. After the session it is expected that the Senate will be dissolved and reconstituted so that when the Government meets Parliament again it will not be embarrassed by a Second Chamber containing a majority which is opposed to its politics.

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II. THE UNIVERSITY SITUATION

THE connection between our politics and education is so close that a statement of the university situation seems to follow naturally from an account of our general election. Many of our higher educational institutions owe their existence to State action, and all of them rely on the central government for anything from half to three-quarters of their revenues.

There are other reasons why a consideration of this particular question is appropriate just now. Since the last article on the South African university question appeared in *THE ROUND TABLE*, thirteen years ago,* there has been a change in the sphere of higher education in keeping with the development of Dominion status and national self-consciousness. It is a change whose significance will be more readily understood by readers in sister Dominions and the United States than in older countries, an increase in educational self-sufficiency, that *αὐτάρκεια* which the old political philosophers used to posit as one of the marks of the sovereign independent State. Before the war university staffs were normally recruited from overseas, and students had to go overseas to complete professional courses other than engineering, law and education. To-day, staffs are much more frequently recruited at home, sometimes of set policy, but quite frequently because the local applicant is really the best man in; while students can complete in at least one and, in some cases, more than one centre in the Union fully recognised degree-courses in medicine, architecture, fine art, music and the rest.

Further, a good deal has been written from time to time in *THE ROUND TABLE* about the financial weakness of the provinces *vis-à-vis* the Union Government.† Control

* See *THE ROUND TABLE*, No. 11, June 1913.

† *THE ROUND TABLE*, Nos. 48, 50, 52, 54, 55, 56, 58, 61, 71 and 73, September 1922—December 1928.

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of the educational machine is divided between the central and local authorities. The said machine is thus subject to all the friction and strains set up in a unitary constitution which is often worked as if it were a federation. One outcome of this confusion of mind and practice has recently revealed itself in the unnecessary struggle between the universities and the technical colleges, a struggle which may very easily pass on beyond its present stage of wasted time and money, and duplicated effort to that of lowering standards in a land which, based as it is on semi-servile non-European labour, already enjoys its full share of social and political make-believe.

There is perhaps one other reason for taking stock of the university situation in this number of *THE ROUND TABLE*, and that is because, in October, the University of Cape Town celebrates the centenary of the foundation of the South African College, the pioneer place of higher education in southern Africa, from which it has sprung.

To-day there are four universities in the Union. Three of them are of the usual autonomous type: the University of Cape Town itself, the University of Stellenbosch based on the old Victoria College, and the University of the Witwatersrand built up round the Johannesburg School of Mines. The fourth is the federal University of South Africa which embodies university colleges at Pretoria and Potchefstroom in the Transvaal, Pietermaritzburg in Natal, Bloemfontein in the Free State, and Wellington and Grahamstown in the Cape.

The South African College was founded in Cape Town in October 1829, half-way through that comprehensive spring-cleaning of the old Cape Colony between 1825 and 1836 that proved too much for the frontiersmen who trekked into the interior to found republics there nearer to their hearts' desire. Its enthusiastic founders hoped to see their foundation a university or something very like it in the course of a few years. They were trying to build the façade before they had laid the foundations. The

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colony, the only European settlement worth mentioning in southern Africa in those days, was far too poor, too thinly peopled and too ill-supplied with schools to carry anything so weighty as a university. Until these defects were remedied, there was nothing for it but to wait, and South Africa waited almost three-quarters of a century before it possessed anything that could be called a self-contained and tolerably equipped university college. For a teaching university, it had to wait till the last year of the great war.

The main stages of this long progress from school to university are clear enough. For the first twenty years after 1829, the South African College had the field to itself. Then came rivals: the Diocesan College at Rondebosch in the late 'forties; St. Andrew's at Grahamstown and other colleges at Graaff Reinet, Port Elizabeth and Bloemfontein in the 'fifties; others again at Stellenbosch and Somerset East in the 'sixties, and yet another, a women's college this time, at Wellington, in the 'seventies. All these colleges were primary and secondary schools combined. Some never got beyond that stage; others got beyond it for a time by doing some university work in addition to school work, and then fell back; others, of which the South African College and Victoria College at Stellenbosch were the most successful, undertook the higher work and then cut off their lower classes to form distinct and separate schools. The Cape Town institution, for instance, took that step in 1874, but both it and its Stellenbosch rival kept three classes below matriculation level and did not let the last of them go till 1899-1900.

Meanwhile, by reforms effected particularly in 1839 and 1865, the essential foundation of elementary and secondary schools was gradually slipped in below the collegiate superstructure. The colleges themselves from 1858 onwards had to conform to the standards set by a Board of Examiners which, in 1873, during the changes which came with gold, diamonds and responsible government,

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gave way to the examining University of the Cape of Good Hope. This university through its council and permanent officers at Cape Town did a good deal to stimulate interest in higher education in South Africa as a whole; for in 1875, in the spirit of the confederation movement of those days, it admitted candidates from the other States and Colonies to its examinations; and again in 1896-97, in keeping with a later movement towards closer union, it offered seats on its council to representatives from those communities. On the other hand, of its very nature, it combined the weaknesses of an external examining body with those of a federal university. The time came when it ceased to be a stimulus and became rather a drag on the colleges with some of whom the future of real university life lay.

During the golden 'nineties, there was talk in plenty of a teaching university. Rhodes had high hopes of a national university on his Peninsula estate at Groote Schuur where the University of Cape Town is now completing the buildings which in such large measure embody his dream; on the other hand, Hollanders at the court of President Kruger held aloof from the examining University of the Cape and sought to build up a university of their own on Continental lines in Pretoria.

Local feeling and the Jameson Raid made Rhodes's scheme impossible; the South African war ended the plans of the Pretoria Hollanders. Meanwhile, the two leading Cape colleges at Cape Town and Stellenbosch had progressed quietly and, in response to the demand for mining engineers, the South African College had developed a School of Mines in conjunction with the authorities at Johannesburg. A boom set in towards the end of the South African war, as booms will, and the South African College appealed to the public with such success that early in 1905 it was emboldened to demand a charter of its own as a self-contained university.

At the moment the South African College received no support for this revolutionary proposal. The examining

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university was up in arms at once and produced various schemes of reform of the kind that touched what Cromwell used to call "circumstantials," but left "fundamentals" unaltered; the Jameson Ministry at the Cape was much more interested in the new Rhodes University College which it had just formed at Grahamstown out of the upper classes of St. Andrew's with the generous help of the Rhodes Trustees; in the north, Mr. Alfred Beit had given the Transvaal Government an estate near Johannesburg for a Transvaal university. Two years later, in 1906, Mr. Beit died leaving £200,000 for the same purpose, with the proviso that the money must be so used before the end of 1916. Finally, from 1905 till the close of 1909, all South Africa was too deeply immersed in the post-war slump to trouble itself seriously about academic policy.

As times improved and political union drew nearer, the university question came to the surface again. The Diocesan College handed on its university work to the neighbouring South African College; the quarrels of Pretoria and Johannesburg prevented the utilisation of the Beit £200,000; on the very eve of Union, the Transvaal, Orange Free State and Natal created university colleges at their respective capitals and handed them on as charges against the funds of the new Union Government in 1910.

The financing of the colleges, which had latterly increased so in numbers, was part and parcel of the bigger issue of the financing of the provinces by the central exchequer. The provincial issue was settled in 1913; but the problem of the colleges was not settled till 1917. Thus for seven years after Union, the older, larger and more efficient Cape institutions had to put up with moderate State aid, while their newer rivals in the north enjoyed lavish State support. The Act of 1917 put all upon a more or less level footing, and gave the Cape colleges a measure of State aid which sent them ahead at an unprecedented rate.

The financial settlement of 1917 was largely the outcome of a more fundamental decision on university policy taken

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a year before. At the close of 1910, just after the consummation of Union, it was announced that, as a result of negotiations set on foot by General Smuts, the Beit bequest had been withdrawn from the Transvaal, and that, to take its place and to carry out Rhodes's ideal of a single national teaching university, Sir Julius Wernher and Sir Otto Beit had promised £500,000 for such a university to be built upon part of the Groote Schuur estate furnished by the Union Government.

This announcement was the signal for a logomachy which raged for five weary years, regardless of wars and the fall of empires, until every possible method for the expenditure of the half-million and the utilisation of the estate except the obvious one had been discussed and discarded. There were two main schools of opinion. On the one hand, was the South African College at Cape Town reiterating its five-year-old demand for a charter and offering to join forces with any other college that might elect to migrate with it to Groote Schuur. On the other hand, were the rest of the colleges and the examining university, which declined to lose their identities or to move their habitats, and favoured, roughly speaking, a distribution of the money and the utilisation of the site for a research institution divorced from more general university activities. At last, a broad hint from the Wernher-Beit trustees that the money would be withdrawn unless some good use were made of it impelled the Government to carry three Acts in the 1916 session. In terms of these measures, the South African College was to become the University of Cape Town, and to be possessed of the half-million and the site; Victoria College was to become the University of Stellenbosch, and the remaining half-dozen colleges were to be loosely federated as the University of South Africa with headquarters at Pretoria.

These Acts came into force in April, 1918. For three years thereafter, helped by the post-war boom and the generosity of Government and friends alike, the two

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independent universities waxed mightily, and in 1921, the Johannesburg college, relying on similar support, broke away from the federal university and became the University of the Witwatersrand. The Government, however, missed the opportunity of reducing the already superabundant number of colleges by one, and allowed a small private college at Potchefstroom to take the place of Johannesburg in the federal body.

Then, with all the swiftness of a thunderstorm on the High Veld, came the slump early in 1921. During the next three years of bad times, the Union took two steps which have led it directly into its present difficulties. In 1922, in keeping with a new and more economical system which it was applying to the financing of the provinces, it obliged the three autonomous universities to accept much smaller grants than heretofore, avowedly in order to save the weaker of the constituent colleges of the federal University of South Africa. It thus sacrificed the more promising and more self-dependent of its higher institutions to the less, and prevented itself from financing any one of them adequately for the work that had to be done.

In the following year the Union took a still more embarrassing step. For some little time past and especially during the war, the provincial administrations had cheerfully encouraged technical and similar classes. Now that lean times had come, they clamoured to be relieved of the burden. The Union was willing to oblige, but it was estopped by the wisdom of the National Convention of 1908-9 which had decreed that "education other than higher" was the perquisite of the provinces. Now, whatever else might be said about it, the work of the technical institutes was secondary work of the so-called vocational type which was already being more or less done in the ordinary secondary schools under provincial control. The only thing to be done if the Union was to finance and control it, was to call this technical education "higher education." And so it was done.

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The foisting of this piece of academic and governmental make-believe soon had the natural result that a strong commission, the Van der Horst Commission, had to busy itself in 1927-28 with suggesting some way of extricating the higher education of the country from the quagmire into which it was sinking. For the technical colleges, much more heavily subsidised than even the university colleges, were trenching deeply into the sphere of university work. In so far as the more ambitious of them aimed at becoming constituent colleges of the federal university, they threatened to overload a community which was already more than adequately supplied with such institutions. In so far as they did work which elsewhere and, hitherto in South Africa, had always been done by universities, they promised to lower academic standards.

The general effect of the findings of the Van der Horst Commission and of an Inter-University Conference which considered them in January 1929 was that no more places of really higher education be recognised for the time being; that, in giving State aid, the Minister should take into account the powers of self-help displayed by the institution in question; that control of the technical colleges be retained by the Union Education department but that they be recognised and treated as the secondary institutions that they are; and, finally, that if this recognition and retention entailed a radical change in the present unnatural division of the field of education between the Union and the provinces, why, so much the better! At any rate, we know where we are now, and all we can hope for is enough public and Ministerial virtue to make the effort that will put us on the right road.

There are, however, other aspects of the question. So far we have been concerned mainly with the administrative and financial difficulties that have attended the growth of institutions of higher education in the Union. Probably, the larger institutions at least may soon be well out of these difficulties, but there are considerations which may

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justify one in feeling a little less sanguine about the early attainment of stability in the profounder and more vital cultural sense. The doubt may be expressed in quasi-punning form by asking whether the South African spirit is as yet universal enough to inform and sustain a genuine university.

There is much in South African life to-day which, in its present form, can hardly be harmonised with the catholicity and sovereignty of Reason which must characterise the true university. In some respects provincialism of mind is more marked than ever it was, expressing itself, for instance, in a sort of nationalist rake's progress which, setting out from "South Africa first," passes by way of "South Africa alone" to complacency about the competence of South Africa to supply all her intellectual needs from her own resources.

The cult of Afrikaans is not responsible for this. In so far as there is any connection, the cult is a symptom rather than a cause, and many of the warmest advocates of Afrikaans are liberal-minded, "universal" men. Moreover, many of the population must take the first steps to universality along the pathway of Afrikaans or not at all. No honest observer can deny that the extended literary and journalistic use of Afrikaans in recent years has brought to many a release and emancipation of spirit which would otherwise have been unattainable.

But when all is said and done, the gathering of the clans of Fundamentalism is ominous. At the present moment a *cause célèbre* is working out its course in the Dutch Reformed Church upon certain doctrines held by one of its leading scholars which would be regarded as only mildly modernist by even orthodox circles in Europe. From the same Fundamentalist source has arisen a strong movement in favour of abrogating the clause in the University Acts, the so-called "conscience clause," which forbids the imposition of religious tests on candidates for university posts. This movement has been quite unequivocally

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opposed by the Prime Minister and the Minister for Education, and it would probably get little convinced support from any member of the Cabinet; but, in view of the nature of the support which has given the present Government a new term of office, one cannot, in estimating the university situation, ignore the possibilities; if Church disputes and other causes should stir *odium theologicum* into activity.

For it must be recalled that there is a strong disposition among the Fundamentalist section to blame *uitlander* influences for all their troubles, much as the Japanese blamed them in the seventeenth century. No measure is available of the exact strength of such tenets; but where they are held, they are held with intense earnestness. Thus, in spite of a strong and growing realism among Nationalists, the future is by no means unclouded for the voice of universality and genial humanism in this land of racial cleavages.

The fortunes of the courageous pursuit of intellectual honesty lie primarily in the hands of the universities. There is every reason to believe that if they are ready to take risks and are resolved not to succumb to the temptations of a quiet life, there is a strong and deep strain of reasonableness in South African life that will rise to their support. Government, up to the present, has been liberal both in its financial grants and in its defence of *libertas docendi*, a most important consideration in view of the fact that our universities all depend more or less on public monies. Even enthusiasm for Afrikaans has so far stopped short of any real cramping of freedom. A great opportunity for leadership now lies before the universities of South Africa.

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III. THE SOUTHERN RHODESIAN EDUCATION COMMISSION

THESE uncertainties about the future of Western culture in southern Africa receive further illustration from the very interesting report of a commission which has recently conducted an enquiry into the working and prospects of the educational system of Southern Rhodesia. The chairman, Mr. Frank Tate, is well-known throughout the Empire as for many years the distinguished and stimulating Director of Education for the State of Victoria, and one of the members, Mr. F. Clarke, has in the course of eighteen years' service as professor of education in the University of Cape Town, gained a deep and sympathetic insight into the problems of southern Africa.

The report has much to say about the details of administration, but the whole of it is clearly governed by two main ideas, and these are concerned with just the same fundamental cultural problem that we have already found in the Union. They may be put together quite shortly in one sentence: The task of a Rhodesian educational system is to raise a population which, while becoming fully Rhodesian, remains genuinely European. The young Rhodesian must be trained to live a full and adequate life in and through the circumstances of his own land, so widely different from those of the Motherland. The exotic flavour of education, so inevitable in the early stages, when the older people are themselves not yet adapted, and when all the apparatus and personnel of our educational system have to be imported from without, must gradually pass away and the tree of education must root itself firmly and deeply in Rhodesian soil. If this means wide departures from much that is traditional in the spirit and practice of the homeland, the necessity will have to be faced. And if the result is to be more men of the Kingsley Fairbridge type the facing will be worth while.

Southern Rhodesian Education Commission

At the same time, the situation of a small colony of Europeans among a mass of natives twenty times its own number, consisting for the most part of docile and impressionable peoples, has its own grave dangers. The process of slipping away from the best European standards of work, of public spirit, of broad human sympathy and of moral duty is so gradual and can be so easy and even pleasant, that the danger of it must be an ever-present thought in the minds of the educators of such a community. Fortunately there is every sign that the responsible authorities in Southern Rhodesia are quite alive to it, and one gathers from the report that their efforts, so far, have proceeded along sound lines that need only to be developed.

The white population is still overwhelmingly British, though there is a strong contingent of Dutch Afrikaners who are too valuable as a stable element in the community for their claims to be ignored. Yet it should prove possible to satisfy and assimilate them educationally without impairing unduly the predominantly British character of the Rhodesian community, and still more without creating in Rhodesia a deep cultural cleavage such as still divides the Union. It is the greater homogeneity of the white community in Rhodesia, along with the fact of the far heavier preponderance of the native population, as compared with the Union that may develop in Rhodesia more strongly than in the Union the conviction that what education has to do is to preserve not so much the British or the Afrikaner type as just the European. Too narrow a view of the task may well issue in failure to save the general type. In the Union, a sentimental cult of Afrikanerism of which the Prime Minister himself sometimes officiates as High Priest, tends not only to perpetuate divisions and to hamper the growth of a common culture but, even more serious, encourages the idea that to be white and an Afrikaner is to be entitled to privileges and supports which allow one to dispense with those necessities of continuous effort and sustained moral tension that

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constitute the very life of European civilisation. This excess of eagerness to preserve the Afrikaner may only result in losing the European.

Rhodesia seems to be more alive to the danger. Stimulated and guided by the report of its Education Commission it may be expected to brace itself for the effort of self-discipline and sustained pressure that the interests of its own future require of it, and to make that careful survey and well-husbanded use of its available cultural resources which the report recommends and which the making of Rhodesian Europeans so insistently calls for. There are those in Rhodesia who are fully capable of the necessary leadership. The task is not an impossible one if they can secure the backing of a population which is prepared to impose the necessary discipline upon itself.

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July 1929.

NEW ZEALAND: THE TASK BEFORE SIR JOSEPH WARD

THE characteristic features of the past quarter in New Zealand have been the enthusiastic reception given to Sir Joseph Ward on his tours throughout the country, the astonishing freedom from party politics, and, despite the large amount of unemployment, the industrial peace that has been enjoyed here in contrast to the unrest in the neighbouring Dominion across the Tasman Sea. Except during the existence of the National Government in the war, there has probably never been a time when there was such a suspension of party politics. Sir Joseph Ward's genial urbanity, and his achievement in regaining command at the age of seventy-three, after a long period as a private member and protracted ill-health, have earned for him the goodwill of all parties and all classes. Ever since the banquet in his honour at Invercargill on March 21, when 2,000 of his constituents gave him what journalists call "an ovation," and again during his triumphal tour of the Dominion, for instance, when bands headed the processions which escorted him to his hotels, when packed audiences assembled to listen to his speeches, cheered him to the echo, and "Jolly-Good-Fellowed" him, when political opponents as well as supporters eulogised him, right down to the present time, his reception has everywhere been cordial and enthusiastic. He was not exaggerating when he said at Auckland on June 4 that he had

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found strong evidences of attachment to the Government in those who had previously been opposed to it, and a desire to give it a fair trial. And given sufficient time, his Ministry will, Sir Joseph says, "deliver the goods." The country recognises the difficulties that he has to face, and is prepared to give him a fair chance of earning the title given him by the *Christchurch Sun* on May 25, of "the man who gets things done." As regards the Ministry, their actions and utterances indicate that they are earnestly striving to put the finances of the country on a sound footing, to carry out the Dominion's public works on an impartial basis, favouring neither district nor island, but carrying to completion those undertakings which they consider will best serve the Dominion as a whole, to extend our land settlement, to eliminate unemployment, to keep the government departments and the education system up-to-date, and at the same time to encourage private enterprise.

Sir Joseph has, on the whole, preserved a statesmanlike tone in his addresses, though he has at times perhaps been too apt to attribute the difficulties of the position to his political opponents, and to contrast his own hustle with their inaction. Meanwhile, the Reform party is lying low and keeping its ammunition dry until the opening of Parliament on June 27. In so far as public works, land acquisition and transport are concerned, the Prime Minister has laid most of his cards on the table, but as regards finance for 1929, he has been as cryptic as the Delphic oracle, declaring that he was "out" (meaning, of course, that he was "in") to remove the deficit of £577,000, and to do that, taxation must be adjusted so as to secure more revenue from certain quarters. Taxes would be taken off some things and put on others.

The Current Situation

New Zealand is faced with the same problems as the old world: unemployment, not only of adults but of

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boys and girls leaving school, the difficulty of traffic control and co-ordination, the competition of motor transport with the railways, the heavy loss on which, as they are State owned, falls upon the people at large, the difficulty—in this instance luckily only temporary—of making the national receipts balance expenditure, the drift from the country to the towns, the falling birth rate.

The past year has been a satisfactory one as regards production, markets and growth of pastures. It has resulted in a record production in the case of most of our staple products, and prices have continued good and the value of our exports is above anything previously attained. Still there were, in 1928, according to the latest number of the *New Zealand Journal of Agriculture*, 132,244 fewer acres in use than in the previous year.

Some tables taken from official sources and set out in the *Bulletin* prepared by the Department of Economics of Canterbury College for the Canterbury Chamber of Commerce, illustrate the position which the New Zealand Ministry has to face. Our natural increase of population, nearly 30 per 1,000 in 1876-80, has fallen to 11.07 per 1,000, a drop which led Mr. Stallworthy, the Minister of Health, at the annual meeting of the Plunket Society at Wellington, on May 28, to refer to this Dominion, capable of carrying millions of people, as a stagnant country.

The prevalence of town unemployment in New Zealand (says the *Bulletin*) points to the conclusion that the urban drift has proceeded too far, and the distribution of population has become unbalanced. While unemployment persists on any considerable scale, immigration is unlikely to increase. . . . Our problem might be solved and our progress ensured by an expanding population. Great Britain's might be greatly relieved by effective emigration. But we must first secure the appropriate distribution of our people between town and country by restoring the balance of attractiveness between town and country occupations. When that difficulty is overcome, we can serve Britain and ourselves as well by resuming immigration on the fullest scale.

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The following table shows the relative percentage of our urban and rural population :—

Year.	Per cent. of total.	
	Urban.	Rural.
1911	42·93	57·07
1916	45·82	54·18
1921	48·77	51·23
1926	51·62	48·38

Conditions in New Zealand are (the *Bulletin* points out) peculiar in that practically the whole of the output of town workers must be marketed within the country; there is therefore a demand for town products and a demand for town labour strictly limited at any particular time. Should the urban drift proceed too far, there will be more workers available for town industries and occupations than are needed to satisfy the needs of the limited market and unemployment must inevitably result.

With regard to what the *Bulletin* claims to be an “urban drift,” the volume of agricultural and pastoral output is not apparently suffering by the reduction in the proportion of the population in the country districts, as is clear from the following figures, supplied from official sources :—

Calendar Year.	Recorded Exports.	Exports on basis of prices ruling in 1923.	Index of volume of exports.
1923 ..	£45,371,908	£45,371,908	1,000
1928 ..	£54,660,365	£53,004,252	1,168

In New Zealand agricultural and pastoral products, mainly foodstuffs, form 95 per cent. of our total exports. During the last five years, between 1923 and 1928, the total population of the Dominion increased by 124,000, or 9½ per cent., while the increase in the rural population on the same basis, as given by the *Bulletin* of the Canterbury Chamber of Commerce, was only 14,477, or 2·26 per cent. Taking the comparison on an industrial basis the actual number of primary producers between the census of 1921 and that of 1926 fell from 151,936 to 142,076, a decrease of 6½ per cent., while the proportion of primary

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producers to the breadwinners generally fell from 28·52 per cent. to 25·30 per cent. Thus, during the last five years, despite an increase of 9½ per cent. in the total population, representing a correspondingly increased local consumption, and with only a 2·26 per cent. increase in the rural population, and an actual decrease in the proportion engaged in primary production, there was an increase of over £9,000,000 in the recorded value of *surplus* products exported, representing a 16·8 per cent. greater volume or quantity.

The way in which the depression and consequent unemployment of the past two or three years has checked immigration to New Zealand is shown by the following figures :—

Year.	Net immigration :	
	Excess of arrivals over departures.	Nos. per 1,000 of population.
1926	12,400	8·7
1927	3,809	2·6
1928	799	0·5

With the best will in the world, the present Ministry is finding these problems as hard to solve as their predecessors in office did.

Land Settlement

To take, for instance, the land question, on which Sir Joseph Ward and Mr. G. W. Forbes, the Minister of Lands, are concentrating their attention as a way of checking the drift to the towns and finding work for the unemployed. The first Land for Settlements Act empowering compulsory acquisition, was passed in 1894, so that the Act has been in operation for more than 34 years. During that period the Government has acquired 643 estates, comprising an area of nearly two million acres at a cost of £13,122,975. During the year ending March 31, 1928, 84 properties, with a total area of 171,786 acres, were considered, but only 2,233 acres, of which 1,406 were in one estate and 558 in another, were actually

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purchased, at a cost of £22,552. The report of the Land Purchase Controller to the Minister of Lands* points out the obstacles to the acquisition of lands for subdivision for closer settlement.

Some excellent sheep country was (he says) placed under offer to the State; but the blocks in question were unfortunately not economically suited for subdivision, although no doubt they had proved payable propositions when capably farmed in large areas. It was found as a general rule that even those properties which were offered at fairly reasonable prices considered as going concerns could not bear the extra charges entailed by subdivision, roading, etc., and be thereafter offered for selection at prices affording prospective settlers a fair chance of success. The extra loading entailed in the provision of new homestead buildings, fencing, roading, etc., is the chief obstacle to the acquisition of lands for subdivision for closer settlement, and it is only on comparatively rare occasions that suitable land can be bought at prices that will allow of a reasonable return on the capital outlay plus the necessary additional charges.

That there is a land hunger is shown by the fact that when the Westella Station was subdivided, there were 169 applicants for 12 sections.

A policy of subdivision, if feasible, would be welcomed. The land purchased should in the main be suitable for dairying, "an industry of small farming and a wide demand for labour," as the *Napier Daily Telegraph* pointed out on April 17, but as it goes on to say, "If the Government is to avoid disaster and national loss, it must buy on a basis of rigidly ascertained actual values at the time of purchase, consideration of 'potential value' under future tillage not being allowed to affect the decision." As a striking illustration of the disastrous effect of this "potential value" system, it cites the case of a large estate acquired by the late Government in Poverty Bay and surveyed into eleven sheep runs. When applications were invited, the terms rendered necessary by the price paid were so uninviting that in spite of comprehensive advertising not a single application was received. In the

* 1928, C. 5, p. 1.

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and the Government had to stock the land and remain on it as "occupier."

The Minister of Lands has threatened that the Government will, where necessary, exercise the powers of compulsory purchase given by the Act. One obstacle, however, that will have to be first removed by legislation is a provision introduced in 1907 (now contained in Sections 36 and 37 of the Land for Settlements Act, 1925) by which an owner can put his own valuation on his land and have it recorded on a roll subsidiary to the district valuation roll. In the event of compulsory purchase that sum, plus prescribed percentages, automatically becomes the selling price, if the land is acquired by the State, as well as the basis for land tax assessment. This provision "when it had been revealed as a stumbling block," says the *Dunedin Evening Star*, "was left undisturbed. In brief, the Reform Government knowingly allowed closer settlement to 'peter out.' In compensation for this grave sacrifice of principle the Government collected enhanced annual revenue from land tax and death duties and received continuance of support from the big land owning classes." The Prime Minister, embarrassed by the Government's inability to get owners of large territories to put fair values on their lands, proposes to alter the law so that it will secure fair values under a new system of valuation, and the *Evening Star* states that the experts agree that the government valuation plus 15 to 20 per cent. would form an equitable workable basis for the purposes of resumption and subdivision.

The New Zealand Labour party takes the view that "land settlement is one of the most fruitful avenues for improving the conditions of the Dominion and absorbing many of the unemployed." Its annual report lays stress upon the large area of land at the disposal of the Government, which can be profitably settled at a minimum cost. It includes the pumice belt in the Auckland and Wellington districts, comprising 1,715,766 acres, more than half of

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 which is owned by the Crown and the balance by the natives. The report recommended "group settlement with expert and competent supervision and full attention to roads and transfer facilities," and at the annual conference of the party a resolution was carried that "the old methods of settlement involving isolation and back blocks life should be superseded by a more up-to-date system, adequately financed by the State, and having for its main purpose the settling of New Zealanders on the Crown and other lands which are abundantly available."

On April 11 the Minister of Lands announced that he had instructed the Commissioners of Crown Lands to select and survey the areas of undeveloped crown lands suitable for subdivision in their districts, so that Parliament might provide the finance necessary to prepare land for occupation and to assist settlers. One block of 20,000 acres in the Rotorua-Taupo district, for which surveys and a scheme of subdivision had been prepared, he intended to hand over to the Department of Agriculture to break in and to lay down in grass a sufficient area to enable each section to include a portion of the grass land. As evidence that the Government is acting and not merely vapouring, the Minister announced in the press on May 25 that the Government had just purchased four estates, totalling 6,428 acres, suitable for dairying or mixed farming, and providing from 22 to 24 farms. In addition the State central development farm at Weraroa is being subdivided, and when the pedigree stock has been sold, there should be eight or nine sections for ballot. He also, like the Labour party, has been impressed by the large areas of native and crown lands in an undeveloped state ready to respond to suitable handling and fertilisation, but requiring considerable finance for roading and assistance to settlers in the early stages and consequently necessitating financial authority from Parliament.

With public opinion at his back, the Prime Minister should be able to obtain from Parliament the necessary

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 alteration of the law and authority to raise the requisite funds, for, though he is in a minority, no party will at this stage venture to oppose any reasonable scheme of land settlement.

The Question of Communications

While the Prime Minister's land settlement policy meets with general approval, the reverse is the case with regard to his completion of certain railway lines. The whole question of the running of our railways is a thorny one. Mr. Taverner, the Minister of Railways, said at Auckland on May 22 that there would be a loss of something under a million this year, and probably a little more next year. The railway traffic returns for the year ending March 31 last, though they show an increase of over two million passengers carried on the government road motor services, indicated a substantial decrease in the number of passengers carried on the railways. Nor is this a mere temporary loss. Mr. F. J. Jones, the late Chairman of the Board of Management of the Railways, in an interview published in the *Wellington Dominion* on May 28, gave the following figures:—

Year.	Capital cost per mile.	Rate of Interest.	Amount required out of every £100 earned to cover working costs.	Revenue per mile sufficient to pay all costs of railways.	Actual average revenue per mile per annum.
1900 ..	£8,000	3½	£65	£800	—
1929 ..	£32,000	5	£80	£8,000	£2,300

This position is not due to the cost of running being greater in New Zealand than elsewhere, for our percentage of railway operating expenses to earnings is 85·81, as compared with 90 in Great Britain and 80 in Canada and the United States. Hence he comes to the conclusion that "it is practically impossible to construct any railway in New Zealand that can ever pay, and, if we accept the Huntly-

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Pukemiro line, which carries a heavy coal traffic, it is probably fairly safe to say that no railway constructed in New Zealand during the last 15 years will pay." He concluded by asserting that the development value due to a railway could never be greater than the difference between the cost of working the transport business by a railway and that of working it by an equivalent and competitive form of transport—i.e., that the most economical source should obtain the business. These figures have not been challenged. With motor traction at present competing actively with our railways, and with the possibility of successful aeroplane services in the near future, any Ministry in New Zealand, in determining how far to proceed with the completion of our railways, has a difficult problem to solve. Sir Joseph has been applauded rather for what he has undone than for what he has resolved to do. When he came into office, he found that in order to avoid running the Main Trunk railway line through the heart of Palmerston North with level crossings and a consequent danger to life (several deaths had already occurred) his predecessors had gone some distance with the deviation. £216,000 had already been spent and £509,000 would be required to complete the proposed work, including the deviation of the line and the new railway station and yards. Sir Joseph's Ministry gave very careful consideration to the question of this deviation, no fewer than ten Ministers going to inspect it. They found that the whole work was not expected to produce any additional revenue, and that the cost of running the new station and yards would be increased to the extent of about £8,000 a year, apart from the loss of interest and sinking fund. With the decrease of both passenger and goods traffic, the General Manager was satisfied that an expenditure of about £33,000 on the present railway yard would provide all the necessary facilities that business requires for some years to come. Hence the Ministry promptly stopped the works, Sir Joseph giving a detailed statement of the facts on April 16 and

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announced that the workmen on the deviation were being transferred to the Wairoa-Gisborne line.

It is only fair to the Reform Ministry to say that when Sir Sam Fay and Sir Vincent Raven reported on our railways on December 11, 1924, in what is known as the Fay-Raven Report,* they declared "Palmerston North deviation and the new station yards are a necessity for traffic operation to-day."

Another line on which the Prime Minister has stopped work is the Rotorua-Taupo, a stretch of about 53 miles in the centre of the North Island, which the Reform Government considered would open up a large area of timber and which would have cost £700,000. Sir Joseph, however, speaking at Hawera on May 6, said that this railway would not have earned any income from the carriage of timber from the forest areas in the district for another 20 or 30 years, and that in the judgment of himself and his colleagues the work should not have been undertaken. But he gave no such statement of facts and figures as he supplied in the case of the Palmerston North deviation. With regard to his action in stopping the latter there has, with very few dissentients, been a chorus of approval, in which some of his opponents joined.

Sir Joseph's policy, as set forth in his Motueka speech on May 23, is to "eliminate wasteful short sections of railway," for, he declares, short railways will have to give way to motors. He finds that £448,000 of the deficit consists of aid from ordinary revenue to meet the shortage of earnings on short distance railways, and at Hawera on May 6 he stated that there had been a loss of £770,000 on development lines of railway during the past year. In his Motueka speech he stated his intention of completing the following railways:—

In South Island—

(1) South. Island Main Trunk, Wharanui-Parnassus gap,

* *Appendix to Journal of House of Representatives*, 1925, Vol. II, D 2A, page 25.

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76 miles by the latest route (note some of the calculations mentioned hereafter are based on an earlier route of 84 miles), to be completed in three or four years.

(2) Nelson-West Coast via the Buller Gorge; Gowan to Inangahua, 42½ miles, to be completed in three or four years.

In North Island—

(3) Napier-Gisborne via Wairoa (East Coast), Waikukupu to Gisborne, 33 miles, to be completed in four or five years, being governed by bridge requirements.

(4) Stratford Main Trunk (West Coast), Tahora to Chura, 20 miles.

These distances are approximate.

The proposed completion of the South Island Main Trunk line has roused much hostile comment. The construction of this particular 76 miles (with a train ferry service from Picton to Wellington) would make a complete railway transport system between all parts of the North and South Islands without change of carriage in the case of passengers or break of bulk or delay in the case of goods traffic. But in his Motueka speech Sir Joseph said that the Government was not going to embark on a fanciful ferry service across Cook Strait between Wellington and Picton. In his speech at Hawera on May 4 and in subsequent speeches the Prime Minister claimed that, with the completion of the gap between railheads, passengers would be drawn quite irrespective of the districts immediately served in a sufficient number to make the line payable from the jump, and that the South Island Main Trunk line would be as successful as the North Island one.

The estimates of the experts and the concensus of public opinion is, however, against him as regards the completion both of the South Island Main Trunk line and the Nelson-West Coast line. The position is put with studied moderation by the *Auckland Star* (a staunch supporter of Sir Joseph) on May 28, as follows :—

In view of the serious financial issues involved, it is to be hoped that the Prime Minister will reconsider the position carefully before coming to an irrevocable decision. No doubt Sir Joseph Ward is on

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strong ground when he maintains that the bridging of this gap in the Main Trunk would greatly increase the productive capacity of the whole line. We may further assume that the linking up of the northern and southern sections would tend to promote settlement in country still unoccupied, and would thus promote the ends that the founders of our State railway policy always had in view. But we must take also into account the competition of marine transport on the one hand and motor transport on the other; for these factors must seriously affect the solution of the problem. Moreover, though the estimated cost is moderate, the ultimate expenditure may prove to be much heavier than is now contemplated; and, on the whole, we think that the Prime Minister and the Minister of Railways will be well advised to collect further information on these points before any decisive step is taken.

Mr. Jones, in the interview already referred to, estimated the net annual loss to the State on the construction of the 84 miles (on the former route) at £140,800, and considered that if the State subsidised a motor service to bridge the gap between the present termini to the amount of £33,600, so that the user would get his goods carried at the same rate as by the railway, the State would save £107,200 per annum. The Reform Government, according to the Public Works Statement,* realised that the further prosecution of the Nelson-West Coast line would have to be seriously considered in view of the increasing efficiency of transport by road, that the introduction of a road motor service between the railway heads at Wharanui and Parnassus merited serious consideration, and that it would be necessary to investigate whether certain lines of railway (in view of the motor competition) should not be closed down altogether, but probably they had only reached the stage of what is known in parliamentary language as "keeping the matter steadily in view."

The Fay-Raven Commission,† while not feeling competent to express a decided opinion on the location or order of construction of new lines for the purposes of development, did express itself in favour of the completion of the South

* 1926, Vol. II., D 1, pp. i. and v.

† See page 26 of their report.

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Island Main Trunk line and of linking it up with the North Island Main Trunk line by means of a train ferry between Picton and Wellington, the necessary landing stations and ferry boats to cost about £500,000. This train ferry service was, in the opinion of the Commission, vital to the success of the scheme.

In consequence of this recommendation, a committee consisting of Messrs. S. E. Fay, Operating Assistant, and E. Casey, Inspecting Engineer to the New Zealand Railways, was appointed to investigate the economics of linking up Wellington and Christchurch by means of the proposed train ferry, and the completion of the line between Wharanui and Parnassus. Their report* stated that, assuming such a ferry service in operation, as far as goods are concerned, it would be impossible to compete with the direct sea freight for goods between Wellington and Lyttelton (Christchurch); that as far as passengers are concerned a day route as part of a through system was impracticable, that a night route would take at least 13 hours between Christchurch and Wellington instead of 11½ by the ferry steamer as at present, and would cost, even if no sleeping accommodation were provided, more than the present fares, i.e., Christchurch-Lyttelton rail, and Lyttelton-Wellington, by U.S.S. steamer. In consequence the committee condemned both projects, considering that the new route would attract only a small proportion of passengers, and the annual loss to the State would be too heavy.

The figures of Mr. Jones and the Fay-Casey Committee have not been seriously challenged.

A deputation of the Auckland Chamber of Commerce on June 5 urged upon Sir Joseph that the Wharanui-Parnassus gap should not be completed without a thorough investigation in the light of modern conditions and development, and the Otago Provincial Council on the same day carried a remit for the Dominion Conference of the New

* See *Appendix D to the Railways Statement and Appendix to Journals of House of Representatives*, 1926, Vol. II, D2, p. 61.

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Zealand Farmers' Union "that before proceeding with the extension of the South Island Main Trunk railway the Government should satisfy itself that the proposition is economically sound." The Wellington Chamber of Commerce has adopted a similar attitude. Sir Joseph's reply to the deputation was that he intended to ignore the Fay-Casey report entirely; he maintained that the Fay-Raven report did not advocate a train-ferry service (which is incorrect) and that in any event the Government was committed to it—the completion of the South Island Main Trunk line—in fulfilment of its pledges. Sir Joseph's difficulty is that at the election he received a large degree of support on the strength of his pledge from the Canterbury, Nelson and Marlborough districts which would be traversed by the line.

The situation is thus summed up by the *Wellington Evening Post*, on June 5, under the heading "Unaccepted Challenge."

As the public was taken into the Cabinet's confidence when the Palmerston North deviation was stopped, there seems to be no reason against—and every reason for—similar candour in connection with the acceleration of the South Island Main Trunk and other long distance railways. To say merely "long distance" is not enough. Distance is no fetish. Sir Joseph Ward came down to tin-tacks at Palmerston North. Why not at Ward—or even at Parnassus? . . . So far, however, Sir Joseph Ward has not seized the chance to expound the South Island Main Trunk position in the same way as he exploded the situation at Palmerston North. He has not accepted the unique challenge, and couched lance against lance. In his speech in Auckland he replies to South Island Main Trunk criticisms by repeating his generalised defence of long distance railways; he has not taken hold of the alarming figures published and combated them in any specific manner. . . .

And all that Sir Joseph said in Auckland last night about revenue falls and leakages (to the Treasury deficit and the railway shortage he now adds the superannuation vacuum) emphasises the need for more light. The statesman who showed how money ought to be left in the ground at Palmerston North (perhaps for ten years, perhaps for ever) should show with at least equal clarity that the money ought not to be left in the ground between Ward and Par-

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nassus. He should inquire farther on the lines where challenge has led. And the public, now knowing what the ex-chief of the railways thinks, should also be told the responsible opinion of the present General Manager.

The demands of the business community are so reasonable that Sir Joseph will meet with strong opposition in Parliament if he persists in going on without first having the economics of the line thoroughly investigated.

The Prime Minister has invited tenders for a steamship service from Dunedin via Bluff, Hobart, Melbourne, Wellington and Lyttelton to Dunedin, and via the same ports in the reverse order, sailings to be at intervals of ten and eleven days alternately, steamers to be not less than 5,000 tons gross, with a speed of at least 14 knots, to carry 250 passengers, and general cargo and cargo in cold storage. The contract is to be for two years and requires at least 70 voyages. At present the Union Steam Ship Company, Limited, runs a service every three weeks, making 17 voyages in the year, each voyage occupying about 20 days. The proposed service will be inferior to the service of 50 years ago, which was discontinued owing to the diminution of trade.

Speaking at Auckland on June 6, Sir Joseph Ward stated that he hoped

next year to have restored our finances to a sufficient position to enable us to subsidise steamer communication between New Zealand and the East. The necessity for extending New Zealand markets in the direction indicated was emphasised by the growth of tariff barriers against the Dominion's products once favourable to their reception.

Unemployment

Despite the efforts that the Government is making to relieve unemployment—and Sir Joseph Ward stated on May 3 in answer to a deputation that nearly 3,000 more men were now employed on public works than this time last year—reports from different parts of the country

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show that unemployment is increasing. In the *Monthly Abstract of Statistics*,* the Government Statistician shows that the number of applications for employment remaining on the books of the Government Labour Bureaux were 2,534 on April 16, 1928, 3,211 on April 15, 1929, and 3,335 on May 13.

On all relief works the contract system is applied on a basis of 14s. per day, and, said Mr. Ransom, the Minister for Public Works, "every man must earn it before he gets it." The report of the Parliamentary Labour party on its work in Parliament, considered by the annual conference of that party on April 3, pointed out that the Ward Government was pledged to standard wages in government employ and on relief works. This standard wage, therefore, is doubtless the price that the Government is paying for the support of Labour, but it is apparent that in many instances it attracts workers already occupied from the rougher jobs in the country, and so aggravates instead of relieving the problem of unemployment. In fact, Sir Joseph is reported to have said at Invercargill that there were people coming from Australia to swell the ranks of the unemployed, which is the obvious effect of making relief work sufficiently remunerative and attractive. "Australian methods" were advocated by a section of the unemployed who attempted to hold a meeting in the Trades Hall at Wellington on April 30, when the Trades and Labour Council had them ejected by the police. At a meeting convened by the Council to give the dissatisfied unemployed a chance of airing their views, Mr. Semple, M.P. and Mr. Fraser, M.P. firmly maintained that the Labour party in New Zealand had always stood for constitutional methods, and that it was no use anyone coming along and advocating violence. A vote of confidence in the Unemployment Committee of the Labour party was carried with only eight dissentients out of about 150 present, and the representatives of Labour proceeded by the usual method of deputation on May 3 to

* Vol. 16, No. 5, May 27, 1929, p. 41.

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the Prime Minister*and the Minister of Public Works.
In order to assist the Councils of the four chief cities—
Auckland, Wellington, Christchurch and Dunedin—to
provide work for their unemployed, the Government has
offered each city £25,000 for unemployment relief on works
other than maintenance if the City Councils will authorise
expenditure for the same purpose on a pound for pound
basis. This offer has been accepted by Wellington,
Christchurch and Dunedin. Loans are being arranged
for relief works, chiefly roads, but so far Auckland has not
availed itself of the offer. In these efforts to eliminate
unemployment the Labour party is co-operating both with
the Government and the municipalities, insisting upon
relief works being paid for at trade union rates. They
realise that the Ministry and the city councils are doing
their best, but they do not realise that it is this very insist-
ence on trade union wages for relief works that is aggravating
instead of diminishing unemployment.

New Zealand.

June 27, 1929.

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