

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH.



Volume XXV

DECEMBER 1934 TO SEPTEMBER 1935

London: MACMILLAN & CO., LTD.

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POWER POLITICS IN THE PACIFIC

THE last issue of this review contained an article setting forth the background of the Washington treaties of 1921-22 and the London treaty of 1930, and the broad issues underlying the question of their renewal or revision. The situation has developed a good deal since then. The preliminary conversations held in London between representatives of the United States, Great Britain and Japan this summer and autumn are apparently ending in deadlock, and it seems likely that before the end of the year Japan will have given notice to terminate the Washington disarmament treaty. If so, we shall be confronted by a crisis, the gravity of which is not yet generally recognised.

I. THE RETURN OF POWER DIPLOMACY

FOR about twelve years after the conclusion of the treaties of peace, international relations were conducted, broadly speaking, on the basis of the ideas implicit in the Covenant of the League of Nations. That is to say, nations accepted—either through exhaustion or through satisfaction or through conviction—the thesis of the Covenant, that the treaty settlement, combined with the *status quo*, established a world political structure, based on national self-determination; that this structure could and should be altered as justice and occasion required by some form of pacific procedure under Article 19 of the Covenant; and that attempts to make changes by

Power Politics in the Pacific

violence were outlawed, and would be resisted by the collective action of all League members under Article 11. Though the United States did not join the League, a very similar set of ideas, restricted to the Pacific zone, were embodied in the Four-Power and Nine-Power treaties, which were the political foundation for the Washington treaty to limit naval armaments.

This system was the "new diplomacy," which was to replace the "old diplomacy" of the pre-war age. The essence of the old diplomacy was not secrecy, as is often believed, but the use of power politics. Power diplomacy—which is the best word for the system—was based on the belief that in a world of international anarchy there were certain conflicts of interest and ideals which could not be resolved by agreement, but only by force. The adherents of power diplomacy, however, did not believe that war was the only or the necessary means of altering the international *status quo*. Though they were prepared, in the last resort, if circumstances warranted it, to go to war to achieve their ends, they recognised that they could often obtain those ends by a diplomacy which succeeded in putting their opponent in such a position that he had to yield as the alternative to certain defeat in war.

For fifty years after the Napoleonic wars the affairs of the Continent were settled by a loose association of the leading European Powers, generally referred to as the Concert of Europe, which was mainly concerned to preserve peace and the then existing political boundaries, and to bring about such changes as were necessary by agreement and not by war. The Concert had in view very much the same ends for Europe as the League of Nations has for the world, though it was much less democratic in concept and though no place was found within it for the small nations. The Concert was destroyed by Bismarck, who transformed Europe by the wars against Denmark in 1864, against Austria in 1866, and against France in 1870, and who substituted for the Concert the two opposing systems of the

The Crisis in Manchuria

Triple and the Dual Alliances. These groups, after playing the game of power diplomacy with varying success for a good number of years, eventually plunged headlong into the world war.

The post-war League of Nations system of concert has lasted only fifteen years. The first great blow to it was the Manchukuo incident of 1931-1932, and the withdrawal of Japan from the League. The second was the withdrawal of Germany from the Disarmament Conference and from the League in 1933. Both withdrawals implied the abandonment of League ideals and a return to power diplomacy by the nations concerned—with results for the world which are only now beginning to be understood.

II. THE CRISIS IN MANCHURIA

THE Washington treaties, like the Anglo-Japanese alliance before them, had provided for the integrity of China and the open door, and Manchuria was admittedly a part of China. But the situation in Manchuria differed from that in the rest of China, in that on the one hand the government of Manchuria was in the hands of the autocrat Chang Tso-lin and later of his son Chang Hsueh-liang, who, until just before the crisis, repudiated the authority of the Nanking government, while on the other hand Japan had extensive treaty rights in connection with the South Manchuria Railway, Dairen and other concessions, including the right to maintain a railway police force. In the conditions of 1930, there were, in effect, two competing sovereignties in Manchuria—one Chinese, but not effectively controlled from Nanking, and the other Japanese.

This was, as the Lytton Commission later declared, a situation which could not last. The liberal elements in Japan, including the Japanese Foreign Office, were anxious to try and solve the Manchurian problem within the procedure of the Covenant of the League and the Nine-

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Power treaty of Washington. The military party were of opinion that the problem was insoluble by conference, that one sovereignty had to prevail over the other if order and progress were to be assured, that a solution in the Japanese sense was essential to the future of Japan, and that the question should be settled by force as soon as a favourable opportunity occurred. They decided, like Dr. Jameson in 1895, to precipitate the issue themselves, almost certainly without the consent and perhaps without the knowledge of the Foreign Office. The question remained, when was the favourable moment? They had no doubt of their capacity to overcome Chinese resistance. The real question was whether other Powers would intervene—Russia on her own account, or the United States and the British Empire under the Washington treaties, or most of the world under Article 16 of the Covenant—and, if so, whether their intervention would be effective in compelling Japan to desist. The military party finally decided that, while the protests would be vehement, neither Moscow nor Washington nor London nor the Powers assembled at Geneva would go to war or use economic sanctions. The Mukden *Putsch* of September, 1931, was the fruit of this decision—the first move in a series of events that ended logically and inevitably in the occupation of Manchuria and Jehol by Japan, the destruction of Chinese sovereignty, and the creation of the puppet or dependent State of Manchukuo.

The diagnosis of the militarists proved to be right. There were protests in plenty, but nothing more. Mr. Stimson, the American Secretary of State, proclaimed the American doctrine of non-recognition, and, as some believe, was prepared to consider some form of economic action had he been assured of support in London. To that aspect of the question we shall return later. The central fact remains that the Japanese advocates of power diplomacy were proved right. World opinion may have been behind League sanctions and the Four- and Nine-Power treaties, but

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none of the signatories was willing to put "power" into the collective system, sufficient to deter the "power" put into the situation in the interest of their own national policy by the Japanese military element. So Japan, to use an eloquent American expression, "got away with it." Her withdrawal from the League was the inevitable result. Having succeeded in Manchuria, she abandoned the collective thesis of the League and took her stand once more under the banner of the "old diplomacy."

III. THE POLICY OF JAPAN

IF we are to judge properly the situation that will arise if the Washington treaties are denounced by Japan at the end of this year, we must first arrive at an estimate of her present-day policy. This is not easy, at so great a distance; for there are two Japans—the liberal and democratic, and the militarist and imperialist—though at present the second is completely in power.

There is no doubt that at the beginning Japan had a case in Manchuria. The *status quo* clearly could not last, though some of her own nationals doubtless contributed to the difficulties. There was a good deal to be said for the view that only Japan could bring order out of chaos there. The gravamen of the charge against Japan is that, having signed a number of solemn pledges to deal with the problem in consultation with the other signatories, she decided, under the pressure of the Araki party, to ignore these treaties and the procedure they prescribed, and to settle the question in her own interest by violence. If the pacific procedure, having been given a chance by Japan, had failed, there might have been an excuse for unilateral action. But by sweeping the treaties aside Japan has exposed herself to the suspicion that the word of those elements who have replaced the older statesmen of the past cannot be trusted. It is these elements who are now in complete control in Japan, and who are clearly directing the policy towards

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the Washington treaties which is being pursued at the present conference.

So far as can be judged, the military and naval parties take the view forcibly represented in the past by General Araki. It may be summarised as follows. Japan, with her small island territory and her rising population, now over 65,000,000, with her passionate belief in the "destiny" of her people as a civilising and ruling force in the world, cannot be content to remain an island state. Inasmuch as the outer world is pre-empted, her destiny lies on the mainland of Asia, though later, perhaps, if she succeeds there, she may go even farther afield. To-day, however, she is being driven by imperious necessity to become the controlling force in eastern Asia. This for two reasons: partly because only by developing its raw materials and food supplies, turning them into manufactured articles in Japan, and selling them back to the mainland, can she employ her people at home at a rising standard of living; partly because it is her destiny to be the leader of Asia against the physical and cultural domination of Europe and America.

For the next generation she is confronted with the task of dealing with Russia and China. How she will perform this tremendous and difficult task cannot be precisely foretold. The Washington treaties, however, give to eight other signatories, and especially to the United States and the British Empire, a controlling position in Far Eastern affairs. It is true that they allow Japan naval security in her own territorial waters; for the bases of the other two navies are each more than 3,000 miles away and the fortification of intermediate bases is forbidden. But if Japan became seriously involved in the mainland, and if the United States and the British Empire chose to combine, they could prevent Japan from carrying out her Asiatic ambitions, especially if Russia were also engaged. For the Washington treaties concede that Far Eastern questions are the collective concern of all the signatories of the Four- and Nine-Power treaties.

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From the military and naval point of view now predominant in Japan, the necessary preliminary to her great Asiatic enterprise is that she should, as far as possible, close the back door, the ocean door, to the Far East against the United States and Great Britain, and deny their right to an equal voice in Far Eastern affairs. It was because the treaties compromised the destiny of Japan that the extreme military party assassinated the principal authors of the policy of agreement embodied in the Washington treaties, and eventually overthrew the moderate parties. And the reason for the decision to denounce the Washington treaties, which, in substance, was taken many months ago, is that the present controllers of Japan mean to recover a free hand in the Far East.

The preliminary to denunciation has been a formal demand for "parity," in the form that the British and American navies should come down to a common upper "ceiling." This would mean an immense strengthening of Japan's relative position without serious expense to herself, though she might be willing voluntarily not to build up to that "ceiling" for a while. It has been clear, however, for a long time, that neither the United States nor Great Britain would voluntarily concede "parity" to Japan. Japanese parity, so far as the British Empire is concerned, means complete Japanese supremacy in the Pacific; for the British navy has also to protect Great Britain, Africa, the Indian Ocean and Australasia, and can thus keep no effective main fleet in the Far East, whereas Japan has nothing else to consider. The United States is even more firmly resolved, partly because she fronts equally on the Pacific and the Atlantic, which makes it impossible for her to keep her whole fleet in the Pacific, and partly because she is not willing to agree to Japan's having at the same time an immensely greater army than her own and an equal navy. Besides, both delegations have become increasingly convinced that the Japanese Government means in any case to denounce the treaties.

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IV. THE DENUNCIATION OF THE TREATIES

WHY has Japan apparently made up her mind that in the highly probable event of her not obtaining parity, or near parity, by agreement this autumn she will denounce the treaties before the end of the year? It would seem to be as follows. If she denounces the Washington naval treaty she will be free to build what ships she likes, and will be rid of the prohibition against fortifying or creating naval bases in her Pacific islands as provided by Article 19 of the treaty. If she denounces or ignores the Nine-Power treaty relating to China as well, she will be free from her international obligations to respect the integrity of China, and to maintain therein the open door for the trade and commerce of all nations—a principle already impaired by the Manchukuo affair. She will then be able to carry out that policy of indirect control in China which was recently outlined by Japanese official spokesmen in a number of capitals, in accordance with which those who want to trade in China will have to negotiate in Tokyo and not in Nanking. She will further be able to lease a naval base in the south of China (as European nations have done in the past) and to squeeze British trade out of the Yangtse valley if Great Britain opposes her desires. Finally, if she ignores her obligation not to fortify bases in the mandated Caroline and Marshall Islands, which she took over from Germany at the end of the war, she can acquire submarine and possibly fleet bases just north of the equator, next door to Borneo and the Australian territory of New Guinea, and between the Philippines and Hawaii.* If she can do all these things with impunity, she will obviously both have closed the back door to the Far East and nullified the collective system established for that area at Washington

* There is much suspicion, as was shown by the discussion in the Mandates Commission at Geneva at the beginning of November, that Japan has already begun to fortify bases in the Caroline Islands.

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in 1922, and she will have done so in the most effective way, not only by having the power to defend her own interests, but by being able to menace Hawaii and Singapore.

The central question the power diplomats of Japan ask themselves is whether the United States and Great Britain will object—and object effectively. It is quite true that they will be free to build up to the 5:5:3 ratio, and even beyond it, if they so desire. It is quite true that the United States will be able to fortify and make bases in the Aleutian Islands and the Philippines, and that Great Britain will be able to do so at Hong Kong. It is quite true that they will be able to lend very effective assistance to China and to solicit the support of Russia, if they wish to do so. But will they? Or will there be a repetition of what happened in Manchukuo? That is the question which people who are alive to what is really going on to-day are asking themselves. The United States will probably build to maintain her ratio—at any rate for a time. But will she do more? Will she intervene to prevent Japanese domination of China or the fortification of the Caroline Islands? Will she create a new naval base in the Philippines? The present calculation is that almost certainly the United States will not intervene, even though she may build to maintain her ratio, and that she will not fortify the Philippines. As regards Great Britain, will she build to maintain her ratio? Probably she will, with great reluctance, add to her navy because she cannot afford to see the United States with a larger navy than her own and Japan with an equal one. But will she intervene to prevent Japan from carrying out the Far Eastern plans of the military party? The answer of the power politician is that whether she wants to or not she cannot do so by herself. She may have a naval ratio of 5 to 3 against Japan, but with Europe in its present condition and with a resurgent Germany she cannot move more than a fraction of her navy to the Pacific. Her ratio there is not 5, but more nearly 1. She may be able to defend Singapore and the countries to the south, but she

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cannot make her power effective beyond the Straits in the Far East—by herself. Her Yangtse trade and Hong Kong are hostages in the hands of Japan. That is to say, Japan could take them, if she wished to do so, by force, and Great Britain could not hold them by force.

The calculation of the militarist party in Japan, therefore, is that they have everything to gain and nothing to lose by denouncing the treaties. At the best, within a few years Japan will have secured that predominant position in the Far East to which she regards herself as entitled, and will have repelled the interference of Europe and America. The power of her navy will have been doubled or trebled by the provision of bases far out in the Pacific, and in the south near the Equator, while her rivals will have done nothing effective in reply. At the worst she may be confronted by a resolute united front by the United States and Great Britain, in which case she will have to retreat. But, even so, she can always get the Washington terms whenever she likes to ask for them. So she has nothing to lose.

The central question, therefore, which is being asked in the Far East to-day is, will the United States and Great Britain stand together? The Japanese military party recognise that if the United States and Great Britain stand resolutely together in defence of the Washington system, still more if they can induce Russia also to support it, Japan cannot challenge them. It is utterly impossible for Japan to impose her will on the two English-speaking Powers, who together command such immense resources in ships, aeroplanes, finance, man-power and economic necessities, and who, if they combine, can fortify positions and maintain forces in the East which can easily frustrate Japan's larger ambitions, though they cannot attack Japan herself or enter her home waters.

But the military party do not expect that the British Empire and the United States will stand together in effective fashion. The United States is deeply pre-occupied with the problem of her own economic recovery. She is lessening

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rather than increasing her Pacific responsibilities, and she professes an intention of vacating the Philippines altogether in ten years if the Islanders wish it. Since she refused to join the League of Nations she has taken no interest in the collective system, save for a brief period when Mr. Stimson tried to co-operate with the League in the Manchurian affair. On the contrary, she is more isolationist than ever. The United States, therefore, is not likely to adopt a very forward policy in the Far East, or to arrive at a basis for co-operation with Great Britain in the Pacific, especially as such a course would look like picking chestnuts out of the fire for Great Britain, who has larger commercial interests in China than has the United States.

Great Britain, on the other hand, is increasingly pre-occupied with Europe. She literally cannot act in the Far East, except in concert with the United States, and after the experience of the last fifteen years she has lost confidence that the United States will enter into any specific obligation or will take action rapidly and decisively. Hence the present British Government has never been at pains to conceal from Japan that it was not really so very hostile to the Manchukuo adventure, that it does not wish to join in any combination against her, and that if possible it is anxious to be friends with her, provided vital British interests are secure. The fundamental reason, of course, has not been approval of Japanese policy or dislike of the United States, but a weakness, amounting almost to impotence, in the Pacific, in the event of a single-handed clash with Japan. Finally, it has been the lesson of history ever since the days of Athens that democracies are proverbially slow in facing situations such as these and in acting decisively in them.

Up to the present, therefore, the Japanese military party have seen no reason for fearing the resolute Anglo-American co-operation in the Pacific which alone might induce them to renew, in substance, the Washington treaties. Indeed, hitherto, the United States has never varied from her

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fundamental determination not to enter into any special commitments, whether with Great Britain, or for the collective system in the Pacific, or with anybody else. She has regard solely for her own interests. And the British Foreign Office, convinced that no definite obligation will be undertaken by the United States, has not varied from its determination not to form part of an Anglo-American front against Japan, even though it is Japan who is proposing to tear up the Washington treaties. It is trying to play equally with both sides. From the point of view of a power diplomat in Japan, is not therefore the obvious course to denounce the treaties and to play a hand which may be vastly more profitable if also vastly more dangerous than that played in Manchukuo two years ago?

V. THE CHOICE BEFORE GREAT BRITAIN

THE crisis that will arise if Japan denounces the Washington treaties and destroys the collective system therein set up will present three possible alternative policies for the British Commonwealth. The first is to build *pari passu* with Japan so as to maintain the ratio of 5 to 3, and to station a much enlarged fleet at Singapore and in the Pacific so as to defend British interests and the Washington principles in the Far East. The objection to this course is that it is expensive, and that, in itself, it must lead inevitably to a collision with Japan, in which Great Britain, by reason of the distance from her main home base, would be at a great disadvantage. Could she, by herself, resist the squeezing out of British trade on the Yangtse or the creation of a naval base in south China?

The second possibility is to try to come to terms with Japan while retaining friendly relations with the United States. This is a policy that has had many advocates, especially among the services. It has been seriously considered by the British Government. It seems to solve

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the problem. Why not get back to the situation as it was under the Japanese alliance? That alliance worked very well from 1902 to 1922. It did not embroil us with the United States: indeed, there was a clause relating to arbitration which excluded the United States from its operation. It prevented the Sino-Russian war from developing into a general war and saved Japan from being interfered with, as she had been after the Sino-Japanese war. It enabled Great Britain to remove almost the whole of her fleet to the North Sea to meet the menace of the growing German navy, while the security of eastern parts of the Commonwealth was assured; and it kept Japan—though for a moment the issue was in doubt—on the Allied side during the world war. It therefore served very well the interests of both sides and kept the peace of the Pacific. Why should we not come to some similar arrangement now, while still maintaining the most friendly relations with the United States?

Attractive as this proposal seems, the more closely it is examined the less practicable does it appear. In the first place, the position and purpose of Japan have entirely changed. Then, Japan was a small nation, thinking mainly of her own security as against Russia and how she was to protect herself against European intervention. Now she is a powerful State, at present in the hands of what is practically a militarist dictatorship. The Anglo-Japanese alliance provided for the integrity of China and the "open door." To-day it is the avowed policy of the present rulers of Japan to impair both. Then, British and Japanese interests did not conflict. Now they conflict abruptly, in China, in trade all over the world, and in naval matters. If there is to be an agreement with Japan it will only be because Great Britain pays a price that makes it worth Japan's while. She will not enter into an understanding with Great Britain merely to maintain the principles of the Washington settlement. If she was prepared to uphold those principles she would renew the treaties and

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thus keep on good terms with the United States as well. Before her present leaders would guarantee the security of British possessions and trade in the East, they would require in return agreement to new Japanese fortifications, to the ending of the collective system, and to some such arrangement as a non-aggression treaty compelling us to be neutral in the event of trouble between Japan and the United States. The net result would be that we should be left helpless and impotent between Japan and a United States which would certainly refuse to come into line.

Could Great Britain make such an agreement with Japan without both estranging the United States and breaking up the Commonwealth—and incidentally damaging her trade with the Chinese irretrievably, by deserting China in her hour of need? There is no need to elaborate the effect on United States opinion of our being willing to abandon the principles of the Washington treaties in order to enter into a special arrangement with Japan, which would force us to be a neutral, friendly to Japan, in the event of a Japanese-American crisis. Canada, as in 1921, would inevitably take the same view as the United States. So probably would the Irish Free State and South Africa. General Smuts said so unmistakably only a few weeks ago. Australia and New Zealand, driven to choose between the United States and Japan, would certainly prefer the greatest "white" Pacific Power.

Our moral position in coming to special terms with the nation that had violated the Covenant and the Four-Power and Nine-Power treaties would be open to grave reflection. Nor would we even have reliable material advantages to set against the moral stigma; for in view of our experience with the Nine-Power treaty how long would the agreements be effective as security for the British Commonwealth in the Far East? Would they last any longer than it paid the Japanese military party to respect them? And, finally, what would be the effect on that intangible but very real thing, our prestige in India and the East—indeed, in the world—if

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in our weakness we came to terms with a militarist Japan, obviously because we were afraid of her, thereby delivering a further blow to the liberal forces in Japan itself? There is clearly no passable road in the direction of a special understanding with Japan.

We come now to the third alternative—co-operation with the United States in dealing with the Pacific problem on the broad principles to which we agreed at Washington in 1922. The primary difficulty here is the isolationist policy of the United States. Her rejection of the League of Nations, her infliction upon Europe of the disasters that arose from her sudden withdrawal in 1920, the purely nationalist view of war debts and reparations that she has adopted, and her refusal to take part in any collective organisation for peace—save the Kellogg Pact, which at present is a mere statement of principles—have convinced the rest of the world, and Great Britain in particular, that it is impossible to found a policy on co-operation with the United States in *action*. We can agree on principles of policy, but not on the means whereby the policy is to be made effective, if peaceful agreement should fail. Yet co-operation in the Pacific between the United States and Great Britain, in the circumstances outlined in this article, is possible only if the United States is prepared to act. Great Britain cannot embark upon any active policy which may induce Japan to use force, or may involve the use of force by herself, beyond the line Singapore—Borneo—New Guinea—New Zealand, unless the United States is also engaged. And the reason is clear: while the United States is able to deploy formidable power in the Pacific, Great Britain is able to deploy but a small amount of power, though the two acting together are immensely strong.

On the other hand, there is no use in our putting all the blame on the United States. In 1932 it was Sir John Simon and the British Foreign Office—acting, no doubt, under pressure from the Committee of Imperial Defence—

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who destroyed the Anglo-American co-operation on the Pacific question that Mr. Stimson, then Secretary of State, was striving to bring about. This is not necessarily to endorse the view that, if from the start the United States, Great Britain and the League had maintained a strong and united diplomatic front on purely pacific lines, Japan would have yielded, and the liberal forces in Japan would have recovered their power. There is a great deal to be said for the British view that nothing that was open for anybody to do in 1931-32 could have prevented the evolution of Japanese policy in Manchuria, unless it had been made clear from the start that the Powers of the League, together with the United States and Russia, were prepared to use sanctions, if necessary, up to the point of war. Historians will debate this issue to the end of time, and the answer will remain uncertain. The charge against Sir John Simon is that when Mr. Stimson, with the backing of President Hoover, had committed the United States to co-operation with the League of Nations, and with Great Britain in particular, in trying to maintain the collective system as formulated in the Washington treaties, this co-operation was flouted by Great Britain. The British Foreign Office seldom missed an opportunity of making clear to Japan and the world that it did not associate itself with the views of the United States, even though in the end it came down in favour of the League declaration of non-recognition. The real case is not that the Manchukuo policy failed, but that Sir John Simon and the Cabinet did not see the supreme opportunity for bringing the United States into active co-operation with the collective system in the Pacific, had they seized the chance presented to them by Mr. Stimson.

On both sides, therefore, the chickens of non-co-operation are coming home to roost. The defection of the United States in 1920 has made the rest of the world believe that they cannot do business with her. The defection of Great Britain in 1932 has left her to face the far more dangerous Pacific situation of 1934-35 alone.

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None the less, Anglo-American co-operation is the only way of solving the problem and of avoiding a far more serious crisis later, when the result would almost certainly be a world war. This co-operation should in no way be anti-Japanese—unless a militant policy on the part of Japan makes that inevitable. There is, we think, a great deal to be said for Japan's view of the Manchuria situation, though nothing for the way in which she broke her engagements. We believe that the whole Far Eastern problem should be reconsidered in the light of events in the last twelve years, and that the claims of Japan to an altered status should be given friendly consideration. We wholly endorse the words of General Smuts on this point in his speech of November 12. But there are three essential conditions. The first is that the political discussion should take place round a table and not under threat of power diplomacy, and that it should maintain the principle of the collective or joint settlement of Far Eastern disputes. The second is that the new settlement should give real security to the three Powers principally concerned, partly by a limitation on the number and types of naval armaments, and partly by a scheme of non-fortification precluding any one Power from imperilling the security of the others. The third is the maintenance of the integrity of China and of the "open door." These are the real issues that will be raised by the denunciation of the treaties. Does Japan mean to abandon these principles and to play a lone hand? There are many ways in which they could be preserved without perpetuating the 5:5:3 ratio, which is now so obnoxious to Japan, and while admitting the special position that Japan must necessarily occupy in the Far East, so long as she respects the basic Washington principles.

We believe that if the United States and the British Empire make it perfectly clear during the next few months that they mean to uphold these basic principles, while doing the fullest justice to Japan's political claims, and to stand together in supporting them should no tripartite agreement

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emerge, then a friendly solution can be reached. For the militarists understand that kind of argument and will yield to it, while it will help the "elder statesmen" and the liberal elements to see clearly that the policy of the young militarists must sooner or later force on a war in which the United States, the British Commonwealth, Russia and China would be combined against Japan, and that that way destruction lies. Provided the two great English-speaking Powers are ready to recognise Japan's special position, to make such modifications in the naval terms as are compatible with those basic principles, and above all to stand resolutely together in defence of their policy, then it should be possible to persuade Japan that on the long view it is the wisest policy for her to remain on good terms with them and to continue to settle Pacific problems in friendly co-operation with them.

But if the two English-speaking Powers fail to come together, still more if they act separately, if Great Britain begins to talk of coming to terms with Japan on her own account, as some of her leaders have done, and if the United States insists on acting alone in the Pacific, refusing any undertaking to support the Washington principles by collective action, the Japanese militarists will win without serious difficulty the position they are seeking. They will repeat on a far greater scale the power diplomacy which succeeded so well in Manchukuo, but which eventually leads those who practise it to the abyss in which Germany has found herself since 1914.

VI. THE DOMINIONS, THE UNITED STATES, AND JAPAN

GRANTED the need for Anglo-American co-operation in the Pacific in support of the Washington principles, we must go on to ask what are to be the terms of that co-operation, if and when the question of power should arise. There is a limit to what Great Britain can do.

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Great Britain to-day is in the firing line, so to speak, in the North Sea, along the French and Belgian frontiers, in the Mediterranean, at Suez and on the desert frontier at the head of the Persian Gulf, along the Indian frontier, at Singapore, and so to Australia and New Zealand. Both in self-defence and in support of the collective system in Europe she has to bear the brunt. Even that line she can barely hold by herself. She cannot extend it across the Pacific, though her contribution in support of such a Pacific line in co-operation with others would be very great. What is to be the contribution of Canada, Australia, New Zealand, South Africa and India to the solution of the Pacific problem? It is their problem even more than Great Britain's—and in the realms both of diplomacy and of air defence they have much to offer.

Even more important, what is to be the contribution of the United States? If Great Britain is to co-operate with her in the Pacific, she must know where America stands, just as America is entitled to know where Great Britain stands. Great Britain cannot afford to oppose Japan, and then find that she is left to deal with the situation alone; for while she is powerful in support she is almost powerless alone. Rigid isolationism on either side is incompatible with Anglo-American co-operation in the Pacific. The United States, even though she still refuses to support the collective system in Europe, must become part of it in the Pacific, if the Washington system is to survive.

These are very vital questions. They may come up for discussion between the United States and Great Britain at a very early date. They will have to be considered at the meeting of Empire Prime Ministers next May, if, as seems certain, the treaties have been denounced by Japan. They are the gravest issues that have confronted the Commonwealth since the world war. For the breakdown of the collective system in the Pacific would almost inevitably be the final blow to its effective continuance in Europe also.

Finally, let us add, this article is written in no spirit of

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hostility to Japan. The British people have long had an admiration for the people of that country. But their admiration was founded on the wise, moderate and statesmanlike policy which Japan pursued under the guidance of her elder statesmen. It is the best friends of Japan who are now most anxious about her future, lest she abandon co-operation with her associates in the Washington treaties, follow the lead of her short-sighted young militarists and power diplomats, and embark on a course which can only lead herself and everybody else to disaster. Hence our belief that the only wise course for everybody is to renew the Pacific concert in some form which safeguards its two basic principles of security for all and collective guarantees for the integrity of China.

IRELAND AND THE COMMONWEALTH

Note.—The following article has been written at the request of THE ROUND TABLE by a citizen of the Irish Free State who is a close observer of its political movements. His distinct Nationalist sympathies do not prevent him from regarding the problem of the relations between Great Britain and Ireland in the light of the wider interests of the British Commonwealth as a whole. The views that he expresses are his own, and are not in any sense to be taken as those of THE ROUND TABLE. We hope to publish later an article or articles on the Irish problem, expressing the views of other sections of opinion, especially in Northern Ireland, but likewise inspired by a regard for the welfare of the whole Commonwealth.

* * * *

It is too probable that no plan we propose will be adopted. Perhaps another dreadful conflict is to be sustained. If, to please the people, we offer what we ourselves disapprove, how can we afterward defend our work? Let us raise a standard to which the wise and honest can repair; the event is in the hands of God. George Washington at the Philadelphia Convention, 1787.

THIRTEEN years have passed since the Anglo-Irish Treaty was signed in December, 1921. Many people, on both sides of the Irish Sea, hoped and believed that the Treaty would end, for our time at all events, the secular struggle between England and Ireland, and that the new Irish Free State would take its place as a contented and prosperous unit of the British Commonwealth, in the creation of which its people had played such a

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considerable part. It seemed reasonable to suppose that the soothing effects of time, experience, and common sense would bring to Ireland, as they had brought in somewhat similar circumstances to Canada and South Africa, eventual unity and peace. These hopes have, unfortunately, not been fulfilled. The Irish problem remains—removed, it is true, from its former position as a domestic quarrel confined to these islands, into the wider domain of Commonwealth affairs, but perhaps all the more serious in its implications on that account. In those thirteen years the influence of Ireland has revolutionised Commonwealth relations. It is time that some attempt was made to consider impartially the origin of this problem, the developments that have recently taken place, and their predictable effects. The purpose of this article is, therefore, to examine frankly the reasons, political and historical, why Ireland still remains England's greatest unsolved problem, to point out the immediate and probable results—particularly in relation to the Commonwealth—of the failure to solve it, and to suggest, if only tentatively and in all humility, a possible approach to a solution, honourable and satisfactory alike to both countries.

I. THE HISTORICAL BACKGROUND

THE facts that govern and create the present situation in Ireland are relatively simple, the historical reasons for their existence complicated. It is essential to understand both one and the other if right conclusions are to be arrived at, for Ireland's present condition is the result of her past history and her geographical position. Ireland in relation to Europe is an island beyond an island, shut off by Great Britain from European invasion and influence, and in turn shielding Great Britain from the enervating currents of the Atlantic. This physical proximity has had inevitable political results. Whilst England remained

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a small unimportant country Ireland was free and prosperous, but as soon as the British people began to become strong and powerful they sought, naturally enough, to control the sister island in order to strengthen their own economic and strategic security. An independent Ireland would undoubtedly then have been a serious menace to the growing British realm. If the two peoples had been fused into one, the Irish question would not have arisen.

But Ireland was not only an island; it was also inhabited by a distinct Celtic race, who refused to be assimilated by their Norman and Saxon neighbours. And to the difference of race was later added that of religion. Converted to Christianity in the fifth century, Ireland remained Catholic at the Reformation, which thus raised fresh barriers between the two countries. Religious persecution increased racial hatred, and for two centuries poisoned the wells of national intercourse, with permanent and disastrous results. At the same time England planted in the north-eastern corner of the country a Protestant colony of Scotch and English origin—a foreign body that, unlike most others, has never since been entirely assimilated by the Irish people. It is almost impossible to exaggerate the importance of these events in widening the breach already existing between the two islands and perpetuating its existence. The penal laws of the eighteenth century reduced the country to complete servitude. But the desired end of extirpating the Catholic religion was not attained. Its rites were practised in secret, and the number of apostasies was infinitesimal. The Catholic gentry fled to the Continent for education, and served bravely and with distinction in the armies of France, Austria, and Spain against their persecutors.

Finally, the subordinate parliament of the Anglo-Irish Protestant ascendancy, which had been established in Dublin, influenced by the American Declaration of Independence, demanded legislative freedom; 200,000 Irish Volunteers, enrolled to safeguard Ireland against a

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French invasion, presented a demand which could not be ignored. In 1779 the Irish Government secured the abolition of all commercial restraints, and in 1783, by the Renunciation Act, the English Parliament yielded to the threat of force and renounced formally for all time its right to legislate for the people of Ireland. No bond, save that of the Crown, united Ireland to England; she had become a sovereign and independent nation. Grattan, the leader of the Irish Parliament, perceiving the necessity for national union to maintain what he had won, did not hesitate to tell his co-religionists that the Irish Protestant would never be free while the Irish Catholic was a slave. The question was, he said, whether they were to be an English colony or an Irish nation. Unfortunately, no adequate steps were taken to emancipate the Catholic population. A new era, however, seemed to have begun for Ireland. Once the English commercial restraints were removed, economic prosperity returned as though by magic.

But if the American Revolution had furnished the inspiration for Irish independence, the French Revolution was destined to destroy it. Its doctrines spread to Ireland. In Belfast, strange to say, the more advanced spirits desired complete separation from England, and dreamed of founding an Irish republic. The republican ideal, which soon came to signify separation rather than a theory of government, had taken root in Ireland. Under Wolfe Tone, the United Irishmen, sprung from the Volunteers, advanced in the direction of Jacobinism. This was the English Government's opportunity. Shocked by the excesses in France, the large body of moderate opinion in Ireland, both Protestant and Catholic, deserted the leaders of the United Irishmen; instead of a united nation, the Government had now only to deal with a small body of revolutionaries. After 1793 it was able to disarm and disband the Volunteers. Their leaders sought aid in France, and Hoche made a vain attempt to land in

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Bantry Bay. The party of coercion gained the upper hand in Dublin Castle, revived the spirit of religious discord, and finally, by measures of excessive cruelty, provoked the rebellion of 1798, a mere rising of peasants maddened by provocation, which was easily repressed. Wolfe Tone, captured in French uniform, was tried and condemned to death, but committed suicide. Like most Irish patriots more powerful in death than in life, he became the father of the Irish republican movement. A reign of terror followed. The Irish people were once more crushed, and the English oligarchy in Ireland was confirmed in its privileges.

The Union of 1800 was the immediate outcome of the insurrection of 1798, as it was the less immediate result of the bloodless revolution of 1782. The Irish Protestant Parliament, which had secured its independence and was about to unite the Irish nation, paid the penalty of destruction, and was merged in the Parliament of Westminster. England wished to have done with the Irish nation, the Irish Parliament, and the rights of Ireland. Pitt could have imposed the Union upon Ireland by force, but he preferred to carry it by corruption. The unbribed intellect of Ireland was wholly against the measure, but votes were bought wholesale, and every official who opposed it was dismissed.

Half a century later, the famine of 1847—caused by the failure of the potato crop in three successive years—led to an exodus of the people to America, which continued intermittently for eighty years, and has profoundly influenced the social life and foreign policy of the United States. The Irish exiles carried with them abroad a hatred of English rule which had far-reaching results. After six centuries of invasion, wars, plantations, massacres and persecutions, Ireland under the Union, during nearly the whole of the nineteenth century, remained bound to England against her will, subject to civil and political oppression, and to economic and financial exploitation, but

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also, through many of her most gifted sons, contributing in no small measure to the administration and development of the growing British Empire. She never really renounced her national rights, and never ceased to struggle for their recognition, making use by turn of two different methods, one constitutional and parliamentary, by which O'Connell secured Catholic Emancipation and sought to repeal the Act of Union, and Butt, Parnell and Redmond worked for Home Rule—that is to say, a moderate measure of self-government within the Empire; the other revolutionary, working sometimes through passive resistance to English rule and internal reconstruction—the policy of Young Ireland in 1848, and Sinn Fein in our day—and sometimes through armed insurrection—the policy of the Fenians and afterwards of the Irish Republican Army, whose object was complete separation from Great Britain and the British Empire. Between these two policies Ireland alternated regularly for a hundred years. When one flourished the other declined; whenever constitutional action was paralysed or destroyed, unconstitutional action took its place. What English statesmen refused to yield to argument they invariably conceded later to violence.

Unfortunately, during this process, Ireland became a pawn in the English party struggle. Irish votes at Westminster were given to the party that was prepared to yield most to Irish demands. English political life was disorganised by Irish discontents. On several occasions the Irish problem might have been solved by agreement if English politicians had been prepared to forget party advantage in the interests of international peace. Such opportunities presented themselves in 1885, in 1914 at the outbreak of war, and in 1916 after the rebellion, but party always triumphed over reason, and the struggle went on until the Coalition Government, in 1921, yielded to force far more than Irish statesmen had sought by constitutional methods.

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For forty years before the war constitutional action held the field in Ireland. Under Butt, Parnell and Redmond, the National Parliamentary party, encamped at Westminster, wrested from a hostile English Parliament large measures of social and agrarian reform. In 1898 local government was granted by a Conservative Government. From that moment England could not look back. She had either to grant full legislative freedom or abolish the pretence of parliamentary government in Ireland. In 1904 an almost unknown Dublin journalist, Arthur Griffith, had started a new policy in Ireland by the publication of a pamphlet, in which he drew an interesting parallel between Hungary and Ireland, and demanded that Ireland should take her stand on the Renunciation Act of 1783, and refuse to send members of Parliament to Westminster. Thus was initiated the Sinn Fein movement, meaning "We Ourselves," so called to indicate that it was based on a policy of national self-reliance. It demanded the restoration of government by the King, Lords and Commons of Ireland; and its aim was then in no sense republican. But the success of the National Parliamentary party in obtaining the introduction of a Home Rule Bill and other ameliorative measures prevented the new movement from attaining large proportions, and, at the outbreak of the war, John Redmond spoke for a virtually united people when he offered to England in a few touching and simple words Ireland's moral and material support. Ireland, in Sir Edward Grey's famous words, was "the one bright spot on the horizon of the Empire and of the world."

The generous nature of Redmond's offer was, however, unfortunately not recognised, and the opposition of Ulster was allowed to destroy a great opportunity that never recurred. Two years before, Sir Edward Carson, with the full support and encouragement of the English Conservative party, had formed a provisional government in that province to resist Home Rule. This government was

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backed by a trained force of volunteers, fully armed. But the germ of revolution is infectious. The extreme element in nationalist Ireland, seizing this heaven-sent opportunity, called upon the young men of Ireland to join the Irish Volunteers, to "defend and uphold the rights and liberty of the whole Irish people." Redmond, like Grattan, tried to adapt this new instrument to his policy, but the English Liberal Government, at last perceiving the error of its ways, and reluctant to concede to nationalist Ireland what it had been afraid to deny to Ulster, proceeded to prohibit the importation of arms. When the Irish Volunteers, like their Ulster brothers, sought to import them a few days before the outbreak of war the attempt ended in bloodshed. The Liberal Government had attempted to appease Ulster by offering to exclude for six years from the Home Rule Act those Ulster counties which voted for exclusion. Redmond accepted this offer, but Carson refused, insisting that the exclusion should be permanent and should be applied to the whole of Ulster. A conference, summoned by the King to find a solution just before the outbreak of war, had led to a complete breakdown of negotiations.

At last the Home Rule Act was passed, on September 18, 1914, but its application was suspended until the termination of the war, and the British Government pledged itself not to coerce Ulster. Nationalist Ireland felt that it had sold its birthright for a mess of pottage. Nevertheless, two years after the war had begun, over 200,000 Irishmen were serving with the British forces on sea and land, in spite of malignant official ill-will and opposition. Faced with these events, the Irish people naturally relaxed their efforts, recruiting fell off, the anti-British spirit strengthened and became active. They had given freely and received nothing in return. Redmond, they felt, had been betrayed. The small extremist minority of the Volunteers, who had broken away from the main body when it accepted Redmond's policy at the beginning of the war, encouraged

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by the Irish in America, entered into negotiations with the German Government and on Easter Monday, 1916, raised a rebellion in Dublin. It was not an Irish rebellion, but a rebellion of a small minority in Ireland. After military operations, in which much blood was shed and valuable property destroyed, the revolt was suppressed. The Irish people as a whole were at first surprised, alarmed, disgusted. Had the rebels been treated with indulgence, even sent home, they would have been covered with ridicule and ceased to count. Instead, sixteen were executed, and thousands imprisoned and deported. Almost overnight they became heroes, and the Irish republic they had proclaimed became for the first time a reality in Irish hearts. In one day all the suspicion and distrust which forty years of patient work had largely allayed were revived.

The British Government, seeking to repair its mistake, offered at last to put the Home Rule Act into immediate force on conditions which Redmond and Carson alike accepted, but the die-hard Conservative element in England refused to agree, the Government gave in, and the resentment of Ireland was accentuated. The failure of Mr. Lloyd George's Government in 1918 to implement the majority report of the Irish Convention, which recommended a modified form of Dominion Home Rule with safeguards for Ulster, increased this resentment. The Convention had, it seemed, served its purpose by shelving the Irish question till America was fully blooded in the war. The attempt to enforce conscription was the last straw. The people felt that constitutional agitation had failed. Once more they turned to extreme men and extreme measures.

Among the leaders of the 1916 rebellion was a young Irish American, Eamon de Valera, whose foreign origin had saved him from execution. Upon him devolved the leadership of the new revolutionary movement, which, at the general election of 1918, swept away the old Irish Parliamentary party. In 1917 it had already absorbed Griffith

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and his Sinn Fein movement, which then adopted the republican formula and declared that "Sinn Fein aims at securing the international recognition of Ireland as an independent Irish republic," but, that being secured, "the Irish people may by referendum freely choose their own form of government." This strange formula was an attempt to reconcile the conflicting aims of Griffith and the doctrinaire republicans, which later came to an open clash over the Treaty. For three years the leaders of the new movement, by guerilla warfare and political agitation, which included abstention from Westminster, struggled to attain their ends. This struggle culminated and concluded in the Treaty of 1921. The Home Rule Act of 1920, a measure which, for the first time, permanently excluded Ulster from any future scheme of Irish self-government and set up subordinate parliaments for North and South, had been contemptuously rejected by nationalist Ireland.

There emerge from this rapid survey some salient facts which must be emphasised. Ireland is obviously in a unique position amongst the nations of the British Commonwealth. While it is the youngest member of that association, it is also its oldest nation, a mother country, not a colony. Unlike the Dominions proper, it has achieved its present position as the climax of a long and often bitter struggle for national freedom, complicated and intensified by religious persecution. The Irish Free State is the result of revolution rather than evolution. Geographically nearer to England than the other Dominions, in race and religion it is much further away.

The great majority of the Irish people have never been actively loyal to the British Crown; at the most they have only passively acquiesced in conditions they were powerless to change or prevent. But it is only right to point out that, in spite of Ireland's proximity, royal visits have been few and far between. The Irish people are strongly inclined to personal loyalty, and would have responded quickly to

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proper treatment in this matter. Finally, whereas the political development of the other Dominions has been the result of an agreed British national policy, Ireland has been a pawn in the British party struggle, the victim by turns of cajolment and coercion. Northern Ireland, neither province nor nation, is the fruit of that unfortunate fact. The Treaty, as we shall now see, was the direct result of all these influences. It did not, unhappily, exorcise the demon of distrust, which is the real root of Anglo-Irish misunderstanding.

II. THE TREATY AND ITS RESULTS

THE Treaty was a compromise, won by armed rebellion from Great Britain, and considered in Ireland preferable to a renewal of war. Like most treaties, it is an agreement which neither party can honourably repudiate as having been exacted by force, and one which it is morally and legally indefensible to ignore. During the preliminary negotiations Mr. de Valera had claimed the recognition of Ireland as an independent State associated with the British Commonwealth, and had finally agreed "to examine how the association of Ireland with the community of nations known as the British Empire could be reconciled with Irish national aspirations." This formula did not imply, on the part of England, a complete renunciation of its control, or, on the part of Ireland, an admission of allegiance. Unfortunately, it was capable of two interpretations. Mr. Lloyd George construed "the association of Ireland" with the Commonwealth as meaning "within" the Commonwealth, whereas Mr. de Valera was determined to accept only an external association, and, for him, "with" therefore meant outside the Commonwealth. This demand for external association (which really differs in no way from an ordinary international alliance) is still the basis of his policy. Apart from these fundamental differences, serious difficulties

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arose during the negotiations concerning the oath of allegiance to the Crown and the position of Northern Ireland. After two months of negotiation the Treaty was signed, but not before Mr. Lloyd George had pointed out that the alternative was an immediate renewal of military operations in Ireland.

The Treaty provided that the new Irish Free State should have the same constitutional status as Canada, with the usual parliamentary form of government. The six north-eastern counties of Ulster, in which the Home Rule Act of 1920 had set up a subordinate parliament, were given the choice of contracting out, of which they immediately availed themselves. The transformation of "Dominion status" which the Treaty brought about was exemplified in three innovations: the conversion of convention into law, the use of a new form of parliamentary oath, and the incorporation of the settlement arrived at in the legal frame of a treaty. The oath prescribed by the Treaty was not the old unqualified oath of allegiance. It pledged allegiance only to the Constitution, under which the King derives his sole authority from the sovereign will of the Irish people. But, although the Treaty in effect constituted a recognition of Irish sovereignty, the State thus recognised had agreed under its terms to accept Dominion status. The settlement, in fact, followed closely the original policy of Sinn Féin, except for the exclusion of Northern Ireland. The British Government formally acknowledged the Irish demand for an undivided Ireland by agreeing that the Free State was to embrace the whole country, until Northern Ireland decided to exclude itself. The ink of the signatures to the Treaty was hardly dry when Mr. de Valera repudiated the action of the Irish representatives. Nevertheless, in spite of fierce opposition, the Treaty was finally approved by the Irish Parliament and the Irish electorate. Then came chaos and civil war, which left a permanent legacy of personal bitterness between the leaders involved.

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The Cosgrave Government, which brought this struggle to a successful issue, remained in-office until 1932, having in the meantime survived three general elections. From the very outset their policy in relation to the Commonwealth was definitely centrifugal. Ireland was clearly not a Dominion, as that term had been hitherto understood. The automatic transplantation of the Dominion form of government—which derived its strength from its very lack of precision, under quite different psychological, geographical and economic conditions—to a nationally self-conscious European people in close proximity to Great Britain, distrustful of its neighbour, and bent on strictly defining its position and asserting its rights, was bound to involve far-reaching consequences, both for the mutual relations of the two countries and for the Commonwealth as a whole. The monarchical framework of Dominion status was adopted, but it was subjected to so restrictive an interpretation as to nullify it in both form and substance. The Constitution of the new State was the first example of these tendencies; for it derived from the enactment "in the exercise of undoubted right"* of an Irish Constituent Assembly, which acknowledged "that all lawful authority comes from God to the people," and, whatever the value of this declaration, implicitly denied any other authority. Although its structural design was that of a limited monarchy, its tenour was essentially republican. A king, invested with the attributes of a constitutional monarch, was the head of the State, but he was king *et praeterea nihil*, in a system of government which "derived all authority from the people of Ireland."† A pronouncement of such theoretical character and revolutionary antecedents would clearly have found no place in the constituent Acts of the other British Dominions, which derived all their legal authority from the British Parliament.

The first article of the Constitution stated that the Irish Free State was "a co-equal member of the community of

* Preamble to the Constituent Act. † Article 2 of the Constitution.

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nations forming the British Commonwealth of Nations," and this emphasis on distinct nationality dominated from the beginning the whole policy of the new Free State Government. It adopted at once a distinctive national flag, the green, white and orange tricolour of the abortive Irish republic, symbolising in its colours the eventual unity of Ireland, and a national anthem, "The Soldier's Song," which had been the inspiration of the republican army. Its postage stamps and coins ceased to bear the King's head, its stamps showing instead an inaccurate political map of an undivided Ireland, and its coins the fauna of the country. These things, small in themselves, were deeply significant.

More important developments were to follow. The Irish Free State Government insisted that the Governor-General should be appointed by the King on their exclusive advice, that they should have direct approach to the Crown, and be granted a Great Seal for their own use. The concession of this last claim was of fundamental importance; for it removed the power which the British Government had possessed of securing consideration of any proposed international action. The office of Governor-General was divested of all discretion, and restricted to those formal functions in which he acted merely as a symbolic embodiment of the general will. In all but name he became the merely titular head of an autonomous State with less power than any republican president. As regards the right of appeal to the Judicial Committee of the Privy Council, which the Constitution reserved, the Cosgrave Government insisted on its being reduced to cases where international issues were raised, and where this restriction was ignored they reversed the Committee's decisions by statute. They finally pressed for its complete abolition. Their designation of the Minister for Defence, instead of the King, as Commander-in-Chief of the Free State army is another instance of Irish insistence on the internal sovereignty of the Free State, an insistence still more

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forcibly emphasised in the phrasing of the military oath, which contains no reference to the Crown.

In the domain of external affairs the Cosgrave Administration were equally determined to enlarge Irish freedom. They appointed Ministers to Washington, Paris, Berlin and the Vatican. A papal nuncio in Dublin established for the first time official relations between Ireland and the Vatican, thus formally recognising a unique spiritual relationship. In signing the Optional Clause concerning the submission of international disputes to the Permanent Court of International Justice, and the General Act of 1928 for the pacific settlement of international disputes, the Free State made no reservation concerning disputes between members of the British Commonwealth, as had been done by Great Britain, the other Dominions and India. In February, 1929, during the King's illness, the Free State Government insisted that only the royal members among those authorised to sign on his behalf should act as signatories of the ratification of treaties and similar documents, because only they could be said directly to represent the King. Finally, as the result of the discussions at the Imperial Conference of 1926 and 1930, the Free State Government were largely responsible for the passing of the Statute of Westminster, which prevents the British Government from legislating for any Dominion without its consent. As a result, the constitutional powers of the Irish Free State are limited only by the Treaty of 1921.

Whilst the Cosgrave Government had been content to enlarge the freedom of the Free State by negotiation and mutual agreement with the British Government within the terms of the Treaty, Mr. de Valera's Government have altered the Treaty without negotiation and without regard to the international convention that documents of such a nature should only be altered bilaterally. Elected to office in 1932 on a programme which promised as its main features the abolition of the oath of allegiance and the retention of the land annuities paid by the Irish farmers to

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the British Treasury in repayment of the loans raised to provide money for the purchase of their holdings, they promptly proceeded to put this policy into effect, and obtained an increased majority at a second election in January, 1933. Mr. de Valera coupled his republican train to the land annuity engine, with remarkable results. In spite of much opposition, his Government abolished the oath of allegiance, thereby committing a clear breach of the Treaty. They followed this up by abolishing the appeal to the Privy Council, and the last formal rights of the Governor-General to recommend the appropriation of money, and to withhold assent from or reserve Bills. In October, 1932, they forced Mr. McNeill, the Governor-General, who had publicly resented the insults to which they had subjected him, to relinquish his office, and appointed in his place an elderly country shopkeeper, who, installed in a suburban villa, refuses to take any part in public affairs. They have publicly stated that their next step will be to abolish the office of Governor-General—which, indeed, would be more honest. Short of declaring a republic, it is difficult to see what remains for them to do.

The financial dispute with Great Britain they have refused to submit to Commonwealth arbitration, but they are prepared to leave the issue to the Permanent Court of International Justice. If the Treaty of 1921 was an international instrument, as they contend, they are clearly within their rights in taking this attitude, and cannot, therefore, be deemed in default. But it is clear that this question is merely subsidiary, and an accommodation could easily be found by reasonable negotiators who were prepared to recognise the change that has taken place in the economic condition and relations of the two countries. The real problems lie elsewhere, and involve the future relations of Ireland as a whole to the British Commonwealth. If even an approach could be made to their solution, the financial dispute would soon be settled. It is only a symptom, and not the disease.

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III. THE FUTURE

THE difficulties that must be surmounted if any settlement is to be arrived at are both political and psychological. The Irish people not only distrust English politicians from bitter experience, but, unlike the English people, are inclined not to stand resolutely behind their leaders in times of serious crisis, but to desert them for extremem men. The lives and deaths of O'Connell, Parnell, Redmond, Collins, Griffith and O'Higgins are eloquent reminders of this sad fact. "They will always pull down the noble stag," said Goethe of the Irish. The results of this tendency are apparent in the present position of Mr. de Valera. He demands a republic for all Ireland. He cannot ask for more, but he can only take less from England at his peril. He is, in fact, the prisoner of his own past. He either will not or cannot realise that the possible can be lost in striving for the impossible. Although he may talk vaguely about being willing to enter into a special relation with the States of the British Commonwealth in what might be described as a smaller League of Nations, pledged to co-operation on matters of agreed common concern, he is also careful to add that there can be no question of accepting the British Crown.* Such a relation would, of course, be only an ordinary international *entente*. The history of his past negotiations with the British Government proves that, whilst he is prepared to talk *ad nauseam*, he is not prepared to negotiate. To reason with him, as Mr. Lloyd George once remarked, is like pursuing a man on a merry-go-round. Any escape from the existing impasse by direct negotiation would, therefore, seem to be impossible while he remains in power; nor is it likely that his Government will be replaced by any other for some time to come. The opposition party in the

* Interview with Mr. F. Tuohy, *The Sphere*, September 1, 1934.

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Free State is divided and seems to lack both an agreed policy and competent leadership.

Is there any other way of dealing with the situation? To answer this question one must first realise the nature of the Irish demand. In its essence it is exactly similar to Hitler's demand for equality in disarmament, and springs from the same sense of inferiority and grievance. It is quite true that the historic report of the Inter-Imperial Relations Committee of the Imperial Conference of 1926 stated that the Dominions "are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations," and that "every self-governing member of the Empire is now the master of its own destiny. In fact, if not always in form, it is subject to no compulsion whatever." But it would seem that the Free State cannot honourably secede from the Commonwealth unless Great Britain is prepared to waive its treaty rights.

Fourteen years ago the late Mr. Bonar Law stated publicly that if a Dominion chose to say: "We will no longer remain a portion of the British Empire," the British Government would not attempt to retain it by force.* In November, 1933, Mr. de Valera sent a communication to the British Government, inquiring whether Great Britain would adopt punitive measures in the event of the Free State's severing its connection with the Commonwealth. The British Government, unfortunately, refused to answer the question. But if they did not answer it then, that is no reason why it should not be answered now. A statement by the British Government in the terms used by Mr. Bonar Law should be the first step towards a settlement, and should not be delayed. Such a declaration should be accompanied by a statement of the natural consequences from an international point of view, and an intimation that

* House of Commons, March 30, 1920.

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if the Free State decided, after due consideration, to leave the Commonwealth, Great Britain—though not admitting any formal right to secede—was prepared to waive her treaty rights and submit her financial claims to international arbitration. It would immediately clear the air and force Mr. de Valera's Government either to declare a republic for the Free State, or to confess that they did not intend to do so. Each of these choices would confront them with a dilemma; for to establish such a republic under existing conditions would be permanently to partition Ireland and eventually to compass their own political ruin, while not to establish it would be to confess that they have no intention of doing so. In either event—and this is the vital point—such a pronouncement would remove once and for all the Irish belief that Ireland is under external compulsion in the matter.

But such a step by itself would not be enough. Ireland's demand for recognition of her equality and independence is, as has been pointed out, a matter of national sentiment, potent and ineradicable, which cannot be ignored. It completely differentiates Ireland from the other Dominions, which have no corresponding claims, and no such historical background on which to base them. The partition of Ireland into two separate political entities, as the result of past English policy and present Irish intransigence, has been and is the most spectacular and mischievous denial of this equality. Northern Ireland occupies a separate, peculiar and privileged position, which is utterly anomalous. It is neither nation, province nor state. Notwithstanding an appearance of autonomy, it is really a mere political satellite of Great Britain. Its taxes are collected by British officials, its judges are paid by the Treasury, a new valuation for purposes of taxation is at present being carried out by British valuers, it is garrisoned by British troops. The British Government has not only kept its social services from becoming bankrupt by granting large loans, but has also stipulated that legislation in these matters in

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Northern Ireland shall be precisely the same as in Great Britain.

There can be little doubt that the setting up and maintenance of this separate, externally controlled administration for a portion of Ireland, in spite of the desires of at least one-third of the community involved, has been, and remains, the principal cause of the failure of the Irish Treaty. At present Northern Ireland gets the best of both sides of the bargain. It has its own parliament and administrative machinery, but they are heavily subsidised by Great Britain. This arrangement is obviously unfair to the Free State. One has only to picture what would have happened in South Africa if Great Britain had given similar privileged treatment to the English colony of Natal. Under such conditions is it not clear that the Union of South Africa would never have taken place, and that South Africa would not now be a contented member of the Commonwealth? Is it not clear also that in an Irish parliament containing representatives of all Ulster Mr. de Valera's party would never have obtained a majority? Partition has cut off, not only north-east Ulster from the Free State, but Ireland from the Commonwealth.

It therefore follows that the other necessary step in the re-establishment of satisfactory relations between Great Britain and Ireland is for the British Government to place Northern Ireland in the same political position as the Free State, and this should be done, if possible, simultaneously with the declaration referred to above. It involves the conferring of Dominion status on Northern Ireland, but does not mean either the abandonment or the coercion of Ulster. It should be coupled with a declaration that Great Britain will not permit, and will, if necessary, resist by force of arms, any attempt by the Irish Free State to interfere with or coerce Northern Ireland. In any event Mr. de Valera has repeatedly declared that his Government has no intention of using force to bring the six counties of Northern Ireland into a United Ireland.

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It is obvious that such coercion would defeat his purpose, which is naturally to achieve moral as well as political unity. On this matter every responsible Irish Free State politician is agreed.

If Great Britain were to take these steps the results would be perhaps immediate, and eventually conclusive. On the one hand, the people of the Free State would no longer feel that they were under external compulsion, and their Government would be forced to negotiate a settlement of the financial dispute with England on business lines or by arbitration; on the other hand, the Government of Northern Ireland would be free, if they so desired, to negotiate with the Free State a new settlement of their future relations. Negotiations for a settlement of this kind, entered into between Irishmen alone, with the certain knowledge that Great Britain admitted the complete autonomy of Ireland, North and South, and would not interfere with any settlement arrived at, would not be likely to break down upon nice theoretical points. In such negotiations Mr. de Valera, or whoever were to represent the Free State, could make concessions to secure the unity of Ireland, which would be impossible in dealing with the British Government.

There remains to be considered the strategic implications involved in such a course. There is no doubt that a hostile Irish republic, even in the Free State area, if such were established, would be a serious menace to Great Britain in time of war. But does not every objection to such a situation apply equally to the existence of an unfriendly Free State—with this important difference, that an actively hostile Irish republic could be treated as an open enemy, whereas a passively hostile Free State would be a dangerous and secret foe? The truth is that most of the reasons, political, military and economic, that England had for opposing Irish independence have lost their value and their meaning in the new post-war world. Ireland, in any event, is not really a warlike

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nation, and the Irish Government has no money to spend on armaments. Her people ask only to be allowed to live in peace. Mr. de Valera has himself stated that the Free State would guarantee to use its entire strength to frustrate any attempt to use its territory as a base for an attack upon Great Britain. Such a guarantee, given freely by an Irish Government, would be a more effective safeguard than the present state of affairs.

Finally, whether the above measures are taken or not, one step is urgently necessary, namely, the appointment to Dublin of a permanent representative of the United Kingdom Government, with the status, if not the title, of High Commissioner. He should not be a civil servant, but a man of public authority, political experience and diplomatic ability, who could be relied upon both to inform his Government about the state of Irish political opinion, and to seize every opportunity of improving relations between the two countries by care and tact. Such an appointment would go far to end the ignorance and misunderstanding, largely due to lack of contact and discussion, that at present characterise the dispute on both sides.

The only alternative to the actions here proposed is a continuance of the present futile policy of "beggar my neighbour," initiated by Mr. de Valera when he refused to pay the land annuities and abolished the oath of allegiance—a policy which can only lead to the economic exhaustion and permanent degradation of the Irish Free State, which is one of Great Britain's best customers. In the long run this will be nearly as harmful to Great Britain as to Ireland, for the real interests of the two countries are identical. As time goes on the two countries will drift further and further apart, until any reasonable settlement becomes impossible. A prompt solution is therefore imperative. England's cardinal error in dealing with Ireland has been delay. The remedy has always been applied too late. Can Great Britain for once anticipate the future and treat

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the Irish people as potential friends? If she does not she will have to settle with them in more unfavourable circumstances before many years have passed. It is well to remember the wise advice once given by Lord Palmerston, and leave Ireland alone. The Irish people will then in all probability settle their differences by mutual accommodation in the only sensible way, a way which will eventually lead to natural and friendly relations, whatever their form, between Ireland and the Commonwealth.

Irish Free State.

November, 1934.

THE POLICY OF PIUS XI

IT is the aim of the following article to help readers of THE ROUND TABLE towards assessing a great and constant but still imponderable factor in the politics of modern Europe. In all the countries of Europe, as in those of the continents settled, ruled or evangelised from Europe, a high proportion of the population are Catholics, professing allegiance to the Pope as successor to Saint Peter and head of the universal Church. In some few countries, notably Scandinavia and Great Britain, the proportion is a small one, while in others, like France, the proportion of active, in contrast with nominal, Roman Catholics is not high. In other countries, like Germany, the Catholics are a third or more of the population, and there are a number of European States in whose constitutions, as in the written constitutions of most of the republics of Latin America, it is explicitly stated that the Holy Catholic religion is the religion of the State.

I. THE POPE AND THE POWERS

BUT whatever proportion the papal adherents bear to the rest of the population, the general characteristic is the same even in nominally Catholic States—namely, that the business of the Pope, seen in its largest terms, is to protect the religious rights of a minority, including the right of voluntary association for religious or charitable ends. The old distinction, so often urged in the nineteenth century, between politics and religion, and expressed in classic form in the constitution of the United States of

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America, with its complete separation of Church and State, and in the demand of Cavour for a “free Church in a free State,” has ceased to bear its former reasonable meaning with the emergence of the totalitarian State and the rise of socialist ideology. In this phase, the functions of the State have been steadily widened, and politics—in the sense of the old demand that “the Church should keep out of politics”—is a word now covering organised activities which reach, particularly in the fields of education and health services, to the core of personal life.

The machinery at the command of the Pope for negotiations with civil governments is simple, and strangely small in view of the magnitude of the business arising. Phrases are commonly used, like “Vatican policy,” which suggest a large organisation, imbued with a strong corporate tradition, so that policy pursues its way, regardless of the personal character of the reigning Pope. In fact, the policy of the Pope is highly personal. He acts through a Secretary of State, one of the Cardinals, and the Secretary of State has with him two titular Archbishops, commonly younger men likely to rise to the Cardinalate—Benedict XV was one of them—and a number of archivists and clerks. But this organisation is no more than a secretariat, and is itself not the repository of any tradition. It is not comparable to a government office in Whitehall, which tenaciously lives its own life, whatever be the Government or Minister of the day. The office of Cardinal Secretary of State dates from some two hundred and fifty years ago—in fact, from the pontificate of that Pope Innocent XI who, in his long struggle with the Gallicanism of Louis XIV, welcomed the activities of William of Orange. The system of the Cardinal Nephews, dating from the Renaissance Popes, had provided each new Pope with a First Minister selected from his own family and deserving his confidence. To the large office thus evolved the Cardinal Secretaries of State succeeded, governing the Papal territories down to 1870 and conducting the business of the

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Holy See with temporal rulers. The recent Secretaries of State, from the beginning of the century, have been Cardinals of great note, Rampolla, Merry del Val, Gasparri, but it was noted as an unusual tribute to Gasparri that Pius XI, on his election in 1922, continued him in office. A Secretary of State is the executant of the ideas of the Pope appointing him, and it is so personal a connection that at conclaves to elect a new Pope a past Secretary of State is looked upon as the embodiment of a particular past policy and method of approach; and the office has not proved a stepping-stone to the supreme position.

The ordinary and extraordinary Congregations (each under one or other of the resident, mainly Italian, Cardinals), bodies like the Holy Office, charged with the safeguarding of doctrine, Propaganda (which has added that important word to the common vocabulary), charged with foreign missions, and the Congregations which supervise the religious orders and the Uniate Eastern Churches, do not commonly receive the same personal direction from the Pope as does the Secretariat of State. The present Pope, although now not far short of eighty, is a man of vast industry who rises early and retires very late, and whose hand is felt in all departments of the Church, notably in the field of foreign, and particularly oriental, missions. But relations with foreign governments continue to be his special care. His first introduction to the world of high ecclesiastical policy was in this sphere, when he was selected by his predecessor Benedict XV to go as Nuncio to Poland in 1917. Before that, his life had been one of scholarship, first at the Ambrosian Library at Milan (like Mussolini, he comes from the countryside around Milan) and then under the patronage of Cardinal Ehrle in the Vatican Library, of which he became librarian. It was his success in Poland, in the eyes of those who did not measure success by general popularity, that led to his elevation in 1921 to the See of Milan as Cardinal Archbishop. The following year he was elected to succeed Benedict XV.

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From the first he showed himself self-sufficient and reluctant to delegate responsible tasks. In the negotiations on the Roman question, which began tentatively in 1923, within a year of Mussolini's accession to power, and culminated in the Lateran Treaty* of 1929, Pius XI guided every stage of Gasparri's negotiations. When Gasparri, being then very old, retired on the consummation of that work, he was succeeded by the present Secretary of State, Cardinal Pacelli, a man with a long diplomatic experience who had been Papal Nuncio in Serbia in 1914, and in Germany during the war, and the channel through whom Pope Benedict XV had made his efforts for peace in 1917. How little essential his secretary is to the Pope was shown when Pacelli was made Papal Legate for the Eucharistic Congress at Buenos Ayres this summer. It was freely said in Rome that this high but titular honour was the prelude to the appointment of a new Secretary of State, and that the Pope was dissatisfied with the way Cardinal Pacelli had misread the character of the Nazi movement in Germany, a country about which his opinion naturally carried particular weight. Rumours of this sort are to be expected, and as a general rule to be discounted, where a single autocratic ruler keeps his own counsel and leaves people to conjecture as they please.

The Pope is represented at foreign Courts by his Nuncios, and as a general rule this representation is balanced by the presence of Ministers at the Vatican. Of the more important Powers, France, Germany, Italy, Spain, Jugoslavia, Poland, Brazil, Argentina, and a long list of smaller countries like Czecho-Slovakia, Hungary, Belgium, Portugal and, inside the British political system, the Irish Free State, have this reciprocal representation. Bolivia and Paraguay are alone in receiving Nuncios without sending Ministers. Great Britain and Monaco are the only countries that keep Ministers at the Vatican without receiving Nuncios. The United States has no official relations with the Pope.

* See THE ROUND TABLE, No. 76, September 1929, p. 740.

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The British Legation was established during the war and has been found so useful that it has been maintained ever since. Although both the Catholic Church and the British Commonwealth can each claim the huge population or membership total of between three and four hundred million people, only about twelve million people appear in both totals. The Commonwealth contains in French Canada, in Ireland and in Malta more than half of all the Catholics under the flag, and these three centres are strongholds of an intense and vital religion. Quebec in particular has been described as the greatest centre of clericalism in the world. It was largely with the idea of prevailing upon the Pope to exercise his authority over the Irish bishops, and so over the Irish priesthood, that the British Government established a Minister at Rome in the year following the 1916 rebellion. Malta has enjoyed self-government since 1921, but because religion is one of the subjects reserved to the Imperial Government the bad relations between the local Prime Minister, Lord Strickland, and the Church authorities involved the Imperial Government in the quarrel. The relations between Great Britain and the Vatican, however, are seldom concerned with any large issue, and run smoothly. The British Government gains by establishing such relations as make it natural and easy for advance information to be received about impending appointments to high ecclesiastical offices, particularly in British colonies with mixed populations, and much consideration is received as a matter of courtesy which could not be demanded or formally granted.

II. THE POST-WAR PROBLEM

THE Versailles settlement brought into existence a number of new governments in Europe. Alike in Germany after the fall of the Hohenzollerns, in resurrected Poland, and in the dismembered territories of old Austria-Hungary, these new governments were democratic in form

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and rested, even where they included large racial minorities, on the principle, dominant then and since, of nationality. The position at once became difficult for the Papacy. Czecho-Slovakia, nearly all of whose fourteen million inhabitants are Roman Catholics, was the most striking instance of the rise to power of a set of men anti-clerical and yet anxious to use the Church as a bulwark of a newly created State, and to claim the continuance in their own persons of those privileges, in such matters as the appointment of bishops, which the Austrian Emperor had won and enjoyed in the course of the centuries. Only in Czecho-Slovakia was any real attempt made to bring about a schism. At one point a number of the Czecho-Slovak clergy joined together to demand that bishops should be elected by clergy and laity, and with government encouragement about four thousand priests were in 1919 more or less in revolt against the Holy See. There has always been in Czecho-Slovakia a strong Bohemian tradition of religious independence, a national pride in the memory of Huss. But the efforts to launch a national Church soon slowed down, and with the appointment in 1921 of Anton Stojan as Archbishop of Prague, in succession to the old nominee of Franz Joseph, there was a general return of disaffected priests. The Government had, and still has, a particular interest in seeing that the bishops and priests among the Slovaks, who are intensely *ancien régime*, shall be a force on the side of the Czecho-Slovak State.

On a larger scale the new kingdom of Yugoslavia presents an acute religio-racial problem. After the war the Croats in the north-west found themselves a minority in a new political unit which included the former territory of Serbia. They found themselves, from their point of view, in permanent dependence on a majority less civilised than themselves, largely Orthodox Greek in religion, and the tendency soon appeared for Croat priests to be the leaders, or at any rate the ardent supporters, of the movement for Croatian autonomy. A concordat was negotiated in 1928

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between the Pope and the King of Yugoslavia, regulating and establishing the liberties of the Church in the new country. The policy in Yugoslavia has been the same as that now generally followed. There are great practical limits to the extent to which the central authority of the Church can make bishops and clergy moderate their strong national feeling, but the Church has so powerful an interest in establishing peaceful relations that the Pope has often incurred reproach from enthusiastic nationalists on the ground that he is curbing their legitimate political aspirations.

The two outstanding means of Catholic policy are the negotiation of concordats and the creation of Catholic political parties. Concordats go back in the long experience of the Church to the twelfth century. In the looser sense of agreements made with civil rulers on an equal negotiating basis they are older still. Viewed historically, concordats with kings have been the normal method of safeguarding the rights of the Church, while giving the king guarantees that those rights will not be obnoxiously used. Their Most Christian and Most Catholic Majesties generally secured for themselves greater control in nominating to bishoprics than did less avowedly devoted rulers. The most famous of all concordats, that which Napoleon negotiated with Consalvi in 1801, gave the civil ruler virtually complete control. Napoleon could obtain such terms, and could twist to his further advantage the actual clauses of agreement, because he was closing a period of acute persecution—persecution that was mainly due to the close identification, which the Popes of the eighteenth century had failed to prevent, of the Church with the French monarchy. Like so much else of Napoleon's work, the Napoleonic concordat remained through the nineteenth century as an example to later statesmen of what they might hope to secure for themselves. The right to nominate to bishoprics, which Napoleon had exercised so freely, is a cardinal point in Church government. On it turns the

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character of the episcopate and the tone given to religious life. Later Governments in France, inheriting the concordat, always resented the attempts of the Pope to secure that it should rest with him who occupied the French sees, and that his veto, at any rate, should be a real one. To-day the French episcopate depends directly upon Rome, because the extreme anti-clerical legislation at the beginning of the century left to a hierarchy traditionally strong in nationalist feeling no alternative but to fall back upon the protection of the Holy See.

III. THE VATICAN AND THE TOTALITARIAN STATE

THE clearance of monarchies in 1918 restored freedom to the Church over a wide area for the negotiation of fresh concordats. It was plainly unreasonable, as the Czechs were told, for the new State governments to expect to inherit the wholly exceptional prerogatives of the Hapsburg monarchs, the bearers of the traditions and honours of the Holy Roman Emperors. Similarly in Germany the departure of the Catholic monarchs and of the Hohenzollerns opened the way for a greater measure of freedom of action. But the same causes that had led to the disappearance of the old order brought new threats, and there began to appear, at first in Italy, then in Germany, a political philosophy making absolute claims for the State and not envisaging any place for activities other than State activities. The keypoint of contention in the concordats signed with Fascist Italy and Nazi Germany has been in each case the question of the right of Catholics to organise themselves in associations, not for worship, but for educational or cultural purposes, particularly in the Youth Associations. On the Continent young people are accustomed, in a way unfamiliar in this country, though not unknown here, to organise themselves in associations, partly for physical activities such as sports, drilling, games or hiking, and these organisations have a strong formative influence. To

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Fascists and Nazis the *Wanderjahre* and student days are all-important. They will agree readily enough to religious teaching in infant schools, and as long as the schoolroom is a sort of glorified extension of the nursery; but they feel very differently about the prolongation of religious influence into adolescence, as dividing what they intend shall be an undivided loyalty, and as bringing Church authority to the fore at a time when youth should be learning its supreme duty to the State.

In Italy, the absence of any other religion than the Catholic, the national pride felt in the Papacy, the desire on both sides to achieve a satisfactory *modus vivendi*, have enabled the concordat to work fairly smoothly on a basis which permits Catholic association for specifically Catholic activities, but leaves the Fascist organisations as the normal channels for the exuberance and gregariousness of youth. The position is much more difficult in Germany. The Catholics form only a third of the German population, and do not give their colour to the State, whose centre of gravity remains in Prussia, the least Catholic part. The Nazi movement has gone to lengths of racial exaltation, in an attempt to fulfil the German craving for a background of theoretical explanation, which the most extreme Fascist writers have never paralleled. Thus Herr Rosenberg, the editor of the official Nazi paper, *Völkischer Beobachter*, issued a work called "The Myth of the Twentieth Century," glorifying the doctrine of blood and race, and declaring that "Nordic blood could represent that mystery through which the old sacrament could be transcended and conquered." This book was one of two works by prominent Nazis which were placed on the Index early last year as containing heretical doctrine. There were constant signs, like the whole campaign to tie the German State Protestant Church to the Nazi chariot, which made the Pope increasingly aware of special difficulties in the way of maintaining a concordat with the new régime.

The Vatican and the Totalitarian State

The concordat, which was signed in July of last year, was agreed upon fairly easily between the Pope and Herr von Papen, who went to Rome as a Catholic to represent the Hitler Government, but the easy agreement was in fact soon found to be illusory. The concordat, like the earlier concordat made between Pacelli and the new German Republic, took over existing agreements with Prussia, Bavaria and Baden, and laid down that the Church should be self-governing and should enjoy complete liberty of worship. Ministers of religion were to be German, and the Government was to be consulted about major appointments, but would have no veto. The faculties of Catholic theology in the State universities were to be maintained. Article 32 laid down that priests would take no part in politics. It was this article, declaring merely that priests and members of religious orders shall not belong to political parties, which led to the later impression that the concordat included the abolition of the Centrum party.

The present year, which began with sermons by Cardinal Faulhaber, the Archbishop of Munich, denouncing the revival of pagan doctrines among Herr Hitler's followers, the attacks on the Old Testament and the persecution of the Jews, has continued to be filled with contention. Leaders of the Hitler youth movements, like Baldur von Schirach, resented the large allowance made for Catholic youth associations in the concordat, and in fact its terms were not observed. Catholic youths wearing distinctive badges or dresses were molested and clubbed. Article 31 of the concordat protected games and organised outings, and the compromise was suggested from the Nazi side that, provided the favourite German occupation of drilling was omitted, these other activities might be permitted. On June 29 of this year agreement was rather prematurely announced, on a basis that the Catholics gave up *Wehrsport* or semi-military exercises as well as plain athletics, and agreed to be organised by dioceses and not in large centralised bodies. This agreement was not ratified or accepted

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by the German bishops, largely because, on the following day, two leading lay Catholics, Eric Claussner, President of the Catholic Action in the Berlin diocese, and Adolf Probst in Düsseldorf, were murdered in the shootings of June the thirtieth. On the most favourable interpretation, those murders showed that the responsible heads of the German Government could not control their party leaders.

When fresh overtures were made in September, and a letter from Cardinal Pacelli pressed for a definition of the concordat, the German Government undertook to control these party leaders, and Herr von Papen took the line that all the Catholic organisations which had been founded, as most of them had, at the time of Bismarck's *Kulturkampf* against the Church should narrow their scope—should cease, for example, to function as friendly societies, and should limit themselves to the scope of religious sodalities. Earlier in the year the *Osservatore Romano*, the official organ of the Pope and a primary source of information on the outlook of the Vatican, expressed approval of a plan for a Catholic radio station in Switzerland to broadcast to all German-speaking peoples. The addresses that Pius XI has made to the German bishops, approving the firm stand they took at their meeting at Fulda against the new paganism of State worship, and his allocutions to groups of young German pilgrims, have made it plain that he views the future in Germany with great misgiving.

The vitality shown by the German Protestants in resisting the attempt to absorb them in a German Christian Church which should be the religious expression of a new, at best semi-Christian, State is said in many quarters to meet the private inclinations of Herr Hitler, who laid it down in his work *Mein Kampf* that a politician must steer clear of religion and not attempt to be a religious leader as well. If the more extreme exponents of what is to be meant by a totalitarian State yield to more prudent counsels, religious strife can obviously and quite easily be avoided. All through this year the knowledge that voting next

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January in the Saar, where the population is strongly Catholic, will be largely affected by the attitude of the new régime to the Catholic faith has strengthened the Pope's position.

A more permanent factor is the future of Austria. Austria, as it was left by the peace treaties, is a republic of some six million people, a third of them in Vienna, cut off from their past and without any very obvious future. The late Mgr. Seipel had large dreams for the future on a basis of reuniting the severed portions of the old Empire, with the Catholic religion as the great bond of unity. Since Seipel's death, two years ago, the position has grown rapidly more precarious, and the question has not been how, from a base in Austria, to extend agreements over a wider area, but how to preserve independence for the Austrians themselves, and how to maintain the integrity of a country which has been for so long invaded financially and culturally from across its small borders. The rise of the party of the late Dr. Dollfuss, resting on the Catholic peasantry outside Vienna in opposition to a materialistic Socialist party in Vienna itself, is a singular exception to the general rule that the Pope does not favour Catholic political parties. The bishops in Austria openly took the side of Dr. Dollfuss and his party, and their action, while thoroughly approved, led to exaggerated reports of the kind and amount of assistance that the Dollfuss régime was receiving from the Vatican.

IV. CATHOLIC ACTION

IN general it may be said that where there is a national cause, as among the scattered minorities in many eastern European countries to-day, it is not practical politics for the Government in power to hope through agreement with the Pope to prevent priests, or even bishops, from siding with their own compatriots, and in villages priests will always be leaders. But apart from this, and in all cases where the line of division is not racial but political, the

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initiative of a civil Government is not required to make the Pope discourage Catholic political parties.

The fate of Don Sturzo, the great priest leader of Popolarismo, who had begun the regeneration of Italy and its salvation from the discredited Masonic Liberal régime when Mussolini and the Fascists elbowed past him into power, was a sign, as early as 1923, of a policy that the Pope has consistently maintained ever since, Austria apart. Although the Centrum party, which had held the balance for so long in the German Reichstag and had made such great contributions to German public life in the very difficult days following 1918, was not explicitly disowned in the concordat of 1933, its disappearance has been passively accepted, and Dr. Brüning and Don Sturzo are curiously alike in their fates. Pius XI is never tired of repeating that the Church is above parties. Some parties, certainly the Communists, possibly the National Socialists, place themselves by their doctrines outside the possibility of Catholic assistance. Throughout Europe there are extreme Left parties avowedly hostile to revealed religion and deriving their inspiration from a materialist creed and their guidance from determined atheists in Moscow. The presence of communism, however, as a political reality means the organisation of opposition parties of a wide range of varying doctrines, but all compatible with Catholic teaching on the rights and duties attaching to human beings. The policy of Pius XI is a policy not of Catholic parties but of Catholic Action; that is, the organisation of Catholics on a non-political basis, in federative societies for charitable, cultural and apologetic works, so that they may act as a powerful leaven in the largely pagan society around them. The totalitarian State is something whose attitude in such matters as sterilisation has not yet been clarified.* If the time and the emergency

* In Germany, Catholic medical men are exempted by the State from performing sterilisation, and Catholics sentenced to undergo the operation may, as an alternative, reside in homes which undertake responsibility for them.

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should call for it, the Centrum might rise again, but the Papal acquiescence in its liquidation was in line with the general attitude of acceptance towards all forms of government which promise to afford those minimum conditions in which the Church can live. The history of the recent past, notably in France, where the Church was too closely identified with one régime and where the Pope, Leo XIII, had himself to give a firm lead to encourage French Catholics to take their share in the public life of the Third Republic, is full of illustrations of the injury done to Catholicism if it is allowed to become a political label.

There is a further reason for the preoccupation of the present Pope with Catholic Action. The growing domination of pagan standards has widened the gulf between the Catholic and the other inhabitants of the countries of Europe. There is a much smaller common basis for action between him and them. Catholic Action in every country is envisaged as the activity of laymen in organisations under directors, ecclesiastical and lay, chosen by the bishops. Pius XI wrote recently to his successor as Archbishop of Milan, Cardinal Schuster: "Catholic Action must not launch itself into politics; no less surely its members must not be stopped from carrying out good public activities in a Christian and Catholic manner." There are, obviously, very wide fields in which Catholic activity for the public good can manifest itself alike in a totalitarian or in a parliamentary State.

The policy of Pius XI may perhaps be open to criticism as having too readily accepted at their face value the protestations of new régimes—for example, those of the Spanish Republic—and more than once hopes seem to have been rather easily indulged in and rather quickly disappointed. The policy has been one of accepting *de facto* governments, of discouraging as far as possible political organisation by Catholics on a religious basis, and of trusting to negotiated agreements for the safeguarding of the essential interests of the Church. But the insistence upon

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Catholic Action shows that these interests are not construed in any narrow spirit, and extend beyond freedom of worship and of religious instruction, or more accurately of a religious atmosphere in the schools, to include the right of the fully grown Catholic to live out his religion in all its implications. Catholicism cannot be other than a social and missionary creed. The policy is one that seeks to keep the Church free from being involved in the mistakes and downfall of any particular régime, as it was involved with the old monarchies, so that, whatever may be the political outcome, the present comfort of the Church shall not have been bought at the expense of the future.

The same detachment may be observed in the action of the Pope outside Europe. It is an old saying that French anti-clericalism has never been for export, and that the French have always been keenly alive to the national prestige they derive from their pre-eminence as devoted missionaries. The most anti-clerical Governments have maintained the custom of making grants to these distant outposts of French culture. In Asia, in particular, the French have jealously valued the liturgical honours which the Church has paid to their representatives to mark the historic official position of France as the Protector of Latin Christianity. Even so hostile a statesman as M. Herriot has made efforts to maintain these privileges and to arrest the growing determination of the Pope to detach the Catholic cause from any special association with France. The liturgical honours have now been curtailed and made subject to local consent, and the appointment of Apostolic Delegates in Asia and Africa creates a new channel through which missionaries and nuns may treat with local authorities. The recent consecration, alike in China and in Africa, of natives as bishops, an act which the Pope invested with deliberate and particular significance, was a further step along the same path.

In an age of intense and often excessive nationalism, the Church, for all its memories of very different times,

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readily meets national susceptibilities, as in giving guarantees not to appoint foreigners to high Church offices, and in extending this practice, as far as possible, to colonial possessions. It may perhaps be questioned whether this tendency is wholly for the good either of the Church or of the nations that have requested it. In the old days of monarchical Europe the jealousies of France and Spain and the Empire, each exerting influence and often vetoes at Rome, prevented for four hundred years the election of any but Italians to the Papal throne, and intensified the local Italian character of the central government of the Church. In the new age of democratic nationalism, an analogous pressure has the effect of minimising the universal character of the Church and of making it wear in each different country as national a costume as possible; thus its influence is weakened as a witness to European unity, although it remains the upholder of those moral values on which the common civilisation of Europe depends.

EMPIRE MIGRATION

MIGRATION is primarily an economic fact, caused by economic forces and in turn reacting upon them. The economic opportunities and hopes that attract the migrant, and the economic difficulties that drive him forth, vary according to the changing conditions of trade and industry throughout the world. For this reason, migration policy, if it is to be effective, cannot be considered as a thing apart, but must be subordinate to general economic policy. The fundamental question then has to be answered, is migration inherently desirable, and ought we, therefore, to design our economic policy with the aim of promoting it? So vital and far-reaching are the effects of migration in social and political life that the question cannot be answered solely or even mainly in economic terms. The problem for the British Commonwealth is one of the enrichment or impoverishment of its human resources, in which in the last resort reside both its wealth and its strength.

I. THE FALLING BIRTH-RATE

THE most striking fact about those resources of men and women, considered as a whole, is the heavy concentration in these small islands, over against a sparse distribution in the outer regions of the Empire. It would be rash to jump to the conclusion that such a contrast is of necessity anomalous and unnatural—any more so, indeed, than is the existence of the sparsely inhabited Scottish highlands alongside teeming industrial England. Expert opinion, for instance, appears to be agreed that Australia, although more than fifty times the area of England and Wales, could only support a higher population than some twenty millions by dint of an urban concentra-

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tion comparable with that of this country. But the contrast does at least suggest the *a-priori* assumption that a more even distribution of the inhabitants of the Commonwealth would add to their well-being and racial strength. Interchange of population is valuable in itself, since it invigorates the individual migrant and brings in new blood where otherwise the stock might stagnate and decline. This consideration applies, of course, equally to a movement of people from the newer countries back to Great Britain as to an opposite flow, which has been more normal in the past.

The decline of the birth-rate, not only in this country but in the Dominions also, is a serious cause of anxiety to those concerned for the future of the British peoples and of the international Commonwealth that they have established. The higher fertility of those peoples in the daughter countries of the Commonwealth thus provides another important reason for promoting emigration. In 1932, against a crude birth-rate of 15·3 per thousand in England and Wales, the birth-rates in Australia and New Zealand were respectively 17·0 and 17·1 per thousand. The European population of the Union of South Africa had a birth-rate of 24·3 per thousand, but the rate was considerably lower in Natal, which has the highest proportion of British stock among its inhabitants. The same consideration applies to Canada, whose birth-rate (22·4 per thousand) was inflated by the high fertility of the French-Canadian people, as well as of non-British immigrants; the rate in British Columbia was on a par with that of this country. To the Dominions, the maintenance of the British stock among their peoples is of great political importance; for the assimilation of other races has not always proved easy, and the superior political capacity of the British people, compared with the central and eastern European races upon whom they have drawn for immigrants in default of British settlers, has been often demonstrated. The French and Dutch peoples who form so large a proportion of the population of Canada and the Union have proved

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their political qualities through many trials, but their parent countries no longer form a considerable source of emigration.

From the point of view of the individual, furthermore, emigration from Great Britain has this great advantage, that it takes people from cramped, urban surroundings and places them, at the worst, in smaller, newer cities where the open country is nearer and slums are rare. In those new lands, moreover, a social and economic ladder awaits the young and enterprising such as they could not find at home; unless humdrum contentment is to be reckoned the highest welfare of man, opportunity alone is a gain. And if emigration is in itself desirable, indeed if there is to be emigration at all, then for economic reasons alone migration within the Commonwealth must rank above migration to foreign countries. Every producer is also a potential purchaser, and the probabilities of mutual trade, to the profit of both parties, is highest within the Commonwealth.

Of course, a producer in Great Britain represents a far greater market for the products of this country than does even a producer in the Dominions—a fact which is sometimes forgotten by those who look upon migration as a solution of the unemployment problem. The frequently crude and short-sighted formulation of this latter view has done great injury to the cause of making the best of the Empire's human resources; for it has obscured the true considerations that should guide this country, and in the Dominions it has poisoned the public mind against British emigration, which has naturally but quite unjustly been labelled "pauper-shovelling."

Emigration is not a cure, and in present circumstances is not even a palliative, for unemployment. The proof of this contention falls into two parts. First, unemployment in Great Britain is not caused primarily, mainly, or even appreciably by over-population. It is caused by world-wide forces (economic depression and rapid technical

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advance), together with special causes which affect a few large industries and which were aggravated before 1931 by monetary deflation. To make that assertion is not to deny that the general depression may have been made worse by an ill distribution of the world's population, but even this is only an uninvestigated and not very plausible possibility. And so long as unemployment remains a serious problem in immigrant as well as in emigrant countries, it is quite clear that migration cannot provide a cure for the depression in either.

The second part of the proof is an unavoidable "Irish bull." The so-called standing army of the unemployed does not exist, and its members are almost without exception unsuitable subjects for emigration. Out of an insured population of about 12½ million, some six million at a time of depression may claim unemployment benefit in the course of a year; many of these, of course, remain unemployed for only very brief intervals. Of the two million people unemployed at the end of December, 1933, only approximately 400,000 had been unemployed for a year or more. This at the heart of the depression. Many of the 400,000 have undoubtedly since found work, or have passed the age of 65. The extent and character of "hard-core unemployment" are further illustrated by a sample test, taken in February, 1931, which showed that nearly 600,000 men and women were "unsuitable for submission to an employer for a local vacancy without exceptional features." The great majority of them were handicapped by age or other physical defect. Two-thirds of the group were attached to industries with exceptionally high unemployment, in which the worker of less than normal capacity, once out of a job, would find it exceedingly difficult to get another. This analysis indicates that the only section of "hard-core unemployment" that would provide suitable material for migration is the class of young men and women in the "derelict areas," whence the tide of industry has receded, leaving young and old,

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strong and weak, stranded without work or the hope of it, unless by moving to more favoured parts. The more favoured parts might, of course, be other regions of this country.

What measure of unemployment will remain as a permanent feature of our industrial life when trade is restored to a more prosperous level cannot be guessed with any certainty. But it is difficult to believe that in future decades relative over-population will play a critical part in the British labour market. In a few years' time, according to present trends, the population of Great Britain will have reached its maximum size, and by 1976 it will have fallen to less than 33 millions, compared with a present total of 45 millions. These forecasts make no allowance for emigration. If the net efflux of over 100,000 per annum, which was maintained in the decade before the slump of 1930, were renewed and continued for 40 years, the loss of population would be more than the crude total of four millions; for the men and women most likely to emigrate would be those who would reach the age of parenthood not long after their departure, and who would therefore deprive us not merely of themselves but of their sons and daughters.

Even more important than the total population figures are the proportions displayed by the different age-groups.* In 1931, the census year, which we may take as the basic norm, 24.2 per cent. of the population were aged 0 to 15 years; 46.9 per cent. were aged 15 to 45 years; 21.7 per cent. were aged 45 to 65 years; and the remaining 7.2 per cent. were 65 or over. Since the "wave" of children born just after the war is now passing from the school-group to the younger working-age group (with incidental effects on the monthly unemployment statistics) the proportion of the latter group to the whole population will rise for some years to come. In 1946 it will, according to

* See Appendix, and see also the article on "The Birth-rate and the British Commonwealth," in *THE ROUND TABLE*, No. 72, September, 1928, p. 777.

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expert estimates, form 48.3 per cent. of the whole. But meanwhile the falling birth-rate and the lengthened average expectation of life* will have greatly altered the relative proportion of the other groups. No more than 17.3 per cent. of the population will then be under 15 years of age, while 24.1 per cent. will be aged 45 to 65, and 10.3 per cent. will be over 65. Thereafter the proportion—still more the actual number—of the younger working-age group will fall fairly steadily. The older working-age group, more or less constant in numbers, will increase in relation to the rest of the population, but not so rapidly as will the group of old people, whose numbers will actually go on increasing while the total population will be sharply declining. By 1976 the proportion will, it is reckoned, be as follows: children, 12.5 per cent.; younger working-age group, 36.6 per cent.; older working-age group, 33.4 per cent.; and old people, 17.5 per cent.

Obviously this drastic change in the composition of the population will profoundly affect the future of employment, wage levels, profits, international trade and other economic phenomena. It is not easy to foresee what secondary results those economic shifts may have in the field of migration, but the figures furnish certain specific clues for the solution of the migration problem, as it faces the United Kingdom Government. The young men and women of to-day will be the elderly men and women of thirty years hence. Children now unborn will then have come to manhood, and will form part of that group of younger workers which will be the economic mainstay of the country. These are the citizens whom we can least afford to lose. Henceforward, therefore, our policy should clearly not be directed to the migration of very young children. Those whom we can most easily spare (having regard only to the evidence of these figures) are the young men and women now between school-leaving age, or a little

* The crude death-rate might actually rise, on account of the higher average age of the population.

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less, and 30 years; for by the time the big strain on the population structure is due they will have passed, or will soon be passing, into the upper age groups. On the other hand, in losing them we shall be losing their prospective children also, and children will be an even more precious asset when the population begins to fall than they are to-day. From the point of view of the Dominions this group would be welcome immigrants, since Great Britain would have borne the burden of their education and upkeep while they were non-producers, whereas their adopted country would have the benefit of their prime of life.

A more obvious conclusion emerging from the population statistics is that every effort should be made, if there is to be migration at all, to stimulate the migration of women. In 1931 females outnumbered males by 1,860,000 in Great Britain. In Canada, at the same date, there were 372,000 more males than females, in Australia 120,000 and in New Zealand 29,000. Thus an efflux of women from this country would be of definite social advantage to both parties.

It is somewhat strange that the recent report* of the Inter-Departmental Committee on Migration Policy mentions the prospective decline in the population of this country only to pooh-pooh the remark of the Committee on Empire Migration of the Economic Advisory Council† that,

in view of the progressive decline in our birth-rate and the likelihood of a gradual readjustment of our industrial life to post-war conditions, it is hardly likely that large-scale migration would be economically advantageous to us as a long-run policy.

The inter-departmental committee defend their faith in the renewal of migration to oversea parts of the Empire on a scale of 150,000 to 250,000 a year by referring to "the magnitude of the fluctuations in the world economic position which have taken place since the Economic Advisory Council's Committee reported," and to "the movement, hardly yet begun, towards industrial and agri-

* Cmd. 4689, August, 1934.

† Cmd. 4075, July, 1931.

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cultural co-operation between the different units of the Empire." It is difficult to follow the committee's mind on this point, unless they were seized with pessimism about the future of British industry. If the latter is going to be prosperous, whether through empire economic co-operation or otherwise, it may be ill able to afford a defection of its best labour-power on so portentous a scale.

II. THE DEVELOPMENT OF THE DOMINIONS

IT seems likely, therefore, that if the size of the population declines, as the statisticians predict, and its age-structure accordingly changes, the attractive forces drawing migrants to the Dominions will have to be more powerful than in the past, when they were assisted by a rising population at home.* The economic impulse causing migration depends on the relation between conditions in two groups of countries, that is to say, on the existence of an economic differential in favour of the immigrant areas. The individual migrant sets out in the hope of "bettering himself," and if, on the whole, such hopes were disappointed emigration would soon cease. By far the great majority of emigrants from this country to the Dominions—even since the British Government began to take a large financial interest in migration—have gone without any aid from the State whatever beyond its blessing, and, in some cases, a subsidised rate of passage.† It is, of course, impossible to distinguish social from purely economic motives in the emigrant's decision. In earlier times many migrants were inspired more by their religious and social disabilities than by their economic want. Others have preferred poverty on their own piece of land to prosperity as another

* It may be important to note that the case is very different in the other great "mother country" of the Empire, Ireland; for the birth-rate in the Irish Free State, though falling, is much higher than in Great Britain, and the increase of her population can no longer find a sufficient outlet in the United States.

† See Appendix.

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man's tenant or servant. Many have sought opportunities for their children rather than advancement for themselves. The fever of speculation, the chance of a fortune at the risk of penury, has also been a powerful lure, especially to gold-bearing lands. Nevertheless, the mainspring of migration has been the higher level of economic opportunity in the newer compared with the older countries.

In order to foretell whether that economic differential is likely to endure we must first enquire how it came about. It arose, initially, out of the existence of unexploited natural resources in the newly opened territories. But the potentialities of primary production were not by themselves enough to establish the economic differential, nor did land and mining remain for long the only attractive forces in the newer countries. The exploitation of the newly opened lands was profitable because the Old World was passing through a period of rapid industrial advance, in which cultivation was being forsaken for manufacture, and a growing surplus of wealth was made available to buy the products of the new countries. The latter needed men because they were assured of markets.

Meanwhile, pools of secondary industries and trades were forming in the new countries themselves. The Dominions had ports before they had populated hinterlands, and their countryside begat its own towns. In the towns, industries began—the preparation of foodstuffs and drink, the processing of the natural products of the country. The land, prosperous because of the surplus wealth of urban populations elsewhere, acquired surplus means of its own out of which it could support an urban population in its midst. Then, as industrial ambition frothed, protective tariffs were raised to aid and multiply the local secondary industries. Other things being equal, this hindrance to the Dominions' imports would have correspondingly handicapped their exports, and thus have undone its own purpose by impoverishing the land, which could then no longer have supported as great a burden of towns. But

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the balance was adjusted by the invisible items in their trade accounts. The loans that were floated in Great Britain served in the first place chiefly to enrich the towns of the Dominions, while the interest paid on earlier loans furnished the creditor countries with purchasing power to buy the products of the land.

In this new phase of their economic development, the magnetic force attracting population to the Dominions shifted. The rapidly expanding towns drew men and women both from the land already opened up, where their place was filled by fresh immigrants, and directly from the emigrant countries. Emigration, no longer a peopling of virgin lands, took the shape of recruitment for the general economic progress of the Dominions, where before long the urban population actually came to exceed the rural. Probably not more than one-third, and possibly many fewer, of the migrants from the United Kingdom during the decade 1922-31 went on the land, and many of those who did originally go on the land left it within a short time.*

In Australia, between the censuses of 1921 and 1933, the urban population increased by 862,000 and the rural population by 344,000. The natural increase of the population had been 893,000, of which some 330,000 may be ascribed to the rural areas. The excess of immigrants over emigrants had been 301,000 (the discrepancy in the totals being due to a change in the number of migrants in transit). The number of immigrants, less emigrants, classified as primary producers appears to have been about 54 per cent. of the total. A few of those classified under other heads may have been bound for rural areas, but it seems reasonable to estimate that approximately 170,000 of the net immigration in the intercensal period represented an immediate addition to the country population, wherever the newcomers may have settled eventually. If these calculations are correct, the increase of 862,000

* Cmd. 4689, p. 28.

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in the population of the Australian towns was made up as to 563,000 by natural increase of the already urban inhabitants, as to 130,000 by new immigrants, and as to approximately 170,000 by an influx from the country to the towns. Had it not been for this concurrent drift to the towns the countryside would apparently have offered little or no opportunity for new immigrants. So much for "peopling the vast open spaces of the Empire."

The Canadian records tell the same story in even more striking terms. Between the censuses of 1921 and 1931 the urban population increased by 1,220,000, and the rural population by 369,000. Out of the total natural increase of 1,369,000, some 660,000 may be attributed to the rural population. In the same period the gross number of immigrants was 1,294,000, of whom 592,000 were classified as farmers, farm labourers, or miners, together with their dependents. Thus, on the assumption that this group was approximately equal in numbers to those who settled at first in rural areas, the following picture emerges:—

CANADA, 1921-31				
			Rural	Urban
			Population	Population
Gross increase				
By excess births	..	..	660,000	709,000
By immigration	..	..	592,000	702,000
Total	..	..	1,252,000	1,411,000
Net increase	..	..	369,000	1,220,000
Net efflux	..	..	883,000	191,000

Most of the 1,074,000 people who appear from these figures to have left the Dominion migrated to the United States. But it is unlikely that many of them took up rural pursuits there, for during this period the agricultural population of the United States was actually declining.

Two complementary reasons may be given for this change in the character of migration and of the attractive force directing it. First, the application of scientific and mechanical technique to the land was enabling it to

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produce far more than before with the same expenditure of labour. Second, the demand for agricultural products by the older countries was losing its former elasticity. The excessive heights to which industrial tariffs had been pushed in some of the primary producing countries undoubtedly contributed to this stagnation of demand, both directly, by curtailing purchasing power, and indirectly, by causing the importing countries, faced with unemployment and rural poverty at the same time, to subsidise or otherwise protect their home agricultural industries. Since the onset of the slump the exploitation of natural resources (except gold) has entirely lost its attractive power, in spite of the counter-pressure of urban distress. From 1931 to 1933 inclusive, the number of emigrants from the United Kingdom was 118,747 less than the number of re-migrants, many of whom had been on the land in the countries from which they returned. In 1931, for instance, the number of primary producers permanently leaving Australia was very nearly double the number of primary producers arriving.

Is this a permanent condition, or when trade and industry have returned to more normal levels will primary production in the Dominions once more need an expanding labour force, drawn in large part from the Mother Country? The answer, which is one of the keys to future migration policy, is summed up in a single word—markets. The Inter-Departmental Committee on Migration Policy declared that the first criterion to be applied to every scheme of migration of every kind, except schemes of subsistence settlement, should be the question whether there exists "a reasonably secure and available market for a considerable proportion of the migrant's labour."

There must be a reasonable prospect that over a period of time the world demand for the commodities which the settler produces will be adequate to absorb the additional production arising from the settler's labour at a price which will enable him to cover the cost of production, and in addition to finance his living and working ex-

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penses, interest on and redemption of capital, and also his necessary "imports" from outside his own country.

At the present moment, so far as agricultural production, at any rate, is concerned, this condition is not satisfied. . . .

Whereas in the past supply, generally speaking, has always lagged behind demand, it is now clear that it is possible so rapidly and so greatly to increase the supply of almost any commodity that there will be a constant prospect of supply overtaking demand. Not only therefore must we look for a lag, which may well last for some considerable period, in the recovery of migration behind the recovery from economic depression, but it may well be that increased demand, when it arises, will not rapidly create conditions so favourable to migration, particularly for settlement on the land, as were created by the steady increase in the world demand for commodities during the latter half of the nineteenth and the early part of the twentieth century.

Bearing these considerations in mind, it would appear to follow that the United Kingdom Government can give no greater or more direct stimulus to migration than by assisting to create increased markets in this country or elsewhere for the Dominion producer, and thereby breaking the vicious circle by which low returns to the producer and low purchasing power in this country result from and are caused by one another.

In short, it is Mr. Elliot who has in his hands the future of emigration to the primary producing areas of the Dominions.

We must not, of course, relapse into the fallacy that even before the slump the opportunities of the land were the prime force of suction drawing migrants into the Dominions. Those opportunities, as we have seen, at the most took care of the natural increase of the existing rural population. If, in spite of that fact, no less than 1,319,206 emigrants left the United Kingdom for other parts of the Commonwealth in the decade ended 1929, exceeding the corresponding return movement by 847,580, why should such stress be laid on the markets for agricultural produce? May not as great a flow of migrants take place in the future, even though none of them go to cultivate the land? Admittedly, the cities and towns of the Dominions, with their trades and industries, form the inner node of suction. But their prosperity depends on the prosperity of the countryside, which for a long time to come must remain

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the prime mover of spending power in the urban areas of the Dominions. By dint of still higher and wider protective tariffs, the towns might grind out of the countryside a greater share of the national income; but are we really to found our hopes for Empire migration on the reinforcement of Dominion tariffs? Who would gain by the revolution of such a crazy circle? Not the Dominions, whose people would be carrying the burden of high-cost industries. Not this country, which would have lost not only markets but man-power besides. If, as we wish, the Dominions are to maintain the prosperity of their secondary industries without blocking the markets for ours, either we must lend them more and more capital or we must buy more of their primary produce.

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THESE considerations show that the chances of the future are against any great tide of migration from this country to the Dominions. But no one can foretell the future with assurance. The birth-rate in the United Kingdom, instead of falling, may rise again, especially as the pressure of population upon the available house room is relaxed. The pursuit of economic nationalism, which has checked the development of primary resources in the Dominions, may be reversed. Popular ideals of human life may veer from material wealth to the deeper joys of a simple existence on the land. On the one hand, migration policy cannot fly in the face of economic and social facts. If the economic impulse is lacking, the artificial promotion of migration is bound to be as disappointing in results as it will be expensive in administration. On the other hand, migration policy must be based on long-term considerations, and must be ready to take advantage of whatever economic wind may blow. If the economic impulse does arise, then the inherent desirability of an interchange of population within the

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Empire requires that migration should encounter as few hindrances as possible.

In this light, the recommendations of the inter-departmental committee are thoroughly sound in principle. The United Kingdom Government, runs their report, should assist migration only when conditions are favourable to satisfactory settlement, and when Dominion Governments are prepared to receive new migrants, and to join in the arrangements necessary to give them a real prospect of success. The financial burden of any assistance should be equitably shared between the United Kingdom and the Dominions. Save in most exceptional circumstances, the United Kingdom should discontinue the policy of providing capital for land settlement, whether by direct advances to migrants or by a guarantee of capital and interest, and no special assistance should be given by the United Kingdom to schemes for group settlement. This, the central recommendation of the report, is based on the recognition that the successful emigrant must have, above all things, a sense of independence, of standing or falling by his own efforts, and of being a citizen of the country of his adoption. The committee doubt, moreover :—

whether a policy of directing incoming migrants to the land to the exclusion of other occupations can be justified either on economic or on sociological grounds. In so far as the vacant spaces of the Empire can be economically filled at all in the near future, we believe that it would be wiser that they should be filled by those, whether newly arrived migrants or not, who can find their greatest satisfaction in agricultural employment, rather than by those who accept the obligation to work on the land because they can be enabled to migrate on no other condition.

... There is unlikely to arise in the near future any substantial demand for the extension of the acreage devoted to primary production. When such a demand does arise, it will, we think, be more easily and economically met by the marginal expansion of existing communities than by the settlement of large new areas.

The positive proposals of the committee are largely concerned with the question of subsidised passages. They

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remark that considerable numbers of persons who would make admirable settlers and who might desire to migrate might be prevented from doing so by inability to find their passage money. Hence the familiar system of the £10 rate to Canada, which operated from 1929 to 1931, should be revived and extended. The general reduced rate should, if possible, be an inclusive rate to the final place of settlement, the rates suggested being £10, £12 and £14 to the eastern, middle and western areas of Canada, and £17 10s. to Australia or New Zealand. The cost should not be borne by the United Kingdom Government alone, but should be equitably shared between the Governments and/or public or private organisations concerned; in no case should the share of the United Kingdom Government exceed 50 per cent.

Apart from those who can profit from such a system, openings will be available overseas for a number of suitable people who will not be able to provide even the cost of the general reduced passage rates out of their own pocket. For them schemes of assisted passages will be necessary. The most important and, in the committee's opinion, the most successful of such schemes is that whereby assisted passages are granted to persons or families desiring to migrate from the United Kingdom, who are nominated by friends or relatives in the Dominions concerned, the nominator undertaking to be responsible, for a stated period, for obtaining suitable accommodation and satisfactory employment for the nominees. Every endeavour, they therefore recommend, should be made to encourage the nomination system and to arrange with the Canadian Government for its extension to all categories of migrants. Specially favourable nominated rates should be provided for families, single women and juveniles, and free passages should be provided for children. The committee definitely recommend that any general reduced passage rate should be withdrawn if and when conditions become adverse to successful migration.

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The easing of the cost of migration to the individual migrant does not create an unnatural economic disturbance; it merely mitigates an economic friction. No movement of population will take place unless there exists an economic differential, or other motive force, sufficient to overcome the obstacles to transfer other than the ocean fare. We cannot foretell whether such an economic differential will exist in the future between Great Britain and the Dominions, though reasons have been given for believing that if it does exist the underlying causes will be different from those which produced the great streams of migration in earlier periods. On the one hand, the population of this country, instead of increasing, will be actually falling, unless the present trends of the vital statistics are altered, and it will be falling most rapidly in those age-groups which supply both the likeliest material for migration and the best labour power for our own industry. On the other hand, on the evidence of the decade before the slump, the immediate attractive force in the Dominions will consist, not in the emptiness of the land, but in the fullness of the towns.

This is not to say that we must throw up our hands and consign the migration problem to forgetfulness. The first function of United Kingdom and Dominion Governments in regard to migration is to co-operate in promoting the prosperity of the Commonwealth as a whole, especially by liberating trade between its different members. If advancing prosperity should create conditions under which migration on a considerable scale is possible, then it becomes their second function to ease the economic frictions in its way, foreseeing those contingencies, like the changing age-structure of the population, which the migrants themselves cannot take into account. Above all, it is their duty to view their several problems of population and migration, not from a narrow national standpoint, but in a setting of the wider welfare of that great community of British nations to which they belong.

Appendix

APPENDIX

I. UNITED KINGDOM: MIGRANTS OF BRITISH NATIONALITY, 1920-33 (in thousands)

		Canada		Australia and New Zealand		Other Parts of British Empire	
		To	From	To	From	To	From
1920	..	119	24	44	15	36	24
1921	..	68	21	39	10	30	21
1922	..	46	16	51	11	21	23
1923	..	88	12	49	11	19	21
1924	..	63	16	50	11	20	21
1925	..	39	14	47	10	20	19
1926	..	50	10	61	10	22	19
1927	..	53	13	49	11	21	19
1928	..	55	16	34	11	21	19
1929	..	65	12	23	12	18	19
1930	..	31	16	12	16	16	20
1931	..	8	18	7	15	13	20
1932	..	3	21	6	11	12	22
1933	..	2	16	5	9	13	20
Totals*	..	689	226	478	162	282	287

		British Empire		Foreign Countries		All Countries	
		To	From	To	From	To	From
1920	..	199	64	87	22	285	86
1921	..	137	53	63	19	199	71
1922	..	118	50	56	18	174	68
1923	..	157	44	99	13	256	58
1924	..	132	47	23	17	155	64
1925	..	105	42	35	14	141	56
1926	..	132	39	34	12	167	51
1927	..	123	42	31	14	154	56
1928	..	109	46	28	13	137	59
1929	..	107	44	37	12	144	56
1930	..	59	51	33	15	92	66
1931	..	27	53	7	18	34	71
1932	..	21	54	6	21	27	76
1933	..	21	45	5	15	26	59
Totals*	..	1,447	675	544	223	1,991	898

* Slight apparent discrepancies in the addition are due to approximations to the nearest thousand.

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II. MIGRANTS OF BRITISH NATIONALITY TO CANADA, AUSTRALIA AND NEW ZEALAND, 1922-31

	Canada	Australia	New Zealand	Totals
Paying own passages £10 rate (1929-31) ..	311,200	126,093	40,151	477,444
Assisted under Act*:	58,248	—	—	58,248
Nominees	44,826	113,575	37,116	195,517
Group settlers, or under land settlement schemes ..	21,145	9,125	—	30,270
Others	61,876	49,449	7,503	118,828
Totals	497,295	298,242	84,770	880,307

III. FUTURE POPULATION OF GREAT BRITAIN†

		(in thousands)					
Ages :—		1931	1936	1946	1956	1966	1976
0-15	..	10,841	10,067	7,611	5,918	5,048	4,106
15-45	..	21,053	21,356	21,221	18,694	15,261	11,962
45-65	..	9,730	10,081	10,550	11,688	11,953	10,915
65+	..	3,210	3,640	4,508	4,894	5,259	5,729
Total	..	44,834	45,144	43,890	41,194	37,521	32,712

* Empire Settlement Act, 1922.

† From an article by Dr. Grace G. Leybourne in the *Sociological Review* for April, 1934. It is assumed for purposes of the estimates (a) that no net migration movements will take place; (b) that mortality rates will remain much as at present; (c) that the amount of marriage will continue on present lines; (d) that the fertility of child-bearing women as a whole will decline until 1944 and will then become stabilised.

MEN AND MONUMENTS IN MOSCOW

I

COBBLED streets, battered pavements, row on row of brick buildings—unpainted, as white as chalk, as yellow as wax, rarely any other colour, with so many tin roofs, dull red or dull grey, hanging over them like loose and clumsy garments.

My first glimpse of Moscow after a long absence was disenchanting. Again and again I strolled up and down the main avenues, and everywhere it was the same—monotony and glumness. I sauntered into the side streets, and here the scene was still more tawdry—battered pavements with the bare earth gaping through the cobbles like patches of skin through a tattered dress; block on block of one-story brick houses drooping into the ground, and log huts with small windows and wooden shutters as in a pioneer village; courtyards with dilapidated wooden gateways and shattered wooden fences; every house with rain pipes protruding like swollen veins; now and then a yard with a garden patch, an open well, a heap of refuse, a hen with a brood of chickens chirping and scratching round. In the very heart of the Chinese walls, in the courtyard of a famous cathedral, there were washing lines propped on long poles and flapping with coarse garments.

Nor did the people outwardly present a more festive appearance. Anything but that. On the Red Square a peasant in bark sandals and a dangling home-spun cloak was leading an ox; along the river front, in the shadow of the Kremlin, peasants were hauling hay—a caravan of

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carts with the funniest hay loads I had ever seen, little and wobbly, and bulged out in the middle like bloated bellies, then tapering upward like the breasts of trussed fowls; at the railway stations were crowds of peasants, cumbered with mountainous bundles, wooden boxes, or wicker trunks, or spread out with their wives, their children and their household effects on the floors of waiting rooms; along the Moscow river, women with skirts lifted above their knees, doing the family washing, and mothers on park benches, on doorsteps, at open windows in their lodgings, suckling infants at bare, heavy breasts.

It was all so primitive, so prosaic, so undisguised. Nowhere a vestige of style, a glimmer of elegance, a trace of reserve. So many men with unshaved heads, so many women without hats, most of them in red kerchiefs; men in blouses, in coats, without coats, with shirts buttoned or unbuttoned, in boots, in rubber shoes, with trousers rounded out like drainpipes, without a hint of a crease, bareheaded or in dull-coloured caps; women in short dresses—cottons, woollens, seldom silks or satins—bare legged or in coarse stockings, in low shoes, in sandals, in bedroom slippers; few men clean-shaven, few women with make-up; and everywhere queues and queues, long and serried, mostly of women and children, with little sacks or straw woven baskets, waiting and waiting, not minutes but hours on hours, late into the night, to buy bread, to buy potatoes, to buy milk, to buy vodka, to buy tobacco, to buy anything.

I was disappointed. Moscow was not at all as I had imagined. Such an unshapely city, such clumsy architecture, such ugly streets, such bedraggled people, looking as though they never doffed their working clothes. Such a monotony of colour, such an absence of grandeur. Not a metropolis at all but a slovenly village with a smear of urbanity, with nowhere on the main streets a suggestion of the luxury that flows so bountifully up and down Fifth Avenue, Bond Street, the Champs Elysées. Even the

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historic forty times forty churches, once aglow with splendour, were now dulled and darkened like bright skies overcast by clouds. Compared with Vienna, London, Paris, with their blazing lights, their gleaming pavements, their tumultuous traffic, their voluptuous night life, their gay shops, their splash of colour, Moscow was abysmally primitive, as primitive as the springless peasant cart with wooden axles beside the modern motor car, or the muzhik in bark sandals, sheepskin cloak and homespun shirt, beside the dandy in morning coat and silk hat.

Now and then at the rear of a yard there loomed an old mansion, the home of a former merchant or nobleman, built in sumptuous style, with some of the old decorative-ness, like the colour on a dying man's face, lingering on doors, windows, roofs. But only now and then.

Of course there was the Kremlin with its triangular brick walls, its lofty brick towers, its clusters of churches with green and gilded domes, its network of palaces rising high and white above the city like a proud ruler overlooking a far-stretching domain. The Kremlin was superb. Here was grace. Here was colour. Here was opulence. Here was majesty. Here were Byzantium; Tartary, Rome, blended into one, a spectacle, a pageant, a legend. But the Kremlin—like St. Basil's facing it with its riotous ornateness, the one church in the country whose splendour is untarnished and which like the Kremlin itself is treated as sacrosanct, good for all ages and all people—seemed like an alien possession, sundered from the surrounding city not only by its high walls, its forbidding gateways, its armed sentries, but also by its barbaric lustre and its magnificent comfort. It seemed as aloof, as austere, as unapproachable as the rulers who had built it and had lived in it. No, the Kremlin was not Moscow and Moscow was not the Kremlin.

Only when I looked up at the skies did I feel a quickening of the blood. I had never seen skies so enchanting. I remembered the magnificent skies in the American prairie

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country—but how different they were, with their fixed colouring and form. Even on a bright day the skies of Moscow were not that vast dome of fleckless blue, as immobile as the fields below and as ominous as the drought they presaged. These were moody skies, changing constantly and rapidly in shape, colour, movement. Always there were clouds adrift, huge clouds, little clouds, dark clouds, bright clouds, soft as feathers, hard as granite, creeping along slowly like an invalid or an overloaded vehicle, or gliding on swiftly like a slim ship in a still sea, now winding about like a stream, now towering like a range of mountains, now grouped together like haystacks in a meadow, now spread out like immense snowdrifts agleam with sunlight. I had never seen such gay and such changing clouds, such gay and such changing skies. There was in them the verve and glamour of youth. And they were such vast skies. No skyscrapers to partition them. No fogs to obscure them. No smoke to disfigure them. Moscow might be a bedraggled city with a monotony of line and colour, but her skies were the most luminous and the liveliest I had ever seen.

Then came the discovery of a Moscow that had nothing to do with cobbled streets, gross architecture, ugly tin roofs, or even the magnificent Kremlin and the resplendent skies.

"Pardon me, citizen," said the young chambermaid in my hotel, unfolding before me a combination suit, "What sort of a garment is this?" She was so charmingly informal, so gently naïve.

"Underwear. Why?"

"A man's or a woman's?"

"My own."

She hurried out of the room rocking with laughter.

"*Tovarishtsh* (comrade)," said a woman, stopping me on the Mohovaya, a leading street in Moscow, "may I?"

She was pleasant and self-possessed, and though I had never seen her before she addressed me like an old

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acquaintance. Hardly waiting for a reply, she stuck a cigarette in her mouth, raised the one I held in my hand to hers and lit it. Then, bowing in appreciation and mumbling "*spasibo*" (thank you), she passed on.

To her it was, no doubt, a trifling incident, as much a part of the routine of living as buying a newspaper or answering the telephone. But to me it was a revelation and a challenge. I had seen Russian women smoking in the streets with no more self-consciousness than men. I had had men stop me for a light—Muscovites are always match-poor. But this was the first time a woman had done so. She was curt, informal, polite. There was of course nothing reprehensible in her act, nothing to rouse wonder or dismay. I had read enough about Russian women—I remembered Kropotkin's description of Sofya Perovskaya at the secret meeting of revolutionaries—to have expected just such unawareness of sex distinction. Yet now that I was face to face with it in a form new to me, it struck me as odd. Why I did not know, except that I had never known women anywhere else act like that.

II

"CITIZEN, citizen, aye citizen," I heard someone shouting in a rising crescendo as I was crossing the Kamenny Bridge. I turned and saw a peasant with a sack on his back waving at me. He hurried over and pantingly said:

"My dear *tovarishtsh*, maybe you can spare a bit of snuff?"

Surprised and amused at this odd request, I replied that I did not take snuff.

"No?" The peasant was grievously disappointed. "Maybe you have a friend in the city who can spare just a little bit of it, a few pinches?"

"Sorry, but I don't know anybody in town who takes snuff."

"You don't? Ah!" And he shook his head in grief

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and sighed again and again. "And I thought on seeing you, a foreigner, in such nice clothes, coming from a land where they have everything, that you would surely have snuff. Ah!" And again he sighed and shook his head. "What a calamity, what a calamity! . . . The devil only knows what is going to happen to us dirty muzhiks and maybe even the devil does not know. I am nigh seventy years of age, will be seventy a week from the first day of next Trinity, and all my life I have been taking snuff, all my life, my dear, and under the Czar I could always buy it, on my word I could, and now in our village store they have nothing but a few rusty nails and lipstick, no chimney lamps and no snuff, and I have walked twenty versts in this hot sun, thinking here in the big city I would find a foreigner who might have snuff. And now you say you have not got it and your friends haven't got it. Ah, what a calamity! . . . I'd be glad to pay for it—and knowing that so many people nowadays don't take money as they cannot always spend it, I brought along a leg of mutton in this sack, fresh mutton, on my word, from a sheep I killed this morning before sunrise. Maybe," he drew so close that I could feel his breath, "there is someone among you foreigners who will sell snuff for a leg of mutton, maybe there is . . .," he pleaded with a quaver in his voice.

I assured him that I did not know of any such foreigner. "Ah, ah!" he sighed with chagrin and incredulity. He could not imagine how any foreigner could be without such a simple thing as snuff.

"I can do without sugar. I can do without herring even on fast days, and I still believe in God and observe fast days. I've had neither sugar nor herring in so long that I have forgotten how they taste. On my word I have. But snuff? How do the Soviets expect me to get along without snuff, ha? How? What a misfortune, what a calamity! Ah!" And bowing politely he walked off muttering to himself.

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Incidents like these crowded on me one after another, as they do on every visitor who ventures beyond the hotels and museums and wanders about the streets of the city. Sometimes they came with the chill of a wave unexpectedly splashing over a bather, but always there was an afterglow, a sensation of delight as at a new discovery, a new triumph. In themselves the incidents might be trivial, but they were unfolding something new, a new picture, a new mood, a new horizon, a new importance.

It was then that I realized that Moscow's external appearance was as deceptive as a flower that folds its petals at the approach of darkness, or a freshly sown field that hides within its bosom the riches of a harvest. To the physical eye the city might be an anachronism, a monument to the dull wits, the coarse tastes, the gross whims of its builders. But beneath the ungainly exterior it teemed with a life which like a conjurer was continually bringing forth surprise, excitement, wonder. The comparison with a conjurer, I felt, was only partially correct, perhaps even absurd, for there was a limit to the illusions a conjurer could evoke, whereas there was no end to the surprises and sensations that Moscow offered. I never ventured into the streets and boulevards but I ran into something—an incident, a person, a crowd, a procession, a bit of dialogue—which made Moscow a never-ending and ever-changing spectacle. The source of this spectacle was always the same—the people. It was not, then, the physical lay-out of Moscow that mattered, not even the Kremlin, St. Basil's, the river, the skies. It was the people who invested it with a witchery all its own, and not until one discovered them did one sense the meaning, the passion, the defiance, of this ancient and momentous city!

In their physical traits the people were not without a flavour of their own. The women were short, plump, with broad faces, large hips, ample bosoms, built for work and motherhood. No wonder they were performing heavy labour in the fields, on railroads, on construction jobs and

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in factories. The slender woman was so rare that her appearance provoked surprise and commiseration. The chambermaid in my hotel once came in and shook her head in sorrow. What was the matter with these American women? They were so thin, the poor dears. "Don't they have enough to eat?" I assured her that they did not lack for food, and she was more puzzled than ever and asked with unabashed and tragic earnestness, "Do the men like them that way?"

The men by contrast were lean. The fat man was even rarer than the slender woman, and his appearance in a public place was a signal for merriment. Once, on the emergence of a fat tourist from the Metropole Hotel, the gang of workers who were constructing a new pavement in the square nearby paused from their labours and laughed, and continued to laugh and to exchange merry quips with one another until the tourist got into a taxi and disappeared from view.

Why did they laugh at him? Why was a fat man a source of amusement to them? In cartoons, films, on the stage, they were being accustomed to associate a fat man with bankers, imperialists, kulaks and other capitalist villains. The sight of a fat man should have roused their scorn and resentment. Instead it stirred rollicking merriment. In the flesh they beheld in a fat man not a monster but a clown.

The men were all alike in their disregard of the daily shave, the pressed suit, harmony of colour in dress. They seemed to care little for external elegance except for beards! The Revolution had won many of them to the use of the razor—youth scorned the beard—but enough of them had not yet become reconciled to the complete shave to make the beard still a distinctive attribute of Russian masculinity. But it was not the Russian beard which is celebrated on the western stage, in the western novel, in the western cartoon—the untamed, unshorn, unfathomable beard. Only the muzhiks in this as in so many other respects clung to tradition and heritage. The city man

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had broken with both. He trimmed and groomed his beard and pampered it like a beloved pet. It was the one thing in his appearance in which taste and choice played a heroic part. In the midst of the effort to build steel shops, automobile plants, chemical factories, he might not be able to purchase the suit, the shirt, the necktie that he fancied, but he could, unhindered, indulge his talent and his whim for beards. And he did. There were long beards and short beards, square and pointed, goatees and chops, vandykes and dundrearies, and a multitude of other styles that defied classification.

It was the manner of the Russians that intrigued and excited me most. They were so incredibly impulsive, so amazingly volatile. In Stockholm and in Berlin, for example, on visiting cafés, I had observed men, alone or with companions, sitting over a cup of coffee or a glass of beer in absolute silence. They enjoyed being aloof. Their manner was so forbidding that unless one knew them one would not dare approach them. Russians could never be like that. They were too loquacious to be happy pent up within themselves. They had to talk. They did not bother about introductions. They never minded being spoken to, and it never occurred to them that others would mind it. They were never too busy, too morose, or too distracted for conversation, and they never hesitated to ask a stranger most intimate questions. How often as I met them casually in my daily rambles did they ask me my age, the amount I earned, the price I paid for my shirt, my suit of clothes, my tie, and whether I was married, and why not? They were insatiably curious. Nor did they hesitate to volunteer information about themselves. They enjoyed it. Without the least show of reserve they talked of their life, their hopes, their despairs, their misdeeds, their failures, their achievements. They loved to confess and argue and justify and condemn themselves as much as others.

And how they loved processions! Hardly a day but some

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organization or factory was parading somewhere for something—Pioneer boys and girls with flapping red ties, Young Communists with guns on straps of leather slung over their shoulders, factory workers with banners and bunting, policemen with a band on the way to a public square from which they were to disperse to their beats, country folk in bast sandals and—in spite of warm weather—hooded up in heavy clothes, making the rounds of sightseeing resorts, and, of course, soldiers. The paraders were always singing. A soloist would start a verse, and the crowd would join in the chorus. Singing was as much a part of a procession in Moscow as cheering is of a football match in America. Indeed, it was a part of the very pulse beat of the city. In the medley of noises, in the evenings especially, that rose above the streets, the sound of song was a recurrent and stirring undertone.

Soldiers were particularly given to song. Rifles on shoulders with bayonets fixed, on their way to or from drilling grounds, or with bundles of towels, underwear and soap under their arms on their way to and from the bath-house, they strode along in military formation to the tune of a robust melody. Traffic might roar all about them—buses, lorries, crowds—they sang away, quite unconcerned, their booming voices soaring high and clear above the tumult of the streets.

Nothing, however, that I had seen in Moscow had given me such a sense of social desolation as a white funeral. A white funeral is a religious funeral, as distinguished from a red funeral, which is a Soviet funeral. It was on my second day in Moscow that I saw my first white funeral. It was edging through the traffic on the Arbat like a timid child making its way amid a crowd of strangers. The hearse was an open platform, and was painted white, a faded peeling white. The coffin was white, a fresh shiny white. The flowers were white, white lilies, white roses, white chrysanthemums, and were scattered thinly over the coffin. Only one horse was drawing the hearse, an aged,

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scrawny beast, limping and raising its feet with an effort, and the trappings over it, tattered and worn, were white. The coachman was leading the horse by the bridle, and wore a long smock which was also white. It was a pathetic, unpretentious affair. No priest, no banners, no ikons, no symbols, no swinging of incense and no solemn intoning of "eternal memory." Hardly a procession at all. A man with long hair and a stooping back was followed by only two persons, an elderly couple, the woman leaning on the man's shoulder and sobbing. Traffic did not halt, and in the hubbub pedestrians scarcely observed the presence of the funeral. There was nothing save the coffin and the white trappings to signalise the passing of a life. This, then, was the fate of those whom the Revolution had disinherited. Even in death they were alone!

The first red funeral I had seen was such a contrast. Everything was red, blood red. The open hearse was painted red, the flowers were red—red roses, red dahlias, red chrysanthemums. Not one but two horses, sleek and sturdy, were drawing the hearse, and they were decked out with long red trappings which reached over their ears and foreheads. The bunting over the coffin and the hearse was an undulating stream of red. A band was playing the revolutionary funeral march—a military band with soldiers in khaki and shining boots, their brass instruments gleaming in the sun. Directly behind the hearse a woman in a loose cloak and black shawl, shaken with grief, was leaning on the arms of two men, one young and clean-shaven with cap drawn low over his forehead, and the other much older, short, stubby, with a mud-coloured beard, one hand in his bosom, and his eyes fixed on the ground as though he were too proud to show emotion or so choked with it that he dared not look up lest he collapse. Then came a long procession of men and women, young folk mostly, walking solemnly, four and five abreast, and carrying banners as red as the bunting, the coffin, the flowers. Colour and drama were here, and pathos; public remembrance and

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public reverence. Traffic halted to give the procession right of way, and pedestrians stopped, doffing their hats and gazing in solemn contemplation.

"Who is dead?" I turned to a young man in the procession and dropped into step with him.

"A working girl!" answered the youth.

"A *Komsomolka*, a member of our cell," volunteered a girl who walked arm-in-arm with the young man. The dead *Komsomolka*, I learned, was eighteen years old, a worker in a textile factory, and the people in the procession were fellow workers. She was Jewish, but most of the marchers were not. They were not taking her to a Jewish cemetery. Workers did not believe in separate cemeteries for Jews and Gentiles. "We work together, live together, fight together, and get buried together," explained the girl with pride.

I dropped out of the procession and followed it with my eyes until it disappeared down a boulevard, to the fading strains of the band, muffled and doleful. Traffic which had been cut asunder flowed together again like streams of water. As I was wending my way home along the river front I wondered how it would all end, this Revolution and the poignant cleavages it had wrought. So much tragedy and social desolation in the white funeral, so much majesty and social remembrance in the red funeral—symbols of two worlds which touched one another only by the accident of being in the same land, the same city.

Then casually I looked up at the Kremlin. A huge and brilliant red flag, floating over the St. Nicholas Palace, was being blown in the direction of the gleaming crosses that capped the cathedrals nearby. The red flag and the Christian cross seemed to reach out to one another in amity and goodwill. Of course, it had no meaning at all. It was no symbol of an approaching reconciliation. It was only an accident. Yet there they were—the red flag and the Christian cross as if in a joint salute to the world about them.

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III

A SURPRISE of a different kind was provided by the Moscow police or militiamen. They looked dignified enough, nor was there anything shabby or unkempt about them. In their high boots with trousers tucked inside, in their grey uniforms and helmet-like caps, they presented a smart appearance, the smartest, next to army officers, of any men in the city. But they were astonishingly young—in the early twenties—and astonishingly small. They were not midgets, but they were picked, it seemed, deliberately for their youth and their smallness of stature. Was it because a big man might be more readily tempted to turn bully and abuse the citizenry? Or because in the minds of the new rulers the idea of a policeman was still associated with that of a hireling of capitalism who broke up strikes and workers' meetings? Whatever the explanation, the Moscow militiamen were the smallest and the most youthful guardians of the peace I had ever seen. Beside the formidable English bobby or the tough American cop, they were mere caricatures, walking toys, fit more for comic parts in musical comedy than for the tasks they were performing. They seemed easy-going, too, and unassuming, quite out of tune with the spirit of ruthlessness that the proletarian dictatorship implied.

Nor was their martial equipment calculated to inspire terror. They carried guns, it is true, in leather pouches outside their uniforms. But they had no truncheons or "night-sticks" with which to belabour wrongdoers. If emergency demanded, they might shoot violators of the law, but might not beat them. But suppose people resisted arrest? No sooner had I posited the question than I dismissed it. In such a situation I was sure a Russian militiaman would not stand on ceremony. He would be as rough as any American cop. Soon, however, I discovered that I was in error.

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As I strolled along the Strastnoy Boulevard I saw a crowd in front of a restaurant. In the centre were a militiaman and a young, well-dressed woman, her lips daubed with lipstick. The policeman accused her of soliciting in the streets and sought to arrest her. The woman denied the accusation and refused to be arrested. The colloquy attracted an ever-increasing crowd.

"I have to arrest you," insisted the policeman.

"I refuse to be arrested," protested the woman.

"You've got to arrest her," pressed a man with a briefcase, evidently an official of importance, "she's been accosting me here in this very boulevard."

"Come," said the policeman, taking her by the wrist.

"I am not going," retorted the woman, snatching away her arm.

"You can establish your innocence at headquarters," argued the policeman. He was not angry, but he was firm.

"I refuse to go to headquarters."

The militiaman pleaded, argued, warned, threatened. He seemed so pathetically helpless. But the woman was obdurate. She would not be arrested. To me it seemed a comic procedure, more like a sketch on a variety stage, a bout of hilarious farce, than a slice of real life. Yet nobody laughed. The bystanders took it as seriously as did the militiaman, and joined in the tilt, on his side. Men and women, one after another, pleaded with the woman to go with the policeman. They reminded her that refusal to do so, even if she was innocent, constituted an offence and would bring severe punishment. The policeman remained silent while the bystanders talked, glad of the support they were giving him. In the end, persuasion won. The woman agreed to go to police headquarters, if she did not have to walk, to which the policeman readily consented. The public, the bystanders, instantly turned to see if a cab was available, and when they saw one coming they hailed it with explosive joy. The woman entered the cab, the policeman followed her and they drove away.

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Many of the people whom I met in my rambles would unfold, in part or in whole, the stories of their lives, eagerly, eloquently, touchingly, without any solicitation on my part, and never in an effort to justify their misdeeds or to exaggerate their virtues. They were so sublimely unabashed, so heroically humble. Again and again in such company I felt that I was listening to characters who had emerged in the flesh from the pages of Gorky or Dostoevsky.

Once as I was walking up the Petrovka in the heart of the city I felt someone pull me by the sleeve. "Excuse me," said the oddest-looking man I had ever seen—a tall, gaunt figure, clad in mere rags carelessly stitched together by coarse thread and wire. He had neither shoes nor hat, and his face was smeared with sweat and dirt. "Please excuse my boldness," he said apologetically and with a merry twinkle in his bloodshot eyes. "I need ten kopeks, upon my word I need them."

"What for?" I asked.

"What for? I'll tell you," he said, and his smile bared his shiny white teeth. "I have fifteen kopeks, and if you give me ten more I'll have twenty-five, and for twenty-five kopeks I can buy a beer in that tavern there on the corner. See it?"

I looked at him. His hair was long and tangled, and seemed as if hung on a frame from the middle of his head. His clothes exposed more of his body than they covered, and he smelled heavily of sweat and liquor. He looked the part of a variety clown. Yet there was a winning quality in his twinkling eyes, his careless manner, his soft voice. He showed none of the abasement of a beggar. He asked for ten kopeks with as much assurance as a customer orders a pound of sugar from the grocer. Here was one of Gorky's tramps in the flesh—frank, proud, self-assured.

"Don't you give him any money," growled an old woman who was passing by with a sack on her back. "He's had enough to drink."

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The man laughed like an innocent boy.

"Brother mine," he said, putting his arm round me, "how little she knows the world. . . . Akh, you ignorant *baba*" (old woman).

"If you were my man," retorted the woman angrily, "I'd give you such a hiding as you'd never forget, you scamp! Somewhere in a basement here or in some other city, I suppose, there is a woman with half a dozen children whom you have deserted and who are crying their hearts out for you, you good-for-nothing. . . ."

The man was not moved by this tongue-lashing from an utter stranger. He laughed heartily.

"She doesn't know anything," he explained. "I've never married a woman, believe me, my dear, I haven't, and the reason is that no woman would marry me. I am distasteful to women. I drink, of course I do, but why shouldn't I? Why shouldn't I drink as much as I can hold inside me? Just look—just look. . . ." By this time several passers-by had stopped to listen. "Do I look like a man? Do I dress like a man? Do I smell like a man? Do I feel like a man? . . . Why should I act like a man? Why should I be a man?" He laughed and the bystanders laughed with him. I slipped him a coin and he dashed away singing, while the crowd remained to speculate who he was and whether or not I did right in helping him to obtain another drink.

On another evening I had no more than turned the corner of the Tverskaya when I was stopped by a youth reeling with intoxication. A well-dressed youth he was—too well dressed for Moscow, in low shoes, cap, a smart suit of clothes, and a collar, but no tie. He, too, asked for money—five kopeks to go home on the tram. "You are an Englishman," he addressed me in perfect English.

"Not quite."

"Sind sie Deutsch?" he hazarded, and proceeded to speak German and French and then English again. I was intrigued, for it was evident that this was no common

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drunkard. I did not have to wait long to learn the man's story. His father had been a rich man before the Revolution, and as a child he had had French and German and English governesses and had travelled widely in Europe. "A good man, my father was—very good to me, because I was his favourite son. But he was a *bour hui nu*, a swine—a smelly swine, that's what his valet told him when the Revolution came. Yes, valets did talk like that to their masters in those days. What has become of my father I don't know. He fled abroad—the coward. Maybe he is in Naples, maybe in Berlin, maybe in Paris playing around with women. I don't know and I don't care. He abandoned us—me and my younger brother—and the devil take him!" He reeled and wobbled and nearly fell on the pavement.

"Tell me," I said, wondering how a man of his origin was faring in the proletarian capital, "what do you do—I mean, how do you get along?"

"How do I get along?" he repeated in English. "Ah, that is a secret, a big secret. But I'll hide nothing from you, nothing. You mean, I suppose, what do I do for a living. Hm. . . . I have even stopped asking myself the question. Come to think of it, I do get along, don't I? No, I've no job with the Soviets—I'm not good enough—not a proletarian—the son of a capitalist swine. . . . so I keep taking to the market-place day by day the things that the Bolsheviks overlooked when they confiscated our family belongings, and I sell them for the best price I can get. . . . Then I write. I dreamed once of becoming a great novelist, something like your Jack London—only, of course, not so great—and so I write, very little and very rarely, and I must say very poorly, so rarely and so poorly that I never get anything printed. . . . And, thirdly, I drink. That is how I get along. Do you see?"

A militiaman came by and said, "You'd better get home," and taking him by the arm led him away to the tram.

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Several days later I saw him again, lying prostrate on the pavement in the Tverskaya. A crowd had gathered about him and a militiaman bent low over his head, vainly trying to ascertain from him who he was and where he lived.

Then there was the man whom I met one evening on the Strastnoy Boulevard. I had been in the Praga Restaurant and on my way home sat down on a bench to enjoy the night. The lights were already out, and there was silence save for the occasional clatter of a tramcar and the honk-honk of a passing motor-car. Then a voice broke the stillness, a man's voice, soft and shaky, as though the speaker were not sure that his approach would be welcomed.

"Excuse me, sir, you are a foreigner?" French was the language.

"Yes," I replied in English, and the man, tall and distinguished in an up-to-date suit of clothes and a soft hat—better dressed than any Russian I had yet met—sidled into a seat beside me.

"I'll talk English then," he replied, speaking with a harsh accent. "You won't mind," he continued, "if I ask you to do something for me?"

"If I can," I answered, wondering who he was—a spy, a White, a smuggler, or just a victim of the Revolution.

"Of course, if you cannot, you cannot." The man was uneasy, but plucked up his courage to continue. "Please believe me, I never should have approached you if I hadn't thought you might be of help to me. I saw you in the Praga Restaurant and have followed you here to the boulevard. Now don't for heaven's sake think I am a spy, a hireling of the GPU. I am not, I swear I am not."

I waited and the man soon resumed speaking.

"I may as well begin by telling you who I am. My name is Alexey Kirilovitch T-v, of the T-v family, once high in the counsels of the Czar, an engineer by profession, an electrical engineer. Had my own business with offices in Berlin and London. I was rich, very rich, but I lost everything in the Revolution, everything, and my wife, poor soul, died

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from typhus in 1921. No children. Now I am living in Leningrad in a small apartment with a peasant woman, my housekeeper. A man of experience, you see, and some talent, useful to the Soviets and honest. Trusted by everybody and treated well. I can't complain. But my dear, dear friend, I am so unhappy. Not because of the loss of my fortune. Not a bit of it. To the devil with money. I can live on black bread and cabbage soup and be happy. Every Russian at heart is a muzhik and can live like a muzhik. But something inside of me has snapped, gone out . . . out . . ." His voice broke off, and he paused, but not for long.

"You see," he began again with an effort to be calm, "I was born and educated in the old capital, Leningrad. Every inch of ground in the city I treasure and love, and every time I go into the street I tremble . . . I see buildings, mansions, churches, offices, and I think of this and that friend who worked or lived in this or that place, and I grow faint. Where are they all, these men and women who ate and slept and loved and wept, and went to the theatre and gave parties and invited me to their houses and played and danced with me and became as much a part of me as the very air I breathed? They may have been terrible people, usurers, exploiters, loafers, swine. All that the Bolsheviks say about them may be true. But they were people, my people, part of me as much as I was part of them. And now where are they? I do not know. I never see them. Not even those who have remained alive and are still about. They don't count. They are not of much use even to themselves. They are finished, dead, even if they still crawl around like lice. . . . I have nobody except my muzhik housekeeper, an old servant of the family. The other day I said to her, 'Marfa, I am dead,' and she got down on her knees and crossed herself and prayed and begged me never to say such words. But I cannot help saying them. I cannot help thinking that way. I am dead. I know I am dead even if I still talk and work and

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sleep. I cry so often, so often—just lie down on the divan in my room and cry like a beaten child, because I know I am not really alive. Think of it—a man of such influence in the old days, with a first cousin Minister to the Czar, with the Czar himself calling me into consultation, and with the Bolsheviks respecting me as a man and as an engineer and trusting me with responsible projects. Such a man and yet such a weakling—lying on the divan and crying and repeating to my housekeeper ‘I am dead, I am dead, Marfa.’ And she, poor woman, praying for me and scolding me and pleading with me amid her tears never to repeat those terrible words, and I unable to promise anything or to say anything except to repeat louder and louder, ‘I am dead, I am dead.’ ”

He paused, drew his handkerchief over his eyes and sobbed convulsively.

“Please do not mind me,” he resumed. “I didn’t mean—well, you see, I am weak, so terribly weak, and I must get away from here to a far, far-away place. I want to go to America, and if you could only help me to get there, tell somebody in the American Government who I am, and obtain permission for me to land. . . . Ah, I’d be so grateful to you, so grateful, and maybe the Bolsheviks will let me out, maybe . . . I’d tell them the truth, I’d tell them how broken up I am, how necessary it is for me to get away to a far, far-away country, and maybe they’d have pity on me, maybe. . . . They have not maltreated me, thank God, and I can’t complain. I’d be glad to do anything in America—dig coal, plough land, cut timber—anything. I am not so very old yet—fifty-six—and perhaps in some other land, far from reminders of the past, I would come to life again. . . .”

IV

SINCE my first visit to Moscow the face of the city has changed and is still rapidly changing, almost beyond recognition. Gone is the Temple of the Saviour, whose golden

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dome only a few years ago flashed upon the horizon like a lighthouse at sea, in a brilliant welcome to the arriving traveller. Gone is the ancient and widely famed Iberian Virgin, before which Czars and peasants alike knelt in prayer and devotion and in appeal for miracles in their behalf—gone and really forgotten. So many churches have been torn down and abandoned that now one has to go for miles before finding one that is still standing. Rarely does one now see a priest in the streets. This once “holy city,” the little mother of Russia, seems to be in a fearful hurry to cleanse itself of every vestige of its ancient godliness. Street after street has been torn down and straightened and cleaned. Row on row of ancient buildings has been demolished and new ones—more imposing, equally clumsy, and with rare exceptions hardly more appealing to the eye—have been put up. All over the city, by day and by night, drills and engines and steam shovels whine and roar, filling the air with noises which must make the old builders of Moscow turn in their graves.

In the department stores one can now see Russian-made pianos and gramophones on which the Muscovite loves to play American jazz records. Over and over he plays them, late into the night, indeed into the early hours of the morning. In the city planning office architects showed me an array of photographs, maps of the future of the city. Practically all of it, with the exception of the Kremlin and a few other historic landmarks, is destined to be torn down and rebuilt. And yet the people have remained the same—as eager, informal, impulsive, as ready to talk, to quarrel, to confess, to identify themselves with every passing incident and to enact the same little comedies and dramas that they had always played in the streets. And yet one wonders whether the machine, the mighty weapon of the Revolution which is so busily and so greedily ploughing up the old civilization, is not going to change all that and make the Muscovite as reserved, as formal, as dignified, as formidably aloof, as the citizens of so many modern cities.

CANADA AND COMMONWEALTH SECURITY

I. CANADA'S SECURITY PAST AND PRESENT

SECURITY has two aspects, one territorial, the other extra-territorial. In the territorial aspect the term means freedom from the risk of invasion by hostile forces; in the extra-territorial it means freedom from the risk of interference with the movement of trade through extra-territorial channels. To the Frenchman's mind the territorial aspect is the more important: he tends to think of security in terms of the German menace. From the point of view of the United States, and at least until recently from the point of view also of Great Britain, it was the extra-territorial aspect that was the more important; that aspect is suggested by, if not summed up in, the phrase "the freedom of the seas." The recent debate on the advisability of increasing the strength of the Royal Air Force* suggests that to the people of Great Britain the territorial aspect of security has increased in importance relative to the extra-territorial.

In neither aspect has the question of security seriously agitated the minds of Canadians, except when discussions have arisen on the policy of making contributions in either ships or money towards the strength of the Royal Navy. When these discussions were at their bitterest, in 1913, the question chiefly debated was whether the emergency was such as to require the adoption of a course which in other circumstances none of the disputants would have been

* See THE ROUND TABLE, No. 96, September 1934, p. 863.

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inclined to support, and about the discussions themselves there was always a certain unreality. They were concerned chiefly with security in its extra-territorial aspect, and it was always difficult for Canadians to feel that a money contribution of the order of a few millions of dollars, or the provision of one or two additional men-of-war, could make any very substantial difference one way or the other. Either the navy was strong enough, without the contributions, to ensure the safety of Canada's trade routes, or else, even with the contributions, it would be too weak to protect them. All that was involved was an additional margin of safety, and few Canadians regarded that margin as being of high intrinsic importance. It was generally assumed that the Royal Navy would in any event be maintained at sufficient strength and that it would be used to protect Canada's coasts from attack in the very improbable event of a need for such protection. The conflicts were rather conflicts of words, and it cannot be said that they had any very profound effect on public opinion.

For the protection of her own territory there was practically nothing Canada could usefully do. It was impossible to fortify either of her sea coasts sufficiently to ensure their security independently of naval force, and any attempt at fortification was confined to a few points of special importance. No navy that Canada could conceivably maintain could be made strong enough to resist attack from any of the few great Powers by whom alone an attempt at invasion was conceivable. The inviolability of the land frontier to the south depended upon the maintenance of good relations with the United States. Even if good relations were threatened, no land force within the realm of practical politics could possibly be counted upon successfully to oppose itself to a thrust, for example, from Chicago, whence an invading force might move either towards Lake Erie or towards the western prairies. Consequently, the question of security, whether territorial or extra-territorial, as a matter of national concern, hardly impinged

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upon the minds of Canadians. The purposes to be served by Canada's naval and military forces were regarded as being the protection of fisheries against unarmed poachers, the preservation of domestic order, resistance to possible unauthorised raids such as that of 1866, and, above all, participation by the land forces in a hypothetical imperial war.

The conquest of the air has completely changed this situation. It is now quite within the capacity of Canada to maintain an air force strong enough to deter a hostile force from overseas from attempting to make a landing on any part of her coasts. Indeed, the organisation, within a few years, of an air force capable of discharging that function may now be anticipated. For such a force the recent greatly increased resort to flying for civil purposes naturally affords the foundation, but curiously enough it has been the great depression which has made its organisation an immediately practical possibility.

Though many, perhaps most, Canadians even yet fail to realise it, the effectiveness of air operations and civil air transport depends as much upon ground organisation as upon the efficiency of the aircraft in use. Air Force depots, if not civil air transportation bases, must be near the centres of population, and the population in Canada is centred in the inland provinces of Ontario and Quebec. In fact, the principal Air Force depot has been in the western part of Ontario. This training centre is to be moved slightly eastward to Trenton on the north shore of Lake Ontario, but it will still be nearly a thousand miles from the eastern seaboard and more than two thousand from the western. Apart from the depression the difficulty of providing land facilities for the rapid movement of air squadrons from their principal bases to either coast would probably long have remained almost insuperable. Parliament was not seriously concerned either with the problem of defence or with the provision of facilities for civil air transport. As a result of the depression, however, there came into

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existence a large body of unemployed and, generally speaking, unattached young men. A constructively imaginative Department of National Defence seized upon the opportunity to find work for idle hands to do, securing at a stroke a lessened risk of internal disorder and an improvement of Canada's air facilities. Large bodies of men were employed, practically for their keep, in constructional work under the Department, chiefly in the laying out of what has come to be known as the "Trans-Canada Airway."

This consists in a series of prepared landing grounds, some thirty miles apart, along a line extending from Halifax on the east to Vancouver on the west, with intersecting and branch lines running north from Toronto to Cochrane, from Lethbridge to Edmonton, and (in prospect) from Regina to Saskatoon. The landing grounds themselves are expected to be ready for use before the end of 1935, and soon after they are finished the whole airway may be expected to be equipped with radio beacons, lights and other necessary facilities for air navigation. Most of the grounds, of course, will remain without equipment, being intended for use only in emergencies. Fully equipped aerodromes will be separated by something like three hundred miles. The airway was needed to permit the proper development of civil aviation. Its location is understood to have been determined solely on commercial grounds, but its existence has, nevertheless, a very important bearing on the problem of defence.

Canadians appear to have a special aptitude for flying. At least in 1918, and probably even earlier, some 40 per cent. of the whole personnel of the Royal Air Force came from Canada, and the proportion of Canadians among the officers and non-commissioned officers who actually flew was very substantially higher, perhaps as much as half as high again, although on this point exact figures are not at present available. The Royal Canadian Air Force is now a highly efficient, although not a large, organisation. Its strength, in both personnel and equipment, has lately been

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increased, and as it has always been looked upon as the best school for civil pilots, the growing interest in air transport is likely to bring about a further substantial expansion, quite apart from military considerations. This will probably involve the expenditure upon it of a considerably larger proportion than heretofore of the total sums available for all defence services, and possibly even a reduction of the sums appropriated for the land and sea forces.

A comparison of recent parliamentary estimates suggests that the process of redistribution has already begun. After a certain increase in air strength has been made, Canada will be able, on a few hours' notice, to transfer to either coast a number of air squadrons amply strong enough to make a demonstration against that coast by an overseas fleet so dangerous as to discourage, if not wholly to prevent, its being attempted. The land forces could be concentrated on either coast after a somewhat greater delay than the air squadrons, and would there afford them the necessary ground support. Items which have appeared in the press suggest that the training of the militia is being modified in the direction of increasing the number of men mechanically trained. It may be expected, moreover, that like modifications will be made in the character of Canada's naval equipment and in the training of her naval personnel, with a view to facilitating co-operation for defence between the Royal Canadian Navy and the air arm.

It seems hardly possible to overestimate the significance of the change in the position thus outlined. Canada need no longer feel herself entirely helpless. The old taunt, that it was confidence in the Monroe doctrine which prevented Canada from feeling concerned about possible invasions from the sea, will before long have lost its point. If she is not so already, Canada will soon be found not only willing but able to accept full responsibility for the protection of her coasts, without sheltering herself either behind the United States or behind the British fleet. This internal change, however, in no way affects the question of extra-territorial

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security. The position in regard to it remains as before, except to the extent that it, too, has been affected by the conquest of the air.

II. COMMONWEALTH SECURITY AND THE LEAGUE

THE exception is a most important one. If Canada is right in thinking that she can effectively deny her coasts to hostile men-of-war, it follows that no armed and armoured vessel can expect to command any part of the narrow seas, and where an armoured vessel cannot safely penetrate it is obvious that the frailer merchant ship can pass only by permission. The freedom of the narrow seas no longer depends upon naval power, but upon air strength. The question of the security of the Commonwealth thus presents itself in an entirely new form.

How far, in these circumstances, can there be any such thing as combined Commonwealth action? Is a repetition of 1914 conceivably possible? It is hard to imagine the Government of any Dominion prepared to face the risk of embarking substantially all of its trained war personnel on merchant vessels and moving these to Europe, no matter with what air protection the convoy could be furnished. A Commonwealth concentration for the defence of India, or perhaps at Singapore, presents different considerations. To both India and Singapore there is a back door as well as a front, and it is improbable that access to both could be contemporaneously denied by hostile air action. If it is contended that to Great Britain there is likewise a back door, a fresh set of questions arise.

Assuming the possibility of concentration, it seems at least open to doubt whether any overseas force could arrive in time to be of use. Some students incline to the view that soon after the first contacts of hostile air forces, either with each other or with enemy aircraft defences, the losses of air personnel and equipment

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suffered by both combatants will be so great that neither will be capable of further effective air effort: losses at the rate of 100 per cent. a month are spoken of. It is suggested that the period of air operations will be followed by a pause, during which both sides will seek to reorganise and recuperate, and that in this period of pause the ocean transport of reinforcements will be a feasible operation, even if a dangerous one. This appears to be an optimistic view, in the sense that it envisages an opportunity for sea transport which is likely to be useful only if the air power of both combatants is in abeyance. If either retains command of the air, it should be able, within a time too short to permit the arrival by sea of reinforcements either to itself or to its opponents, to crush the latter's will to further hostile effort, if not capacity for it. If, moreover, command of the air remained with the enemy, the dispatch of reinforcements by sea would necessarily be extremely hazardous. There seems, therefore, to be good ground for the view that an attempt to bring about a concentration of Commonwealth armed forces in Europe would almost certainly be either impossible or unnecessary.

It must be admitted that the present international situation has in it at least many of the characteristics of pre-war international anarchy. Canadians have always been strong supporters of the League of Nations, notwithstanding that the object of the League has been commonly presented to them under a somewhat unfortunate guise. That object has usually been represented as the organisation of peace, but even if it had been more usually presented as what it really was, namely the organisation of power, that is communal power, or at least a long step towards it, the League would have commanded equally general support. While there is no doubt that its nominally world-wide inclusiveness had a certain ideal attraction, membership by Canada would probably have been almost equally widely approved if, in correspondence with the stark fact, the League had been recommended as an association of vigilantes

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who combined for the repression of individual breakers of the public peace—provided always that the association seemed disposed to make adequate provision for the redress of wrongs, and that Canada's responsibilities were appropriately limited having regard to her isolated geographical situation.

The creation of the League and the course that it followed induced at first a justified optimism; but since the defection of two of the great Powers that optimism has undoubtedly given place at least in part to pessimism, and the adhesion of Russia has not been sufficient to counter-balance this loss of faith. Canadians prefer a body which acts to one which merely talks, and though this is by no means to say that the League could have done otherwise than it did, there is no doubt that the great majority of Canadians were profoundly disappointed at the failure of the League to compel Japan to respect public international law. Canadians have an innate respect for law and an inherent inclination to support its enforcement. They are irritated and depressed by any failure of the law to make itself felt, and were a practical plan presented for the better organisation of power, it is extremely probable that there would develop in Canada very strong support for its acceptance.

Situated historically and geographically as they are, Canadians commonly regard Great Britain or France as their spiritual, but the United States as their material, "home from home." While they do not approve of some of the manifestations of United States national characteristics, there is not the slightest awe of the United States on the part of Canadians, or any contempt of Canada on the part of citizens of the United States. Individuals resident north and south of the boundary generally find that they have the same intellectual outlook as their opposite numbers on the other side drawn from the same social strata. In a proper case, they would have not the slightest hesitation in co-operating with one another to defend the

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continent of North America against invasion or against hostile action affecting the common interests of its inhabitants in other parts of the world.

On the other hand there is a most intimate association between the Canadian services in all branches and the corresponding services in Great Britain. From the point of view of their organisation, equipment and training, joint operations by British and Canadian forces could be undertaken with a minimum of difficulty. There would undoubtedly be a strong disinclination, if not a flat refusal, on the part of any Canadian Government to permit any Canadian armed force, even one operating abroad, to become wholly merged with the forces of Great Britain, much less with those of the United States. Canadian forces would almost certainly be required to act under their own Commander-in-Chief, who would report directly to the Canadian Government and would be responsible to it and to Parliament for the proper use and care of the forces under his command. But if Great Britain and the United States, with the co-operation of such other Powers as they regarded as essential for their support, undertook to enforce the recognised public law of the world by appropriate use of their combined war strength, there is little or no doubt that adherence to that plan would have the support of very many Canadians. It is nevertheless probably true that even such a combination would not command the same general support in Canada as would a more inclusive group, acting under the Covenant and accepting the Statute of the Court of International Justice. To co-operation with such a group opposition in Canada would probably be so slight as to be almost negligible.

The only present alternatives to the formation of a group of one kind or the other seem to be reliance upon the present unwieldy machinery of the League of Nations, with its failure to apportion national responsibilities on geographic grounds, or a reversion to complete international anarchy. Canada's prospective capacity to protect

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herself against invasion makes the emergence of an anarchic world somewhat less alarming to Canadians than it might otherwise be. As that capacity becomes actual, it will tend to give them a sense of national solidarity considerably more acute than they have heretofore possessed. Even if, under anarchical conditions, Canada was willing and anxious to throw her full strength into a war which threatened the continued existence of the Commonwealth, it seems rather more unlikely than likely that intervention in such a war would turn out to be a possible course of action.

III. CANADIAN OPINION

IN 1914, for the first time in a century, Canadians were brought into intimate contact with armed hostilities. The sea coasts were guarded according to pre-arranged plans, and a considerable number of troops were sent to the western front. No naval participation was possible, since the struggle over a Canadian navy three years earlier had resulted in the taking of no action. Thus, although distant from all the theatres of war, Canada became actively concerned in it, and many thousands of her citizens learnt from experience something of its art. But, as happened in some other countries, experience of war led in the long run, not to a flowering of the martial spirit, but to an active desire for peace where before had existed only a vague acceptance of it. The war did more than that; it brought to a head, rather suddenly, the long-standing process which led Canada from the position of an overgrown schoolboy to that of a rather self-conscious young man in a sophisticated world of mature and adult States.

With the end of the war, Canada, viewing the diplomatic world for the first time direct from Ottawa, rather than by way of London, instinctively pinned her faith to the Covenant and the new internationalism. To Canadians it seemed that the world as a whole was at last adopting the method of settling international disputes that Canada

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and her great neighbour had been following with success for a hundred years. The view came to be generally accepted that the collective system offered, not only the right approach to world affairs, but also a solution of the vexed question of imperial relations in the realm of foreign affairs. If all the self-governing parts of the Commonwealth were committed to the principle that the only war in which they would be called upon to take part would be a war in defence of the collective system, then, clearly, the problem of the diplomatic unity of the Commonwealth largely disappeared.

There is reason to believe that public belief in the League and in the principle that it represents was never stronger than now. At the same time, no one but an ostrich could fail to see the growing triumph of the old system of action by individual States or groups of States on a basis of *Realpolitik*. As mentioned above, it is chiefly the realisation of this painful fact which has precipitated the imperial defence issue.

In face of the new world situation, Canadian opinion, so far as it is formed at all, is hesitant and divided. Many Canadians are conscious that Canada occupies a peculiar place within the Commonwealth, one that appears to give her protection without liability. It is said by Canadians as well as by outside observers that Canada should either stand on her own feet in the world, and be prepared to accept the dangers of that position, or else be ready to co-operate with the other members of the Commonwealth in defence and foreign affairs. While it is in many ways desirable that this logical alternative should be faced, it is unlikely to be faced unless external pressure is applied to compel an answer. There are many reasons for this. A democracy is not accustomed to facing great problems of foreign relations unless they are immediate and pressing. Canada, moreover, is a democracy which has had little experience of foreign affairs. The first glorious burst of sovereignty which took her to Paris in 1919 was not followed

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by a consistent attention to the issues of foreign relations on the part of either the Government, Parliament, press or public. It is unfortunate but true that Canadians as a whole do not consider themselves as intimately concerned in such matters; and Ministers who are not obliged by parliamentary curiosity to divulge their views and actions in foreign affairs do not go out of their way to tread on difficult and controversial ground. On one side this curious lack of interest arises from the absence of tradition and from a carry-over of the former colonial status; but there is also a more concrete cause to be found in the not uncommon belief that Canada is in a position of special security.

It can hardly, indeed, be denied that such is the case. With the only land frontier out of military consideration, Canada assumes the position of an island—and even better than an island. For it is commonly felt that the policy represented by the Monroe doctrine applies in some degree to Canada, and that the United States, in her own interest, would regard with high disfavour the control or occupation of Canadian soil by a great Power. If the American-Canadian frontier is incapable of defence from the Canadian point of view, it is almost equally so from the American. No political arrangement in North America could be so favourable to the security of the United States as the present one.

Canadian opinion shares to some extent the feeling for North American isolation that is more clearly held by her neighbour. Although she has important trade interests in many parts of the world, Canada has no tradition of "foreign entanglements" (except with the Commonwealth). The average Canadian feels that, however involved and menacing may be the state of the world, his country is in no apparent danger of attack, and therefore need make no preparations, either by national defence or by alliances. It has been suggested, indeed, that the Pacific coast is a potential zone of danger, in that any

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conflict between the United States and Japan might involve the Pacific coast of Canada as a scene of aerial warfare. Such a possibility, however, is generally felt to be remote ; and whether or not it enters into the speculations of the strategists, it has at present little or no effect on governmental policy.

It has been said that the issue of imperial defence is one on which Canadian opinion is much divided. There are in Canada "imperialists" of the Right and nationalists of the Left, and there are groups representing every shade in between. There is no such thing as a Canadian attitude towards the Commonwealth, except a predominantly friendly one towards the existence of the Commonwealth in substantially its present form. There is, however, a strong body of opinion which regards as unthinkable any kind of Commonwealth co-operation that carries with it, implicitly or explicitly, the obligation to take common action in case of war or threat of war. The same people would fully acknowledge Canadian obligations to the League of Nations for similar common action. This school of thought appears to be growing in size and influence. On the other hand, there are Canadians who view the matter quite differently, and believe that Canada would be serving her own best interests if she acted in concert with the other members of the Commonwealth in foreign affairs. It may be that the issue has to be forced ; it may be that the escape from the imperial dilemma by way of the collective system is now closed. But it is clear that serious division of opinion can hardly be avoided in Canada if her Government must decide whether or not to throw in her lot in a military (and therefore political) sense with the Commonwealth. The greatest danger is that this country should find herself forced to make an impossible choice between co-operation with her oldest partner and continued good relations with her friendly neighbour.

Canada.

November, 1934.

THE THIRD LEAGUE OF NATIONS

THE League of Nations, as conceived in the minds of its founders, never saw the day. It was intended, above all, to be universal in membership, but this ideal was first postponed by the omission of the ex-enemy countries, and then smashed by the abstention of the United States. The League that actually came into being has changed its essence so vitally from period to period as to make it possible to speak of the first, the second, and now the third League of Nations.

I. THE LEAGUE, 1919-34

THE first League was very different from the vision of the idealists. True, it set out with high aims—some of them, perhaps, too high for practical marksmanship—and with enthusiastic hopes among its constituent peoples. But Germany was outside, Russia was outside, and the United States was outside, while even among the members of the League there soon appeared a critical rift between those who took an "idealist" and those who took a "realist" view of collective security. Great Britain and the Dominions regarded the League as a means of ensuring that there would be no more war—a goal which had become for them almost an article of national faith. To France, on the other hand, the League was designed to secure to the victors in the late war the fruits of their victory, and to ensure that when the next war came the supremacy would lie with the victim of aggression—that

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the big battalions would be on the side of God. Much time was taken up in the life of the first League with problems born of this conflict. First the Draft Treaty of Mutual Assistance and then the Geneva Protocol fell to the ground, partly by reason of their inherent defects, but fundamentally by reason of the reluctance of British public opinion to commit this country in advance to another war to end war.

In these circumstances, the League not unnaturally took the character of a policeman in French uniform, supervising the political reconstruction of Europe. Its chief practical function, apart from providing the world's statesmen with a common meeting-place, was to express the will of the former Allies that peace should be maintained on the basis of the treaties, while molten Europe settled into its new political pattern. The wars that were prevented or stopped by League intervention were but the sparks from the still smouldering embers of the war, and they were treated as sparks, not as new conflagrations. French hegemony, inside and outside the League, counted for more in the stabilisation of Europe than did any abstract reverence for the rule of law. Beyond Europe, the League was of less importance than the independent power and policies of the British Commonwealth and the United States—regulated, as they were, by the Washington treaties, and inspired by a profound disillusionment with war.

The second League began with the signature of the Locarno treaties and the admission of Germany to Geneva in 1927. Thereby the Powers acknowledged, in effect, that the period of virtual armistice was over, that Germany was no longer the vanquished villain, but was to be accepted on a footing of equality, and that the reign of mutuality had begun in Europe. French hegemony, though real enough, began to fall into the background of high politics, more especially as British sympathy clearly lay with Germany rather than with France after the Ruhr episode. While, at the outset of the period, the Dominions

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re-emphasised their isolationism by refusing to sign or be bound by the Locarno guarantee pact, Great Britain herself had thereby acknowledged in practical form her inevitable concern with the affairs of the Continent. The gap between the realist and idealist conceptions of the League did not seem now to yawn so widely as in its earlier days.

Though there were many difficulties and setbacks, this was indeed the happy youth of the League of Nations. Disarmament, it is true, made little constructive progress (except at the London Naval Conference), but at least among the common peoples of the world the hope of disarmament was strong; and among them many, it seemed, were ready to go much further in that direction than their leaders would take them. No major international crisis broke the calm. Italy, whose bellicose posturing had so alarmed her neighbours in the earlier period, muffled her sabre-rattling and spoke peaceably with the world. It was a time, too, of economic revival and prosperity, which the League itself helped to promote by its essays in financial reconstruction. To crown this era of trust in a future of peace and plenty, the Kellogg Pact, renouncing war as an instrument of national policy, was signed in 1928 by every great nation in the world. That consummation, however, could not have been brought to pass had not Germany already been restored to the comity of nations, and had not European relations already been based in growing measure upon the principle of peaceful adjudication and mutual aid. Thus the Peace Pact itself was the fruit of Geneva achievement as well as of American idealism.

Why did this structure break down, and hope give way to despair in the dark years after 1931? There were many contributory and connected causes. One great member of the League having disregarded the principles and treaties to which she had freely subscribed, the impotence of the League outside Europe became painfully manifest. Japan's defection became an additional excuse for the procrastination over disarmament, which, on top

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of the internal upheaval in Germany, brought about the latter's resignation. A third cause of trouble was the failure to solve the financial and economic problems arising out of the war. What part the world economic depression played in causing or aggravating the political difficulties it is hard to assess, but it is certainly not altogether a coincidence that the troubles of the League thickened as the economic slump grew deeper, and that with the first signs of recovery a new orientation is apparent in international affairs, and a new era of the League's history seems to have begun.

II. THE NEW EUROPE

THE defection of Germany, following upon that of Japan, marked, perhaps, the nadir of the League's fortunes. These very troubles induced a favourable reaction in other directions. The growing menace of Japan on one flank and Germany on the other helped to bring Russia to Geneva. Her admission at the fifteenth Assembly is the most important forward step in the history of the League since the entry of Germany in 1927. It does not, of course, outweigh the loss of both Japan and Germany; nor can it compensate for the deflation of the League's popular prestige after the Manchuria affair. It does little or nothing to break the disarmament impasse. But happily there are other favourable features in the League's position to mitigate the pessimism that we would otherwise be compelled to assume.

Just as the darkening clouds to east and west hastened Russia's decision, so the difficulties of the Disarmament Conference inspired the most definite official acknowledgment yet made by the United States that she must play her due part in the collective system of maintaining peace.* Can we claim, in the result, that the United States is in closer and more permanent co-operation with the League

* See the speech by Mr. Norman Davis at Geneva on May 22, 1933, quoted in *THE ROUND TABLE*, No. 96, September, 1934, p. 709.

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than before? Her membership of the International Labour Organisation is, of course, all to the good. Mr. Norman Davis's statement, negative as it was, went far towards scotching the ancient bogey of the freedom of the seas in the event of a League war. Through the mouths of Mr. Davis and Mr. Stimson the United States has publicly abjured her potential claim to the strict rights of neutrality whenever the Kellogg Pact is violated. She reserves to herself, it is true, the prerogative of deciding who is the aggressor (that is, of endorsing or rejecting the decision of the League) and of making up her own mind what coercive measures are necessary. But do not we make, in practice, the same reservations? The Dominions, at least, regard themselves as no more automatically pledged to hostilities than does the United States, though their appreciation of their positive international duties is fuller than hers.

The American Government and people are preoccupied to-day with their internal problems, and are more than ever reluctant to commit themselves to foreign entanglement. Their isolationism is enhanced by the clamour of European dissidence that meets their suspicious ears. Europe, it grows plainer every day, must settle her own security problem upon lines of mutual assistance before she can count upon the effective guarantees of the British Commonwealth, let alone those of the United States. Neither we nor they will fight just for someone else's frontiers. We may fight for a pacific ideal, for a system of maintaining world peace that has secured our allegiance, but not for the mere preservation of treaty conditions, some of which are of doubtful worth. For the more particular and local details of security Europe must devise her own system of mutual guarantees and pacts of non-aggression. If on such a basis the disarmament of the heavily armed Powers can be begun, then and only then will the English-speaking nations be found willing to give, and if need be to carry out, pledges that they now rightly withhold from an armed camp.

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The material for a European security system has changed almost out of recognition in the last two years. This alone would justify speaking of a new League of Nations. In almost every instance the source of the changes in international relations can be traced to the Nazi revolution. Austria, who in 1929 had to be restrained by legal process from economic *Anschluss* with Germany, and even in 1932 had to be financially tempted to reaffirm her intention of maintaining her own independence, now resists with the blood of her people, though not at the point of actual war, the absorptive ambitions of the third Reich. The aftermath of the Dollfuss assassination showed Germany that the Powers meant business by their pledges to support Austria's independence. Italy, once attracted to Germany by their common antipathy towards France and their complementary interests in south-eastern Europe, and later by the fraternity of two dictatorships, now finds in the threat to Austria a grave and continuing obstacle to alliance with the Reich of Herr Hitler.

If, as a result of the Italo-German breach, Italy and France were to bury the hatchet, the peace of Europe would be inestimably strengthened; for the rivalry between the two great Latin Powers spreads far beyond their direct relations with one another. It has hitherto obstructed the permanent pacification of central Europe and the Balkans, where almost every country could count on one or other as its patron, and adopt a correspondingly intransigent attitude towards its neighbours of the opposite group. As a recent writer in *THE ROUND TABLE* put it,

The Balkan problem was never as great a danger to Europe as the European problem has been to the Balkans.*

The improved relations between France and Italy, the common reaction to the Nazi menace, the progressive policies of Turkey and Russia, and the spontaneous efforts of the countries concerned to secure by diplomacy what

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reliance on force endangered rather than protected, have worked a remarkable improvement in the relations between the countries of central and south-eastern Europe. A separate article would be needed to detail the progress of the Græco-Turkish pact, the Balkan pact, and the Litvinov protocols between the U.S.S.R. and her western neighbours. As far as Franco-Italian relations are concerned, Jugo-Slavia is the key, since she is the particular ward of France and the natural rival of Italy across the narrow Adriatic. The abominable assassination of King Alexander has made it peculiarly hazardous to forecast the future of his country. The internal Jugo-Slav conflict projects immediately into foreign affairs; for the dissatisfied elements naturally use as bases for subversive plans those neighbouring States whose unfriendly outlook upon Jugo-Slavia encourages a lenient treatment of her political refugees; and thus her relations with Italy and Hungary have been continually fed with poison. On the Regents at Belgrade, therefore, hangs as heavy a responsibility for the fate of Europe as upon Signor Mussolini and the statesmen of France.

More definite, if not eventually more important, than the changes in *haute politique* on the Danube and in the south-east has been the shift in national alignments in northern and central Europe. Only a couple of years ago the bloc of France, Poland and the Little Entente Powers seemed indissolubly united. The only apparent rift was the growing reluctance of the common folk of France (as shown especially in the general elections that returned M. Herriot to power) to guarantee to the letter the indefensible territory and privileges of distant Poland. The Franco-Italian rivalry helped to cement the pro-French bloc, but still more important was common opposition to Germany and to her contingent allies in a war against the peace treaties, Austria and Hungary. Russia had definitely to be described as an antagonist of the French bloc; for not only did she menace the eastern frontiers of Roumania

* See *THE ROUND TABLE*, No. 93, December, 1933, p. 75.

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and Poland, but she was on friendly terms with Germany and could be expected, if ever there were another war with the central Powers, to seize the opportunity of feathering her own nest at the expense of Germany's enemies.

By a succession of events the scene has now been entirely changed. Bloody from the fight against communism in Germany, the Nazi régime was openly hostile to Soviet Russia. Herr Hitler, anxious to free his hands for internal tasks and for the pursuit of a strong foreign policy towards the heavily armed western Powers, made his peace with Poland by signing a ten years' non-aggression pact. General Pilsudski, it seems, had simultaneously determined upon a new policy of international insurance for Poland. Pent between two such formidable Powers as Germany and Russia, she would be placed in grave peril by a European war, despite her French alliance. So long as Germany was weak and disarmed all was well, but with Nazi Germany fast rearming Poland made haste to put herself on friendly terms with the Reich, so as to be able to face Russia and Lithuania with comparative security. Poland's defection from the French bloc is unconcealed. She quashed M. Barthou's Eastern Locarno plan, and she openly flouted French policy at the League Assembly.

France, meanwhile, has also reorganised her security system by taking advantage of Russia's quest for western allies. The Soviet Union, faced with imminent threats in the East, was anxious to make friends with her western neighbours. The Litvinov non-aggression pacts were followed in natural sequence by the entente with France and the entry of Russia into the League of Nations. The U.S.S.R. has thus acknowledged herself, rather than the enemy of all, a part of the European security system. But Russia is much more than a European chessman. She is an Asiatic Power too, a neighbour of China and Japan, with a frontage on the Pacific. Her reconciliation with the United States was no less important than her subscription

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to the Barthou plan for eastern European security. Russia is part of the world security system. Though without a substantial navy, she is an element in the oceanic power complex; for she threatens the landward flank of Japan, who must therefore always take her into account in her political and defensive policies.

The entry of Russia thus fortifies the League as an instrument both of European security and of a world-wide collective system. But the possibilities of degeneration are no less than the opportunities of progress. In Europe, with Germany out of the League, with the attitude of Poland uncertain and that of Italy openly sceptical, and with Russia's intentions still suspect, the League might all too easily develop as the engine of the new French system, just as it was once very largely the engine of the old one. Nothing can prevent such a development, indeed, save the honest intention of European statesmen to base their foreign policies on the League and on the principle of mutuality that the Covenant embodies. Sir John Simon rightly insisted that this should be the condition of British support for the Eastern Locarno, and any attempt to substitute for that abortive plan a limited association directed against excluded Powers would be wholly disastrous.

Outside as well as within Europe, opportunities are matched by dangers. If Japan chooses a career of selfish national aggrandisement, the group opposing such a course must be as strong and united as possible; but fundamentally the more important task is to win Japan from chauvinism and to establish a Pacific security system with her as a partner rather than as the potential enemy. Though the Pacific security system must be subordinate to League principles, Geneva cannot—especially in the absence of Japan and the United States—spontaneously solve the Pacific problem. It is the same story in Latin America. The League could stop the miserable war between Bolivia and Paraguay at once if two conditions were fulfilled: if

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the great Powers were loyally to co-operate in preventive measures, and if the South American countries themselves were to sit down together and honestly try to thrash out a solution of a problem that is theirs, not Europe's. The damage done to the League's prestige by the protraction of that war has prompted some critics to urge the formation of a separate Pan-American League on the lines of Geneva. But if such a Pan-American body could stop the Gran Chaco war, then the League could stop it to-day; for precisely the same conditions would have to be fulfilled, and, in addition, the non-American Powers would have to be separately canvassed. Japan's invasion of Manchuria violated the Nine-Power Treaty more decisively than the Covenant itself; yet it was the League, not a separate concert of Pacific Powers, that was called upon to exert its authority, however late and however vainly. Had the Pacific Powers been willing to arrest Japan's aggression, the League machinery was there to be used. The League is the necessary counterpart, not the alternative, of more limited systems of international security.

III. THE COMMONWEALTH AND THE LEAGUE

IF the League were but an instrument of European security, the nations of the British Commonwealth could not call themselves loyal signatories of the Covenant. Great Britain is indeed a European Power, a near neighbour of the great rival States into whose conflicts she seems fated to be drawn by the exigencies of her position on the Channel. In the Locarno pact she has expressed with all the emphasis of military guarantees her interest in maintaining the treaty position between those two great neighbours. But she has made equally plain to the world—never more decisively than in her comments upon the Barthou plan—that she will not otherwise take part in a regional scheme of security in Europe, nor become an

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element in a European balance of power. Her membership of the League, as far as Europe is concerned, means this; every security arrangement that conforms to the spirit and the letter of the Covenant can count on the overriding endorsement of Great Britain and all other League members, based on their recognition that war anywhere may mean, sooner or later, war at their own doors, and that the greatest interest of all is international justice.

The other members of the British Commonwealth adopt the same fundamental attitude. While they have no such direct concern with European frontiers as Great Britain has, they add to their wider loyalty towards the collective system a special loyalty among themselves. When the League of Nations was first set up, it stood in their minds for an ideal of perpetual peace. They, more than anyone, repudiated the conception of the League as an instrument for securing victory to the right side in the next war. As they plainly declared in the Chanak crisis, they were through with war. Perceiving that, in Europe at least, facts were against this ideal of the League as for ever preventing war, Canada became apprehensive and sought to amend Article 10 so as to restrict sanctions to a regional basis. In general, however, the people of the Dominions had rolled up the map of Europe, and gave little consistent thought to problems of foreign affairs.

With the development of what we have called the second League this attitude was slowly modified. The admission of Germany and the improvement of European relations allayed some of the Dominions' fears. This, moreover, was the period in which their external autonomy was finally recognised in constitutional formulæ and applied in administrative practice. Departments of external affairs, diplomatic missions abroad and permanent representatives in Geneva, liaison officers and other machinery for the conduct of foreign policy, all helped to educate the Dominions in international affairs. Their interest in European problems became more critical, and they supported the

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League all the more readily in that it offered them a forum for making their opinions known and felt in the world at large. But they did not think of war as imminent, or of the League as likely to require their military aid in the near future.

The time of troubles from 1931 onwards shook this apparatus of thought to its roots. The hot breath of war seemed to be upon every nation's shoulder. The Dominions, who had previously regarded war as mainly a European possibility, saw it now as the wolf at their own door. The League having apparently broken down, they, like most other countries, began to look more carefully to their national and imperial defences. On the other hand, they realised more keenly than ever before that the prevention of war needed a world-wide effort, which must take the form of a covenant of mutual assistance; and that the effort, whether through the existing League or another, might eventually require of them a war against war.

It is against this background of policy and ideals that the Dominions, and the British Commonwealth as a whole, look upon the nascent third League of Nations. We have the keys of peace in our hands. The security of the western world may turn upon the British nations' saying with a single voice: "Pledge ourselves to automatic guarantees we will not, but if any country persists in a policy of selfish and truculent nationalism it can be certain that our whole weight will be thrown against it in any resultant war." But if such a declaration is to have the effect that we desire, the nations of the British Commonwealth must be unanimous and united behind it.

Undoubtedly the Dominions take to-day a more realistic view of their potential obligations under the Covenant than they took a few years back. Far from weakening the Commonwealth bond, this deeper recognition of international responsibility has drawn the British nations closer together in the conduct of their foreign policy. Suspicion of British entanglement in Europe has diminished. The

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problem of imperial defence is related more clearly than before, in Dominion eyes, to the duties of the Commonwealth in the preservation, not merely of our own rights and possessions, but of international justice and peace. The British peoples are united in their pacific ideals, in their belief that those ideals can only be achieved through a League of Nations, and in their refusal to form part—under cloak of the League or otherwise—of a balance of power. These fundamental tenets are shared by other countries, most notably by the Scandinavian group, whose influence at Geneva, when men like Branting and Nansen spoke on their behalf, was so wise and powerful in guiding the earlier destinies of the League. With such comrades, the British Commonwealth can determine, if it seizes its opportunities courageously, whether the third League of Nations will grow towards our ideals of world peace, or lapse into a mart of privilege and power.

INDIAN POLITICS BEFORE THE REFORMS

I. CONGRESS AND THE ASSEMBLY ELECTIONS

BY the time this article is read the membership of the new Assembly will be known. The election is being fought, not with regard to any present functions or responsibilities of the Assembly, but on the general topic of constitutional reform and the future. The issues, according to Mr. Satyamurti, Secretary of the Congress Parliamentary Board, are "rejection of the White Paper, repeal of the repressive laws, and the convening of a constituent assembly to settle communal and other controversial matters." Among the notabilities already elected (in the absence of opposition) are the State prisoner Mr. S. C. Bose, Mr. M. A. Jinnah, Mr. Bhagawan Das and Sir Abdur Rahim. Especially keen and even acrid contests are proceeding in Madras city, where Diwan Bahadur A. Ramaswami Mudaliar, the Round Table Conference delegate, is opposed by Mr. Satyamurti, and in the Madras commerce constituency, where the Congress have put up another Chetty as the opponent of the President of the late Assembly, Sir R. K. Shanmukham Chetty; this was a shrewd move, for in this constituency membership of the great commercial caste of south India could not fail to be an important asset in a candidate. Congress have scored some successes already through unopposed nominations, and seem certain to be strongly represented in the new House. Whether they will have a majority is difficult to predict, but so far as general constitutional matters are concerned the Congress view is likely to prevail.

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It is otherwise where the Communal Decision is concerned. Incidentally it is in some respects unfortunate that this famous document should have been so generally referred to as an award. It did not profess to be an award but was, as its proper title implies, a third-party decision which was essential if constitutional progress was to be achieved. Misconceptions arising from the term "award" have been widely evident in India.

At the meetings held during the summer, it was decided that no Swaraj party as such should be formed to fight elections on behalf of Congress, but that this should be done through a Congress Parliamentary Board, with Dr. Ansari as president. Pandit Malaviya and he were appointed to choose the personnel of the Board. The most remarkable feature of these resolutions was that they contained no reference whatever to the policy of the Congress with regard to the Communal Decision or the White Paper. At once the suspicions of the Hindu Mahasabha were aroused. This body has never concealed its opposition to the Communal Decision, particularly to the allocation of seats in the Punjab and Bengal, and the omission of any mention of this topic in so important a pronouncement by the leading political party of India could hardly escape comment. Even at that early date the threat was voiced to run distinct Mahasabha candidates. These criticisms evoked from Pandit Malaviya a definition of the Parliamentary Board's attitude towards the Communal Decision.

The Congress would not accept—even for a short period—the Communal Award, and its policy was to advocate a scheme of communal representation based on joint electorates with reservation of seats for minorities on a population basis, with a right to contest further seats.

This pronouncement in turn agitated the Nationalist Muslims, who held that if the Congress policy was to reject the Decision, then no accession of orthodox Muslim votes could be expected to Congress or to its allies, the Nationalist Muslims. Members of this group and others published

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counter-statements maintaining that the Decision was binding on the Congress, on the ground that Pandit Malaviya himself was among the signatories of the manifesto to the Prime Minister that produced it; these objectors took up in effect the attitude embodied in the Decision itself, namely, that it should hold till the communities concerned were themselves able to devise an agreed alternative.

Tempers and suspicions had alike been roused by the time the Parliamentary Board held its first meeting in mid-June, and differences of opinion arose at once over the form of resolution on the Decision. Pandit Malaviya and his adherents strongly favoured rejection, pointing out that otherwise Congress would lose many votes to the Mahasabha. The Nationalist Muslims, on the other hand, declared that if this line of action were adopted Congress would lose what Muslim support it had without being able to affect the Decision. The outcome on June 18 was an extremely non-committal resolution of the Working Committee of Congress, declaring that in view of differences of opinion among the various communities "the Congress could neither accept nor reject the Communal Award so long as this division of opinion lasts"; representation of minorities in the legislatures was left to be determined by a "constituent assembly" elected on the basis of adult suffrage. It would be the function of this body to draw up an alternative scheme, and "with the rejection of the White Paper the Communal Award would also lapse automatically." The Committee did not indicate who would convene the constituent assembly or how this would be done, and the general interpretation of the resolution was that it had been made deliberately unprecise in order to avoid provoking Muslim resentment. An interesting rumour, never contradicted, had it that Dr. Ansari threatened to resign from the presidency of the Board should it adopt any attitude towards the Communal Decision other than that taken up by the Nationalist Muslims and himself.

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One early consequence of this *contretemps* was the formation by Pandit Malaviya and Mr. Aney of a distinct Nationalist party to fight the elections on the basis of rejection of the Communal Decision. It was announced at first that this party would be open to "Indians of all castes and creeds"; this widening of scope was welcomed by various Hindu groups, and it seemed that by attracting support from non-Congress as well as Congress elements the new party might prove stronger than its parent. Probably because of some such fear, Congress pressure was brought to bear on the Pandit, who—not for the first time in his long career—changed his course and missed an opportunity. Membership of the new party was restricted after all to Congressmen, and the party itself was defined as merely a wing of Congress. Thereupon the Mahasabha decided to run its own candidates on an anti-Decision ticket.

As time goes on the communal issue becomes more, instead of less, prominent. On the solid matter of the Communal Decision the various party opinions are slowly crystallising. The Congress Working Committee resolution on this head has been very widely condemned. "You cannot reject the Communal Award by merely shouting at it," declared Mr. Satyamurti. This is eminently true, but his claim that the Congress attitude offered the only alternative has been received with some scepticism, not least in Congress circles. The Nationalists and the Mahasabha prefer to go on shouting. The Congress resolution chose the other path, probably in the hope that if the communal issue could be kept in the background till the elections were over the main purpose would be served, namely to secure the return of Congress nominees or allies in sufficient numbers to the Assembly. Once in the Assembly such a body would, it was hoped, be able to call the tune.

The resolution cannot be condemned offhand as a mere shirking of an obvious issue; for it might be held to

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illustrate a characteristic subtlety and an appreciation of the main purpose and of the tactics required to secure it. The ingenuous Pandit Malaviya and the communal Mahasabha have upset this scheme to some extent, but not altogether, and the avoidance of a complete rupture with general Mahomedan opinion will be of value to Congress candidates. As often happens in Indian politics, a clever design has been prejudiced by fatuous exposition; certainly some of the so-called arguments put forward in support of the Congress attitude were inept beyond words. The defence by Mr. Satyamurti, however, was an able piece of work. Any treatment of the Communal Decision apart from the White Paper means walking on a very slender tightrope, but he came near to success in his declaration that

in practically agreeing to submit to the Award for the present and till it can be replaced by an agreed settlement or a decision of the constituent assembly—for this is the interpretation put upon it by all Hindus—the Congress has done nothing but what the Hindus must be prepared to do. . . . This position puts the Muslims on their honour. The vast majority of them believe to-day that they have got something very valuable under the Award. . . . They are now assured that they will not lose those gains . . . unless opinion develops strongly enough to get rid of the White Paper, with the lapse of which the Communal Award will lapse, or unless there is an agreed settlement.

In effect this statement accepts the Communal Decision *faute de mieux*; and although the speaker went on to discuss the constituent assembly as if it were the main plank in the Congress platform, this part of the scheme is probably little more than a cover for the Congress retreat. It is at least significant that the President's speech at the opening of the Congress session made no reference to it, while it has come in for much destructive criticism and ridicule in the press, notably in the *Leader* (Allahabad) and the *Amrita Bazar Patrika* (Calcutta).

It is important to bear in mind the conditions governing this electoral contest. In Great Britain the Government

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of the day definitely fights an election; it possesses press organs and publicity staffs, and places its point of view with vigour before the country. With us, on the other hand, the Government does not fight the election. It possesses no body of devotees to man the hustings for it, no coteries of ambitious young men hoping for political office. Thus the odds are always in favour of any organised opposition; for in India more than in most countries a positive will outbid a negative, and to be on the offensive is more than half the battle. This illustrates one of the more unfortunate aspects of our present system of government by irremovable executive and irresponsible legislature, namely, that while the former does not have to plead with the electorate, the latter never has to bear the responsibility for operative decisions. Hence Congress will probably return a substantial number of members to the Assembly. On the other hand, again because of the lack of ultimate reality in the position of a member of the Legislative Assembly, parties once elected tend to develop fissures. Only the presence of a leader of the first rank will prevent the emergence of various others, to whom leadership of a little band of two or three is preferable to a common submission to an acknowledged chief.

These facts arouse some speculation on the possibilities of electioneering in the future. Representative government in its true sense requires a high standard in the electorate; a substantial proportion, though not necessarily a majority, should have devoted enough thought and reflection to the issues involved to affect the nomination as well as the final choice of representatives, and to inform with its understanding the resulting executive government. Even in Great Britain, facts sometimes err widely from this theoretical perfection, and the excessive power of the mere machine is plain; in some other countries the machine in one form or another is supreme. How will India fare? On the one hand, there is the proneness of Indian social life to faction, which in its way is a reflection of individuality;

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for the factions arise not so much from fundamental points of dispute as from the personal jealousies of rivals. On the other, however, there is the striking mass loyalty of which Indians are capable when they find a leader who can touch their imagination. Again the emphasis is rather on the leader than the cause, for India will always prefer the man to the thing. In such conditions the Indian electorate would offer a heaven-sent field for the political caucus. The Congress even now illustrates this, as Mr. Gandhi's criticisms and suggested amendments testify.

The more theoretically perfect a system of voting, the more intricate it is, and the more, therefore, does it lend itself to manipulation by party caucuses. India is by no means unaware of this, and many a local election has seen skilful use made, for instance, of the cumulative vote to produce the maximum party result. The Chamberlain gospel of last century did not pass unobserved in this country, and the combination of a numerous and illiterate or at least ill-educated electorate with any complicated voting system is bound to offer a wide opportunity for the organisation as distinct from the cause.

II. THE MAHATMA TAKES LEAVE

MR. GANDHI'S present position might well be offered as a challenge to Juliet, for in his name there still resides a magic that no other in India can command. The reason has already been suggested in these pages: Mr. Gandhi is the only Congress leader with a genuine all-India appeal. Even those who chafe most under his leadership realise this, and some of the irritation detectable in Congress criticism may be due to the resentment so often aroused by the realisation of another's error and at the same time of one's own impotence. It is of the utmost importance to Congress to maintain its claim to be the single voice of political India. This claim

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is open to serious challenge even now, but Mr. Gandhi's departure seems certain to weaken it still further; its collapse came near enough in any case when the Nationalist party revolted against the equivocation on the Communal Decision. Rabindranath Tagore has proclaimed that despite a "very definite" disagreement with Mr. Gandhi on some basic ideas "it is he and he alone who has vitalised India's political life. . . . His premature retirement at this critical juncture would be nothing short of a national calamity." This expression of disagreement with particular Gandhian policies and at the same time of a conviction that his leadership is vitally necessary has been echoed in many quarters.

On October 16, however, Mr. Gandhi seemed to close this issue by announcing his intention to retire from Congress after its meeting at the end of the month. His frank statement of reasons has a psychological as well as a political interest. Mr. Gandhi is not the ordinary politician by any means; votes alone are not enough. His motto might be expressed as: "It's your hearts I want." Not perceiving any sign of heartfelt Congress belief in the *khadi* franchise and spinning qualifications that he had advocated, he preferred to step down. Few dictators would, or could, act thus. But as dictator also the Mahatma is *sui generis*. He took advantage of his announcement to comment in outspoken terms on various defects in Congress methods and organisation. He stressed in particular the need for a return to genuine regional representation based on genuine membership, and the elimination of what he termed "bogus delegates." In making these proposals and criticisms he was carrying on a policy of plain-speaking initiated some time ago. Of recent months Mr. Gandhi has come in for a good deal of criticism at Congress hands, and his present exposition of Congress defects has its piquant side. No one, perhaps, but Mr. Gandhi would have ventured thus to proclaim to the world the defects of a very jealous and self-conscious organisation, and although the better organs have admitted the justice and timeliness

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of the Mahatma's comments, there has been evident also a tendency to resent his appearance in this final rôle of candid friend.

Mr. Gandhi's retirement from Congress is not, however, to mean a removal from the effort and conflict of his former life into a region of contemplation or calm. He declares that he will devote his activities to forming and furthering an all-India Village Industries Association, as a more or less autonomous unit of Congress activity on the lines of the Spinning Association already in existence. He intends, apparently, to tour actively in connection with this venture, and he will clearly use his popular appeal to the utmost to further its ends. There are not wanting critics who say that in this, as in other cases, the Mahatma is showing the guile of the old and experienced warrior, he is, they say, retreating from a poor position in order later to come in again with redoubled authority at a suitable moment. It is true that Mr. Gandhi touring the country, erecting these associations and enlisting congressmen to work them, will with difficulty be distinguished, in the simple village mind, from Congress in its general sense. He has proclaimed that he will be at the service of the Congress for whatever advice or assistance he can render, and there are indications that these will be freely sought.

It may be doubted whether it is psychologically possible for Mr. Gandhi to retire in any real sense of the term. If it could be prophesied with certainty of any man that he would die in harness it might be of the Mahatma. He seems compelled by some inward urge to a constant physical and mental activity, preferably in the form of direction of others. The position of a nominal political leader *vis-à-vis* so powerful and so long acknowledged a personality as Mr. Gandhi's would not be easy, and a not unlikely outcome would be that Mr. Gandhi would exercise indirectly no less influence than he has hitherto exercised as the admitted leader of Congress. Some are inclined to write him off as an ingenuous idealist; this view is superficial

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and inaccurate. Idealist he is, and ingenuousness is not absent from his composition, but the two qualities by themselves remain a very inadequate description of a puzzling idiosyncrasy. The Mahatma can observe accurately and reason closely, but not all his political conclusions are the result of observation and reasoning. Some are "felt" rather than excogitated, and argument and justification follow instead of preceding decision. In him we can see the hereditary acumen of his merchant caste, shot through but never eclipsed by strange reflections of a mystic other-world.

III. THE RE-MAKING OF POLITICS

THE meeting of Congress at Bombay this month is the first since Karachi in 1931, and almost the jubilee of a body which has had a more chequered history than any political organisation of comparable age. Elaborate preparations were made to create a city within a city, and the papers have been full of the special amenities to be provided in Abdul Gaffar Nagar, as the Congress township is termed. In any case, this meeting would have been of the utmost importance as a pointer to the likely attitude of Congress and Nationalist candidates and voters for the Assembly, and to future Hindu-Muslim relations; but with the announcement of Mr. Gandhi's intention to retire from leadership it has taken on added importance. If an Elisha is to be forthcoming to his Elijah, the succession ought to be apparent or at least indicated now, if Congress is to retain the singleness of appeal and direction it has hitherto looked upon as essential.

It cannot be said that there is as yet in sight anyone obviously indicated as the Mahatma's successor. It is a question, not of electing a Congress president by a majority vote, but of finding someone who can be generally regarded and accepted as its leader and voice. There are many before the public eye, but none with more than a regional

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or sectional appeal. Pandit Malaviya is a man respected and liked on all hands, but he could never fill this bill. He is, despite his advanced age, full of enthusiasms and activities. He might be termed Congress's most prolific builder of bridges in the political sphere, but few of his bridges have had a long life. The recent fiasco over his candidature for the Allahabad-Jhansi constituency, where his nomination was disallowed owing to the absence of his name from the electoral roll, was in a way characteristic of the Pandit, and a good many shoulders were shrugged at the lack of practical sense and forethought that the omission displayed. Jawaharlal Nehru is in some ways a name to conjure with in Congress circles in India, but it is difficult to avoid the impression that for not a few Congressmen he is rather a liability than an asset. His very advanced views are looked upon with suspicion and fear by the strong propertied and professional element in the Congress. In any case he could never exercise the compelling charm of a Gandhi. Rajendra Prasad, the Congress President of the moment, is a man of capacity and power whose influence in the Congress world will probably steadily increase. He is, however, no spellbinder and will never sway millions. S. C. Bose has the glamour attaching to a State prisoner but not very much else. Mr. Satyamurti is an able and fluent debater but will never command general liking. Among Muslims the elusive personality of Mr. Jinnah is prominent. He has been already elected unopposed to the Assembly, and if he takes his parliamentary duties seriously he should play a prominent part in its activities, for his talents are peculiarly suited to the destructive criticism of a front Opposition bench. The choice of a suitable Muslim as leader would help Congress and the Nationalist parties generally in their effort to retain the wider appeal by which they set such store. It is unlikely, however, that in present circumstances the Hindu element would agree, and the suitable Muslim has yet to appear.

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Among recent portents which may acquire an increased prominence as a result of this session of Congress is the development of the Socialist party. This in years, or rather months, is a young affair, but it has come to stay. While it owes much to the impetuous advocacy of advanced doctrines by the rather doctrinaire Jawaharlal Nehru, it is now well established as a distinct entity, though so far under the Congress wing. How long it will remain even nominally a part of Congress is another matter. Some of its leaders have already seen fit to attack with vehemence such prominent Congressmen as Vallabhai Patel for lack of respect to the Socialist movement. It was perhaps significant of their attitude towards the present Congress scheme that their denunciation of the Sardar took the form of an intimation that the Socialist party wanted no "would-be Hitlers."

It may seem strange that India should have taken so long to develop a class-conscious Labour or Socialist party. One explanation is to be found in a circumstance that has evoked much of the more favourable comment of those who have examined India's industrial position, namely, the great extent to which Indian labour retains its connection with the villages and village life. In other words, a genuine proletariat, in the sense of an industrial labour force divorced from any rural basis, has hitherto been an element inconsiderable and of slow growth. There are indications that it will soon be no longer inconsiderable and that its growth is being accelerated; certainly if India's population is to go on increasing at the rate of 10 per cent. per decade the advent of a powerful class-conscious Labour movement can only be a matter of a few years.

Can this growing Socialist party remain within the embrace of Congress? The answer seems certainly no, unless the Congress, in its pursuit of catholicity, is to give up practically all attempt to remain a conscious and unified party. At present the Socialist aim is the infiltration and ultimate capture of Congress and its machine,

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rather than the erection of autonomous Socialist parties. This cuckoo strategy indicates a certain subtlety and grasp of realities, which incline the observer to wonder who inspired it; to judge from their utterances and actions there seems little reason to give any of the present Socialist leaders the credit. However that may be, Congress has taken a curious nursling to its bosom and will probably one day regret its hospitality. The Socialist party has yet to throw up any leader of capacity or general acceptability, and arguments and programme have so far been alike crude and unformed. On the political side the tendency is to outcry the Congress, but in other directions the movement may take as its first target the capitalist and landed interests that have tended to dominate Indian policy, and have been so powerful hitherto in the Congress itself.

The Mahatma's departure from Congress marks the end of an epoch. His feel on the Congress pulse has never been surer; for while affection, admiration and even awe still inform the average Congressman's attitude towards him, there is no longer the unqualified acceptance of his views or even the disposition to prefer acceptance of these views to severance from the Mahatma's leadership. Mr. Gandhi, in fact, has chosen his moment of exit well, and he leaves Congress with considerable dignity and, one might say, with all the honours. He has held together under the Congress banner a heterogeneous association of personalities, motives and interests. It is unlikely that anyone else will achieve this *tour de force*. The different and even conflicting interests that so far have been able to march more or less in step in the Congress ranks will probably diverge at no distant date, taking their own path and seeking their own ends. In other words, the steady approach of the reforms is exercising its disruptive effect on the Congress, rather as a powerful magnet operates on the heterogeneous bodies brought within its range. Commercial and political ambitions conceived on modern lines are being extracted from the Congress amalgam by

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the reforms magnet, which is now so close at hand. And thus Mr. Gandhi's departure from Congress takes its place as a symptom rather than an isolated event.

The decision of the Justice party in Madras to admit Brahmins to its membership is another symptom. It is an interesting sign that this Madras party, which in its origins may be not unfairly described as anti-Brahmin rather than non-Brahmin, should have gone the full course and admitted the one-time feared and suspect Brahmin to its numbers. Whether many of that caste will, in fact, join is an open question; but the change in principle is evident enough and might be termed another indication of the trend towards reality in Indian party formations; it may be that in this politically most advanced Indian province something in the nature of a genuine Liberal or Radical party is in process of formation.

Taking a long view, it might be said that the confusion and clamour of the present political scene are really the outward indications of the birth pangs of something approaching genuine parties in India. Whether the resulting organisms be viable or stillborn, some kind of parturition is unmistakably in progress.

The reforms and their attendant circumstances, such as the Communal Decision, are playing the part of the "steel glass" which in the legend showed the truth as distinct from the illusory reflection. So long as opposition and aspiration were matters merely of rhetoric, the Congress platform could contain many and various planks. Now that realities come steadily closer, some of these planks will have to be removed if the platform is to stand the strains imposed upon it.

India.

October 29, 1934.

GREAT BRITAIN: POLITICS AND ECONOMICS

I. LABOUR SUCCESSES

IT has been an uneventful quarter in the realm of politics. Parliament has been on vacation for the greater part of the time; the report of the India Joint Select Committee has been in the final and most secret throes of gestation; even the ravening Sir Oswald Mosley has done little more than keep alive the public interest in British fascism. There has been no repetition of the mass violence of the notorious Olympia meeting,* though various cases of rough play in which blackshirts were involved have come before the police courts. It is, perhaps, significant of the British attitude towards dictatorship that a number of fascist members were reported to have resigned from the party because headquarters were too insistent on their own way and would not let local supporters think for themselves. Great public interest and even apprehension were aroused by a grand fascist rally held in Hyde Park on September 9. The official Labour organ urged its readers to stay away, lest the anti-fascist cause be discredited by broils and violence; the left wing organisations, however, defiantly arranged a counter-procession and platform. Six thousand police were mustered in and about the park, but as they outnumbered the blackshirts by more than two to one, and the counter-demonstrators by an even higher proportion, the great concourse of interested outsiders saw little but the backs of

* See THE ROUND TABLE, No. 96, September 1934, p. 857.

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the cordon of policemen. Much more penetrating than either speeches or songs or catcalls was the drone of the police auto-gyro that hovered overhead. The whole affair was orderly, unexciting and more than a little ludicrous.

Meanwhile the cry of "fascism" continued to rally opposition to the Incitement to Disaffection Bill (the Sedition Bill).^{*} Protests against what is described as an assault upon liberty and upon the principles of English law have been many and well favoured; but while the Government accepted still more moderating amendments before the Report stage was over, they held to their main point that the Bill was necessary, and defended liberty by meeting the attack of anarchy. It obtained a third reading in the House of Commons on November 2, by 241 votes to 65. Sir Donald Somervell, the Solicitor-General, who has added greatly to his reputation by his conduct of the debates on the Bill in association with the Attorney-General, defended it with considerable cogency.

No inference (he said) could be drawn from the mere holding of a political opinion, however extreme, that the holder was a man intending to incite soldiers to disobey their orders. If that inference could be drawn it could only be drawn from evidence apart and wholly different from the political opinions which a man held. The necessity for supplementing the existing law arose from the fact that in recent years incitement had taken an organised and documentary form, and the Government could not accept the view that they should wait until a serious situation had arisen.

The necessity thus pleaded by the Government has been, it would seem, a politically unfortunate one for them. This is the kind of measure which, however sound, rallies no votes and may lose many. The Government can certainly find little cause for jubilation in recent electoral events. The Labour party won back seats at the only two by-elections of the quarter, North Lambeth and Swindon. The former seat had been held by the late Mr. Frank Briant, a Liberal, whose personal popularity counted for more in the

^{*} See THE ROUND TABLE, No. 96, September 1934, p. 858.

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constituency than party allegiance. The Labour candidate, Mr. G. R. Strauss, who had sat for the constituency in 1929-31, was opposed at the by-election by a Liberal, by a National candidate of a Labour turn, and by an Independent who secured only a handful of votes. He received 11,000 votes, against 5,000 for the Liberal and 3,000 for the National Government man. At Swindon, Dr. Addison, who was Minister of Agriculture in the Labour Government of 1929-31, likewise won back the seat that he then held. In 1929 some 7,000 votes had been cast for a Liberal candidate; at this by-election, in the absence of a Liberal, the Labour vote was up by 4,000 on the 1929 figures and the Conservative vote by 3,500. As far as this evidence goes, the former Liberal vote to-day splits very evenly between the Government and the Opposition.

Even more encouraging to the Labour party than the by-elections were the triennial elections on November 1 to municipal councils throughout the country. In London, which already has a Labour county council, the party now controls 15 out of 28 boroughs—one more than in its former boom period of 1919-22. The Labour sweep spread over the greater part of the country, and several important municipal councils will be ruled by Labour majorities for the first time. In about 100 of the chief towns Labour's net gain was 195 seats, against net losses of 96 by the Conservative parties, 69 by the Independents and 30 by the Liberals. Every one of the Communist candidates who stood in various parts of the country was defeated. Another striking feature of the returns was the complete disappearance of the Progressive party (Liberal) in London, where it formerly held 56 seats, including the majority in one borough. Progress, it seems, is not progressive enough for a large number of voters in their present mood.

Party Conferences

II. PARTY CONFERENCES

THE aims of the self-titled "parties of progress" may be illumined by linking with Sir William Harcourt's famous aphorism, "We are all socialists now," the remark of a latter-day wit that "progress is getting to the same place, only faster." How fast, and by what route, we are to progress toward the modern utopia of a planned economy is perhaps the most fundamental issue of current politics. The diehards drag at the tailboard of the chariot of state, calling out for skidpans and locked wheels to check a career in which they descry a fearful, facile descent into perdition. The mass of Conservatives, grumbling at the jolts and fearful at the hazards of the journey, would prefer the caravan to rest, lest worse adventures befall them. Mr. Harold Macmillan, on this matter the acknowledged spokesman of the "young Tories," is eager to push on, steering the errant wheels, however, into the less perilous path of industrial self-government. The Liberal party approves the bit and bridle of sound finance and freedom of trade; but whither the steeds of present-day circumstance could be driven in this harness, from our actual stage on the path to socialism, the members of the party do not seem to have decided with complete unanimity.

The Labour party is no less divided than its rivals upon these questions of pace and itinerary. The greater number of its supporters, especially the trade union element, much prefer a steady trot to the furious driving into which a minority would goad them; meanwhile they seek gradually to oust the "capitalist classes" from the more comfortable seats in the conveyance, even though this re-disposition of the load may over-burden the horses and brake the advance. The Socialist League, headed by the egregious Sir Stafford Cripps, frets at such sluggish

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caution, and demands that the horses be whipped up, lest even with Labour at the reins the equipage gain too little momentum to top the steep mount of vested interest—political, financial and industrial—that guards the promised land. The Independent Labour party, impatient with the halting journey and sceptical about the ability of so laden and lumbering a cavalcade to ascend that steep incline, preaches progress *per saltum* ; the drayhorse of evolutionary advance must be replaced in the shafts by the Pegasus of bloodless revolution.

The I.L.P. is but a handful to-day, excommunicated from the official Labour faith ; and the heresy without is of less immediate political importance than the schism within the party. The popular fancy has been attracted by the match between the David of the Socialist League and the Goliath of the Labour party executive, though it was to the public relief that scriptural history was not repeated in this analogy ; for the incautious utterances of Sir Stafford Cripps had lent plausibility to the charge of fascist intentions—than which there is to-day no unholier sin in the decalogue of British democracy. The Labour party conference at Southport early in October decisively rejected the amendments to official policy put forward by the Socialist League. The latter, for instance, proposed that compensation to previous owners of a nationalised industry should take the form of terminable income allowances, without any provision for capital repayment, save in the case of working-class funds, trust funds for socially useful purposes, and individual cases of proven hardship. Against this, the executive recommended full compensation on the basis of “net reasonable maintainable value,” and they carried the day by 2,118,000 votes to 149,000. Mr. Morrison, defending the official policy, frankly declared his opportunism.

We have still (he said) to get the consent of the people, and it is perfectly legitimate to consider the electoral repercussions of any policy. We have got to state not only what we want but what

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we expect the country to accept. . . . Workers are more concerned about their little investments than are capitalists about theirs. . . . It is better to carry through these changes on the basis laid down by the executive than by putting the fear of confiscation into the hearts of thousands of people on whom we rely to give us control of the country.

An equally significant issue upon which the Socialist League was defeated was that of the management and control of nationalised industries. The League demanded, for the test case of iron and steel, organisation under a government department with a responsible Minister at the head. The executive, on the other hand, strongly backed by the trade unions, proposed the model of a public corporation which should be only indirectly under parliamentary control. Fabian socialism, by all appearances, has been “taken for a ride.”

On the general attitude of Labour towards foreign policy the critical debate had taken place, not at Southport, but a month before at the Trades Union Congress at Weymouth. There, a spirited attempt was made to obtain the reconsideration of that section of the General Council's report which dealt with the use of the general strike in the event of war. The Council had firmly rejected this traditional socialist plan, declaring that

the responsibility for stopping war ought not to be placed upon the trade union movement alone. Every citizen who wants peace and every other section of the Labour movement must share the responsibility of any organised action that might be taken to prevent war. . . . Development of the collective system is the only policy that holds out any hope of producing a warless world, of preventing war by organising peace.

The Trades Union Congress having repudiated the general strike in favour of support for the collective system (which, of course, might involve a “League war”), the party conference naturally followed suit ; the minority, however, on both occasions included the Miners Federation, which is committed to the principle of the general strike. Mr.

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Ernest Bevin, who is as much the great panjandrum of the trade union side as Mr. Morrison is of the political side of the party, declared at Southport that to support a League of Nations without being prepared to take action to help it in certain eventualities was like joining a union and refusing ever to strike—"a moral position that was indefensible."

While the Labour party was trouncing the Left, the Conservative party was having considerable difficulty in staving off the attack of the Right. The diehards, not without reason, claimed at the party conference a great success in their campaign against the White Paper policy for India. Sir Henry Page Croft moved a resolution declaring that "the partnership of Britain and India in the central government of the Indian Empire must not be dissolved," to which an official amendment was tabled asking for suspension of judgment until after the Joint Select Committee should have reported. The platform won the day only by the attenuated margin of 543 votes to 520. The proportion of votes mustered by the minority against what they describe as the gagging policy has steadily risen in the last eighteen months. A fair test, however, of the Conservative party's views on the India problem has yet to come. Not merely did no member of the Government speak against the diehard resolution at the party conference, but when, on the following day, Mr. Baldwin addressed the conference he made no reference to the India issue. This self-denial by the leaders may have been both honourable and, in the long run, sound strategy, but for the moment it heartened their critics and discouraged their supporters.

In view of the trend to the Right that seemed to be displayed at the Conservative conference, it was, perhaps, a little surprising that so much applause should have been given to a plea by Sir Edward Grigg—a former Liberal member and one of the earliest advocates of a National coalition—for an effort to retain the allegiance of those who

Party Conferences

had voted for the Government at the last election because it was "National," not because they were Conservatives. "If it is true—and there is considerable evidence for the belief—that the electorate desires a bold programme of social reconstruction, then the aim of retaining the great "floating vote" does not seem to have been appreciably furthered by the proceedings of the party conference, which was not much occupied with such matters. Mr. Garvin, the editor of the *Observer*, as is natural in the biographer and disciple of Mr. Joseph Chamberlain, begs Conservatives to throw themselves with fervour into a campaign for the abolition of the slums, if they are to have a chance at the next election.

The latest plans of Sir Hilton Young, the Minister of Health, to end the scandal of overcrowding have been received with hope mingled with scepticism. He proposes to introduce legislation making it a legal offence to overcrowd a house in excess of a statutory standard; the defence that overcrowding dated from before the commencement of the Act would hold good only until reasonable alternative accommodation had been provided by local authorities. The latter would be called upon to discover by intensive survey the actual need for houses to remedy overcrowding, and to make up the deficiency with state assistance. This would take the form of an Exchequer subsidy for a term of years for each dwelling provided under the Act. Nothing less was contemplated, said the Minister, than the rebuilding on modern lines on a large scale of the "bad cores of wage-earners' dwellings in the towns. How quickly local authorities can be induced to provide the vast number of houses or flats required is a matter of some doubt. Unless there is to be a great advance in the present rate of building and rebuilding, the plan seems to resemble too closely an attempt to solve the unemployment problem by making it illegal to be out of work. The slum clearance campaign initiated by the present Government is plainly encountering many obstacles. The plans that were drawn

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up by the local authorities under pressure of the campaign envisaged the demolition and replacement of 285,000 houses in five years. In the first eleven months of the scheme the number of houses constructed was fewer than 13,000, and 15,000 seems to be the maximum we may expect for the first year. The average rate of building over the remaining four years must therefore be no less than 67,500 if the programme is to be carried out.

III. ECONOMIC IMPROVEMENT

THE Government pin much of their hope of future electoral success upon economic improvement, which, in spite of occasional hesitations, has been fairly steadily maintained. At the end of October, the number of registered unemployed was 179,118 lower than a year before; and the September figures had shown a decrease of over a quarter of a million compared with September, 1933. The greatest improvement has been recorded in the engineering trades, in which unemployment has fallen by nearly 54,000. Although the coalmining figures received a sharp setback in October—production having been accelerated previously in anticipation of labour troubles, which are now for the moment happily out of sight—this industry also shows a decline of nearly 50,000 in unemployment since 1933. Other industries at the top of the list are ship-building, iron and steel, and the metal manufacturing trades. At the other end, the woollen and worsted industry has the melancholy distinction of recording an increase of over 12,000 in registered unemployment. Other consumption goods industries also lagged behind the average, but the economists give us theoretical reasons for believing that the revival of these trades will follow at second remove that of the industries producing capital goods, a supposition which seems to be borne out by the recent statistics of retail trade.

Economic Improvement

A still more favourable light is thrown on the condition of the labour market by the numbers of people employed. At September 24 there were 10,243,000 insured persons in employment in Great Britain, a figure higher than had been recorded at any time since November, 1929, and only 73,000 fewer than the maximum of the years of relative prosperity. Unfortunately, the latest returns show a fall of 37,000 in the numbers at work between September and October.

The overseas trade returns have recently given a certain cause for anxiety. In the first nine months of the year, whereas imports rose by £49,000,000, or 10·1 per cent., compared with the corresponding period of 1933, exports (including re-exports) rose by only £23,000,000, or 7·6 per cent. Thus the adverse balance of commodity trade increased by £26,000,000, chiefly on account of the greater absorption of raw materials. The improvement of industries like rubber and base metals should increase our "invisible exports," in the shape of interest and dividends received from abroad, but the process of liquidation, conversion, repayment and re-sale has reduced such receipts from other overseas investments, and we obviously have no margin in hand for re-lending. The trade figures are a warning that only within fairly restricted limits can industrial revival continue on the strength of the home market alone.

One favourable by-product of increasing imports has been the greater yield from customs duties, which in the first half of the financial year was nearly £4 million higher than in 1933-34, though the estimate for the whole year had only been advanced by £4½ million. Income tax showed an increase of £7·5 million, against an estimated fall of £9·4 million for the whole year, but the comparison is complicated by a change in the dates of collection, which caused an estimated loss of £12 million in the first half of last year. On the whole, the figures of revenue so far vindicate the conclusion drawn at the time of the budget, that the Chan-

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cellor was under-estimating his prospects, perhaps deliberately. In the second half of last financial year an interim deficit of £48 million was turned into a surplus of some £30 million; this year a deficit of £54 million has to be made good, and there seems no reason to doubt that this will be done with something to spare. The figures of expenditure, however, are not as reassuring as those of revenue. In the first six months, supply services cost £5·9 million more than in 1933, the year's estimate having been raised by £10·8 million; and most of the increased expenditure that has been incurred since the budget will fall with greater severity in the second half than in the first half of the fiscal year. Moreover, the international situation is such that our defence expenditure may again have to be increased before the next budget.

IV. THE DEPRESSED AREAS

WHILE the nation as a whole is plucking up economic hope, and certain of the more fortunate industrial areas are enjoying something like a boom, there remain parts of the country without hope, and with little of their former industry left. They are, broadly speaking, the former centres of coal and iron mining and of the associated heavy industries, on which our national economic fortunes used to rest. Last April the Government appointed commissioners to investigate the condition of four such depressed areas, and to recommend what might be done to alleviate their lot. The districts and the commissioners were: West Cumberland and Haltwhistle (Mr. J. C. C. Davidson, M.P., Chancellor of the Duchy of Lancaster), Durham and Tyneside (Captain D. Euan Wallace, M.P., Civil Lord of the Admiralty), South Wales and Monmouthshire (Sir Wyndham Portal), and Scotland (Sir Arthur Rose).

The investigators were given the same general instruc-

The Depressed Areas

tions but full liberty of treatment, and it was not to be expected that their reports,* which were published on November 8, should have been cast in an identical mould. The areas themselves have different characteristics which forbid uniform treatment. In Cumberland, while coal mining offers the most promise among the former leading sources of employment, the iron and steel industries have almost gone and the ports are in decline. In South Wales the trouble turns upon the loss of export markets for steam coal; in the western section of the area conditions are far better, simply because the market for anthracite coal, which is won there, has been well maintained. On the Tyne the initial responsibility lay with the enormous expansion of the shipbuilding and munitions industries during the war, leaving a peace-time legacy of excess capacity, bankruptcy and dereliction. Round about lies the Durham coalfield, the oldest great field in the kingdom, now a high-cost area unable to hold its own in an era of declining consumption and fierce international rivalry in the coal trade. The Scottish industrial area based on the Clyde has suffered from the general depression of the heavy industries—coal, iron and steel, shipbuilding and engineering—which, as the commissioner remarks, are largely interdependent; they are able to compete in world markets to-day only by dint of rationalisation which inevitably takes the form of economy in labour forces. The commissioners acknowledge that these four areas present a special problem, involving a national responsibility and calling for national action.

The possible forms of action mentioned by the commissioners fall into four groups: public works, the stimulation of new industries, transference of labour, and land settlement and afforestation. "Made work" of an uneconomic kind they unanimously pass over as a palliative limited in scope and short-lived in effect, but they mention specific public works, at present beyond the finances of the local

* Cmd. 4728.

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authorities, which would bring an economic return, though this might not always be directly measurable. Such improvements—the enlargement and renovation of Whitehaven harbour, for instance, or the proposed road tunnel under the Tyne—would help in bringing new industries to the different areas, or in improving the fortunes of the old ones. On the prospects for industry the commissioners could not persuade themselves to be very hopeful. The vicious circle of social burdens and high rates, though broken by the derating of industrial property, still acts at least as a psychological deterrent, and the causes that produced the destitution of the former basic industries are still operative. But marginal efforts could be made, so the reports run, to attract industry, for example by the unification of cumbrous local government machinery, by the creation of development trusts to find capital for industrial units too small to appeal directly to the public capital market, and by the preferential award of government contracts to the depressed areas—admittedly a dangerous policy. The Government, as Captain Euan Wallace remarks, cannot remain impartial towards the location of industry.

Any large scale movement of population involves an immense waste of social capital. Not only have houses, schools, roads, sewers, hospitals, etc., to be built in the newly settled area, but there must always remain a residue of persons who cannot be transplanted and must therefore become a charge upon public funds.

The most outstanding example of the movement of population to a new area is the industrialisation and consequent rapid growth of greater London. The evils, actual and potential, of this increasing agglomeration of human beings are so generally recognised as to need no comment.

It is suggested, therefore, that the time has come when the Government can no longer regard with indifference a line of development which, while it may possess the initial advantage of providing more employment, appears upon a long view to be detrimental to the best interests of the country ; and the first practical step which could be taken towards exercising a measure of control in this direction would seem to be some form of national planning of industry.

The Depressed Areas

This is a very striking conclusion to be served up by a junior member of the Government itself.

Yet whatever policy the Government were to adopt in this matter, its results would be slow and it could not undo the international forces that have blighted the basic industries. The most ardent fight against economic nationalism, perhaps the most obdurate of those forces, could not solve the problem of world excess capacity. On the most optimistic showing, there will be a surplus of labour in the areas reviewed even when industry has recovered the losses of the depression. The continuance of the activities of the Industrial Transference Board is urged by all four commissioners, though they recognise the grave difficulties that have been encountered, and though the recorded figures indicate that in proportion to the problem the gain is small. The reports admit, too, that migration, whether within Great Britain or beyond, robs the suffering areas of some of their most virile inhabitants, and leaves a growing burden to be borne by an ageing and decaying population. Nevertheless, the training and transfer of young people are acknowledged to contain the only hope for the more distant future. Meanwhile the industrial population must in some measure return to the land. Experience shows that the coal-mining villages furnish good and willing tillers of the soil, and even if the land will yield them but a poor living, it will give them an occupation preferable by far to hopeless idling. The commissioners elaborate in varying detail their proposals for stimulating re-settlement on the land. None of them, unfortunately, goes at any length into the general problem of markets, or into the relation between greater agricultural self-sufficiency in Great Britain and the economic nationalism that is so deeply responsible for the evils they poignantly describe.

The Government's policy for the depressed areas was revealed by Mr. Neville Chamberlain on November 14 in a debate on the commissioners' reports. Transfer of

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workers under 35 would be pressed forward. More provision would be made for industrial training for the unemployed. Special grants would be allotted for catchment boards to carry out drainage schemes, and priority might be given to road improvements and other normal public works in the depressed areas. Besides these augmentations of orthodox and existing means of assistance, two commissioners—unpaid at their own request but working full time—would be appointed for England and Wales and for Scotland. They would have a wide discretion in the organisation of schemes of economic development and social improvement, and in the settlement of men on the land. The sum of £2,000,000 would be paid into a special fund for their purposes, until the next budget, when a formal estimate could be laid before Parliament. The lukewarmness of the reception accorded to this pronouncement is in effect a tribute, not to the inadequacy of the Government's policy, but to the obduracy of the problem itself, and to the sense that any measures that it is open to the Government to take must inevitably fall short of a complete solution.

IRISH FREE STATE: THE SPLIT IN THE OPPOSITION

I. "UNITED IRELAND"

POLITICAL interest in the Free State has recently shifted from the Government to the Opposition. Important and serious political developments have arisen out of the internal dissensions of the United Ireland party, which has, in fact, ceased to justify its title. The reasons for these disputes, which culminated in the resignation of General O'Duffy from the leadership of the party on September 22, have been well known, if not publicly proclaimed, for some time past. When the coalition between the Centre party, representing the large farmers, the Cumann na nGaedheal, or Cosgrave party, and the Blueshirt organisation (then called the National Guard) took place twelve months ago, the leaders of the Centre party, unfortunately, objected to Mr. Cosgrave's becoming the leader of the new party, and the latter, most patriotically, relinquished his undoubted claims to that position in favour of General O'Duffy, who had recently become the leader of the Blueshirts.*

The gallant General had, as it turned out, not only no political experience—a want which time and common sense might have supplied—but little discretion, a defect impossible to cure. He is one of those people, possessing boundless energy but ill-directed enthusiasm, who so often come to the top in a revolutionary struggle, but who are unable to adjust themselves to the more prosaic requirements of ordinary political life. He is also much too genial

* See THE ROUND TABLE, No. 93, December 1933, p. 171.

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to fill the rôle of a Mussolini, which his admirers thrust upon him. As head of the Civic Guard, he had acquired the reputation of being a good organiser, though how far this was due to expert assistance from more competent people it is difficult to say. "But," like Lord Lundy in Mr. Belloc's poem, "very soon his friends began to doubt if he was quite the man." As he had no seat in the Dail, his public pronouncements were limited to platform speeches throughout the country, and, although it was obvious for some time that they were severely edited by more experienced politicians, he frequently managed to escape his mentors' control and to make extempore speeches of an irresponsible and exuberant kind. These outbursts, which naturally delighted the younger and less thoughtful members of the League of Youth, the Blueshirt organisation, were a constant source of embarrassment and dismay to Mr. Cosgrave and the more sober and experienced leaders of the United Ireland party, and it was plain for some time that relations were becoming strained between these two elements.

In addition, both the professional politicians and the General had been persuaded by clever university professors among their advisers to adopt in haste a rather amorphous political programme which aimed eventually at creating here a corporative State on Italian lines, the implications of which were neither fully considered nor completely understood. It ought to have been clear that a policy of this nature, based on strict discipline and envisaging a complicated social organisation, was not likely to appeal to our easy-going people, whose political movements have always proceeded on the principle of *solvitur ambulando*, and who strongly dislike modern bureaucratic methods of government. Some sympathy must certainly be felt for General O'Duffy, who thus became the advocate of a policy which he did not originate, and which he probably accepted rather as a means to an end than as an end in itself.

"United Ireland"

But the final differences were due to something more than his personal idiosyncrasies. During the months of August and September, certain sections of the younger farmers and Blueshirts began to get out of control, using direct action to impede the officials who were trying to collect the overdue land annuities and rates by legal process in the shape of forced sales of seized cattle. In many places where it was known that a seizure of cattle was about to be made, roads were blocked by felled trees and barricades of stones, and telegraph wires and poles were cut down, causing serious inconvenience to the general public; and on at least two occasions the express train between Cork and Rosslare was seriously delayed. The farmers also attended the auctions of the seized cattle, and sought by public demonstrations to intimidate any possible purchaser. The Government, to counter this procedure, employed special purchasers, probably detectives or political adherents, who, under assumed names, bought in the cattle and exported them for sale in England under special licence. Since it would have been impossible to sell them in Ireland, in this connection the English market is still valuable to Mr. de Valera.

These events reached a serious climax at a sale of seized cattle in Cork city on August 13, when a lorry containing about twelve men, driven at a furious speed, crashed through the barred and guarded gate of the yard in which the sale was taking place. The lorry clearly broke into the yard for the purpose of admitting the crowd of enraged farmers outside, in order that they might attack the purchasers of the cattle. It had no sooner come to a standstill than fire was opened on the crowd with revolvers and rifles at almost point blank range by armed detectives within the yard. The firing continued for several seconds; one man, a farmer's young son called Michael Patrick Lynch, was killed, and five others were wounded by bullets. The detectives who fired were not members of the ordinary police force, but belonged to the special

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corps popularly known as the "Broy Harriers," who were specially recruited last year by the present Government for political purposes. Fierce hand-to-hand fighting then broke out between the large force of police and the farmers, who were armed with sticks, resulting in minor injuries to about thirty other people. Finally, the troops were called out from Cork barracks in full war kit, with steel helmets and tear gas, but fortunately their assistance had not to be invoked. It is quite clear from the evidence given at the inquest that there was no necessity for this murderous fusillade, and that the police never really lost control of the situation; but it is equally impossible to justify the action of those responsible for driving the lorry into the yard, which was the primary cause of the whole affair. The funeral of the victim was, of course, made the occasion for a political demonstration, but the jury at the subsequent inquest refused to apportion blame, and brought in an open verdict which reflected non-partisan public opinion on the matter. The leaders of the United Ireland party did not, unfortunately, condemn these illegal activities, which were not unlike the usual monkey tactics of the I.R.A. The Government took no steps to investigate the responsibility for the firing that took place, or to censure the detectives who fired.

The cleavage of opinion between the Blueshirts and the political wing of the Opposition became definite when the annual convention of the League of Youth was held in Dublin on August 19. It passed a resolution calling upon the farmers to refuse to pay their annuities, and the labourers to refuse to pay their rates, if the Government did not suspend the demand for payment. No responsible Opposition could, of course, countenance a proposal of this kind, which would make all government impossible. A proposal was also made, but not persisted in, for the separation of the Blueshirts from the United Ireland party and the resignation of General O'Duffy from the party leadership. On August 30 the executive of the United

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Ireland party met in Dublin, and a long discussion on the general policy of the party and its internal organisation took place, after which it was announced that General O'Duffy had not pressed for the acceptance of the League of Youth's motion concerning the non-payment of land annuities, but that Professor James Hogan, one of the ablest members of the party, had resigned.

Professor Hogan, who holds the chair of history at University College, Cork, and who is a brother of Mr. Patrick Hogan, the Minister for Agriculture in the late Cosgrave Government, subsequently issued a public statement, in which he deprecated General O'Duffy's attempt to organise the Blueshirts in Northern Ireland in spite of the Northern Government's prohibition; this step, he said, ran entirely counter to the policy of persuasion and reason which he believed to be the only policy capable of success. He also objected to General O'Duffy's connection with the policy of advocating the non-payment of land annuities. He added that his resignation was the strongest possible personal protest he could make against the generally destructive, irresponsible, and hysterical leadership of General O'Duffy. The United Ireland party, he added, could have no future, and deserved no future, as long as General O'Duffy remained its leader.

In spite of official denials, it soon became apparent that these events were the result of serious internal dissensions, and little surprise was occasioned, three weeks afterwards, by the public announcement of General O'Duffy's resignation from the leadership of the party. It is understood that the immediate reason for his resignation was the insistence of the other members of the executive that he should not make unauthorised speeches. General O'Duffy, however, did not retire gracefully. A statement he made on his resignation seemed to imply that he had also resigned from the position of Director-General of the League of Youth, to which post ex-Commandant Cronin, the secretary and original founder of the Blueshirt organisation, was

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appointed in his place. This gentleman is both young and inexperienced, but is believed to have enough sense not to attempt political leadership. If he does, it may well prove a case of leaping out of the frying-pan into the fire. General O'Duffy's resignation was, however, more apparent than real. In a few days he announced that he was still Director-General of the League of Youth, and summoned the leaders of the organisation throughout the country to meet him in council. Subsequent statements issued by him and Commandant Cronin merely served to confound confusion; the only fact that emerges clearly is that a split in the Blueshirt organisation has taken place and that General O'Duffy is seeking the support of the extremer elements. In one country branch of the League of Youth all the women members decided to support the General, and all the men to support Commandant Cronin. Needless to state, the General is a bachelor and the Commandant is not. General O'Duffy is now engaged in organising a league of his own, and will, no doubt, find his political level in due course. Meantime a section of the large farmers continue to pursue their obstructive tactics as regards the payment of the land annuities, and it is not improbable that General O'Duffy will be succeeded by "Captain Moonlight"—a person of ill repute in Irish agrarian history.

All this leaves the Opposition in a pretty hopeless position. Mr. Cosgrave remains parliamentary leader, but has lost prestige. Mr. MacDermot, their best political thinker, is ill in England. For the present, at all events, Mr. de Valera remains the undisputed master of the political scene, and his opponents cannot hope to make any impression on him by the method of head-on collision, which seems to be their only idea of political tactics.

By an amusing coincidence the newspapers of October 1, which contained General O'Duffy's statement that he had decided to remain Director-General of the Blueshirts, and to sever their connection with the United Ireland party, also contained a report about the Republican

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Congress, the communist seceders from the I.R.A., from which it appeared that this organisation had also split into two nearly equal parts, over the question whether its ultimate aim should be the establishment of a workers' republic or a united front against capitalism. So both communist and anti-communist alike remain Irish in their disunity. Students of Irish political news will soon require a pocket political dictionary in order to follow the names and aims of our various parties. Meantime, the extreme republican movement is becoming less anti-English, and more anti-capitalist. Mr. Maurice Twomey, the Chief of Staff of the I.R.A., indeed proclaims that the imperialist capitalist system is the real enemy. It is not improbable that, owing to the virtual impotence of the official Opposition, more and more of the bourgeois townspeople and the large farmers will drift into Mr. de Valera's party as their only hope of protection against extremer men, and that Mr. de Valera himself, supported by the mushroom profiteer manufacturers, who are the result of his tariff policy, will be forced further and further to the Right.

His recent speech at the League of Nations Assembly on September 12 is an example of this tendency. He asked that the question of the entry of Russia into the League should be dealt with frankly and plainly, and said he would be happier if Russia were to make universal those guarantees concerning religious freedom which she gave to United States nationals on resuming diplomatic relations with that country. The day had gone by, he added, when enlightened governments could continue persecution or denial of religious freedom. This speech, for which he afterwards received a special message of approbation from the Pope, gained him much praise in Ireland, where most people are entirely unaware that he subsequently voted for the admission of Russia to the League and its appointment to a permanent seat on the Council, an action which proved that he is a good diplomatist as well as a good Catholic.

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Another sign that he does not intend to embark on any rash projects or to proclaim a republic immediately is the Government's re-appointment for three years of General Michael Brennan as Chief of Staff of the Army. General Brennan is the able and level-headed officer who has been principally responsible for the creation of that efficient and well-disciplined force, and who commands its entire confidence. He has consistently refused to allow it to be made a political instrument, and undoubtedly would not countenance its use for any unconstitutional purpose. For some time past there have been disquieting rumours that the Government intended to replace him by a purely political appointment. These are now happily dispelled, and the inference is that the Government do not intend to interfere with the army.

Their decision will be universally approved by everyone who desires the maintenance of order and stability. The Government have also wisely decided to restore the army pensions to those members of the Blueshirt organisation who had lost them in consequence of recent convictions by the military tribunal. Their new Military Service Pensions Bill grants pensions to all those who fought in the rebellion and subsequently opposed the Cosgrave Government during the civil war. This will increase the total cost of army pensions to £560,000 a year, but is a relatively small price to pay for keeping these ex-warriors quiet. The I.R.A., realising that this subsidy may sap the fidelity of its potential heroes, has forbidden its members to accept what it describes as "an attempt to buy off the hostility which exists against the rewarding and subsidising of treason." This last reference is a covert attack on the Government for continuing the civil war pensions already granted by their predecessors. They would, however, no doubt approve of Mr. de Valera's decision "in existing circumstances" not to send a delegate to the King's Silver Jubilee celebrations next year, although we are assured that this decision is based on purely political grounds.

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Miss Mary MacSwiney (that sole depository of true Irish nationalism), probably alarmed by the recent not altogether groundless rumours of fresh negotiations with the British Government, has, however, reminded Mr. de Valera that the last word does not rest with him, and that none but those who stand with Wolfe Tone to break the connection with England will have this final word to say.

The triennial elections to the condemned Senate will take place this month, when twenty-three vacancies have to be filled by the Dail and Senate voting together under proportional representation. The Earl of Granard, Mr. George Crosbie, chief proprietor of the *Cork Examiner*, and Mr. Guinness of the brewery family are among those not seeking re-election. In a recent by-election Mr. Patrick Lynch, K.C., who, strange to say, was Mr. de Valera's opponent when the latter was first elected for Clare in 1917, and who was now the Government's nominee, was elected. Under present conditions it is possible that there will be defections from the Opposition, and that as a result Mr. de Valera will obtain a majority in the Senate. If this happens it is more than likely that the Upper House will be reprieved from the death sentence now hanging over it, because its merits as an asylum for political hangers-on will then outweigh its alleged defects. Meantime, it continues to amend legislation in a manner which certainly proves both the necessity for its existence and the incompetence of the Dail.

II. ECONOMIC DEVELOPMENTS AND REPERCUSSIONS

WHILE these interesting political events were taking place, Dublin, owing to a strike, remained for nearly ten weeks without newspapers. This dispute, which arose out of a demand for increased wages, could probably have been settled amicably without a strike but for the action of the compositors, who refused to set up a statement by the newspaper owners concerning the questions at issue.

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It is believed to be one of the longest newspaper strikes that has ever taken place, and it caused serious losses to all concerned. The general public were not, however, much inconvenienced, as the English newspapers, broadcasting, and the *Cork Examiner* supplied a delayed news service. Strange rumours were, however, naturally rife. News such as the decision of Messrs. Guinness to open a new brewery at Park Royal, near London, did not lose in the telling. As some 14,000 people in Dublin depend for their livelihood directly or indirectly on this great industry, the consternation at this news can be imagined. It is by far the biggest industrial unit in the Free State. Fortunately, for the present, no serious dislocation of existing conditions is contemplated, but nevertheless it is a warning of what might well happen if the Free State were to secede from the Commonwealth; for in that event this great firm would, for fiscal reasons, undoubtedly have to remove most of its business from Dublin.

Another and more satisfactory result of the Government's policy is the prohibition of the importation of motor tyres, which has led to the Dunlop company's taking over the disused foundry of the Ford motor company at Cork as a tyre factory, under special licence. It is understood that some six or seven hundred people will be given work, but some hundreds of people at present employed by other tyre distributors throughout the country will, of course, lose their jobs, so that what we gain on the swings we may partially lose on the roundabouts. The importation of boots and shoes, except under licence, has also been prohibited. The next step will probably be the prohibition of the importation of assembled motor cars, which is intended to force the big English motor-car manufacturers to imitate the Ford company and assemble their cars here.

Meanwhile, our adverse trade balance has increased by £9,000,000 as compared with 1931. In order to cope with the cattle crisis, the Slaughter of Cattle and Sheep Act provides £400,000 for the supply of free meat to unemployed

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persons, £150,000 for buying about 50,000 old cows, and £30,000 for a tinned meat factory. In order to increase the price of cattle to the producer, it has been fixed at the minimum figure of 25s. per cwt. from November 1. The administration of this measure will cost at least £60,000 a year; it will lead to the slaughter of some 250,000 cattle annually, and there will be an increase of at least twopence a pound in the price of meat to the general public. This measure was first suggested by the Labour party. Under the Tobacco Act recently passed, it is proposed to increase year by year the amount of home-grown tobacco we smoke, until eventually we shall be smoking "without knowing it" nothing but Irish tobacco. At the same time a considerable amount of the Government's present revenue will disappear in smoke.

We have now nearly reached the high-water mark of economic self-sufficiency, and it only remains to reap the results. Our present industrial revival is distorted by the fact that agricultural products have suffered the whole burden of the price reduction, and non-agricultural products little or none. In 1926, after buying about twenty millions' worth of imported goods, our farmers still had about twenty millions to spend on home industrial products and commercial services. At present price levels, even if we grow all our own wheat, our farmers, when export has come to an end, will only have about nine million pounds to spend on the home market. Actually, the disappearing export market still adds about twelve millions to the purchasing power of the agricultural community; industrial production is thus expanding to meet an agricultural purchasing power which is rapidly collapsing. As the home market for food products cannot be quickly expanded, a drastic curtailment of agricultural production is necessary. Mr. Joseph Johnston, one of our few independent economic thinkers, shows in a recent interesting article that the money receipts of Free State farmers have fallen from £32,188,000 in 1929-30 to £14,354,500 in 1933, and it is certain that they

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will soon fall further. At present the farmers are drawing on the savings of past prosperity, so that the full effect is not yet apparent. The owners of the 7,947 holdings of over 200 acres in the Free State own more land than all the 259,662 holdings at the other end of the scale put together. This disparity in the division of land constitutes a great problem, which the virtual stoppage of emigration to America has intensified and aggravated; upon the small farmers the whole economic crisis and the English agricultural tariffs have fallen with crushing force. Unless the Government can keep them quiet by unemployment relief, grants, and subsidies, its policy of industrial revival will fail, and how long the country can stand the financial strain of these doles is problematical.

The present disastrous plight of the town of Cobh is a warning not to be ignored by the rest of the country. Situated on Cork harbour, its prosperity was based on its position as a port of call, its naval dockyard, the British naval and military garrisons, and the emigration traffic to America. One by one these foundations have been destroyed by modern inventions and political developments. Wireless prevented ships from calling for orders, the larger liners moved to Southampton, the Treaty of 1921 practically removed the British military and naval forces and closed the dockyard, and, finally, American policy stopped emigration. The town is now almost deserted, its business has fallen very considerably, and the ground landlord, recognising the tragic situation, has very generously submitted his rental to independent arbitration with a view to its reduction. Here is writing on the wall that all can see, and few can misunderstand. Our large country towns will eventually be reduced to the same condition as Cobh if we destroy the foundation on which they rest—a prosperous agricultural community.

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November 1934.

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CANADA'S FOUR HUNDREDTH BIRTHDAY

AT the end of August, Canada celebrated the quatercentenary of the landing of Jacques Cartier at Gaspé in the mouth of the St. Lawrence. Mr. Bennett and other Ministers were present, and official delegations were sent by Canada's two mother countries, France and Great Britain, and by the United States. The spirit of the occasion is well exemplified in the following speech by the Right Honourable H. A. L. Fisher, Warden of New College, Oxford, who with Admiral Sir Roger Keyes represented the British Government.

D'abord permettez-moi d'exprimer au nom de la délégation de la Grande Bretagne sa vive reconnaissance pour les paroles de bienvenue si charmantes et si généreuses que nous venons d'entendre, et de remercier à la fois les Gaspésiens et les Gaspésiennes qui ont tant fait pour ajouter au charme de notre fête de cet après-midi. C'était avec une émotion profonde que nous avons célébré cet après-midi le quatrième centenaire du jour natal d'une nation puissante, formée par la coopération de deux grandes races, de deux grandes civilisations créatrices et complémentaires. La gloire de Jacques Cartier est un trésor partagé entre le Canada, la France et la Grande Bretagne. C'est la possession commune de tout l'Empire britannique, et j'ose même ajouter, si Son Excellence le Ministre des Etats-Unis ne soulève pas d'objection, que si Cartier n'avait pas vécu et que, si par conséquent le Canada n'existait pas, sa découverte entrerait au premier plan dans le programme imposant du Président Roosevelt, tellement est-il essentiel au bien-être de la grande république des Etats-Unis qu'elle ait à côté d'elle un Canada indépendant, florissant et bon voisin.

Je ne suis pas qualifié, comme l'est si bien mon illustre ami et collègue, Sir Roger Keyes, pour juger Jacques Cartier comme navigateur, mais on ne peut pas lire le récit de ses trois voyages dans l'édition magistrale du docteur Biggar, érudit anglo-canadien qui a fait ses études à Paris et à Londres, sans subir l'attrait d'un caractère remarquable et attachant. Je me souviens d'un vers d'un poète grec: "La mer purifie les maux de l'homme." Cette

Canada's Four Hundredth Birthday

purification de la mer Cartier l'a subie, coeur simple, courage indomptable, droiture absolue, loyauté parfaite envers son souverain, foi religieuse simple et sincère, un don d'observation de menus détails qui paraît être très exact, la plume claire, sobre sans parure, telles sont les appréciations que je dérive de la lecture des récits du grand Malouin.

Nous faisons bien, Messieurs, de rendre hommage à ce grand bienfaiteur de la race humaine qui a écrit de si belles pages sur l'épopée des voyageurs français en Amérique, épopée qui dans son importance mondiale dépasse l'histoire des croisades.

Votre Eminence, puisque vous êtes à côté de moi, je vais vous faire une petite confession. Je suis né dans une petite île coloniale, dans une colonie normande qui s'appelle la Grande Bretagne, car dans le temps passé les normands ont colonisé cette île, et en toute franchise confessionnelle je dois vous avouer qu'ils nous ont conquis et qu'ils nous ont fait beaucoup de bien. Car les normands étaient des gens très sensés, très prudents. Ils se disaient : Voilà les Anglo-Saxons, un peuple rustre, lourd, mal organisé. La bière, qui est leur boisson nationale, est détestable et beaucoup inférieure à notre bon cidre normand. Pourtant ils peuvent avoir des mérites ; ils se sont bien battus à Hastings et ils ont montré une certaine ténacité.

Qu'ils continuent à parler leur patois entre eux pourvu que nous ne soyons pas obligés de l'apprendre, qu'ils conservent leurs anciennes coutumes et leur ancien droit, tel qu'il a été écrit dans les codes anglo-saxons ; et c'est ainsi, Messieurs, que les normands ont pu garder l'Angleterre et que l'Angleterre a pu supporter les normands. L'Histoire ne se répète pas, mais elle se ressemble. Des siècles passent. La sagesse ne passe pas, de la sorte que nous voyons aujourd'hui un beau morceau de l'ancienne France, de la France de Louis XV, englobée dans une nouvelle nation canadienne dont elle fait une partie vivante et intégrale. Miracle de justice et de tolérance, direz-vous ! Mais non, Messieurs, dans la bonne politique, il n'y a pas de miracle, il n'y a que de la bonne morale et du bon sens.

Ayons le coeur simple, ayons le bon vouloir les uns envers les autres, cherchons les voies d'accord, élargissons les horizons de notre savoir et de nos sympathies. En arrière les rancunes, les suspicions, les étroitesse et les petites vues, que le courage envers l'inconnu de Cartier soit pour nous un drapeau et une inspiration ; et ne doutons pas que la paix de Dieu sera avec nous et que quoique dans telle ou telle partie du monde, tel ou tel Etat soit menacé par la confusion et la violence, les deux grandes démocraties anglo-saxonnes et françaises, qui feront l'avenir du Canada, resteront stables parmi l'écroulement des choses.

FINANCE AND POLITICS IN AUSTRALIA

I. BUDGETS AND BORROWING

THE regular Premiers' Conference and Loan Council were held at the end of June, the one passing into the other with little more formality than a change of chairman. The main business was a consideration of government deficits for the past and coming years, and the financing of the latter. The loan requirements for the financial year 1934-35 were also considered and approved, but the details of the necessary loans were left to a later meeting of the Loan Council.

The financial situation was very much as had been planned in the previous June, except that the Commonwealth Government found itself in a very different position from that anticipated. At the beginning of 1933-34, the Government had in hand a surplus of nearly £5,000,000 on the operations of the two preceding years.* Taking—though with some blushes—a bold course, it proposed a large remission of taxation, together with some increase of expenditure, at a cost of £9,000,000 a year, and it reckoned on consequent deficits for the next two years, which would be just balanced by the surplus outstanding. The deficit for 1933-34 was estimated at over £1,000,000. It was suggested in these pages that the apparent rashness was considerably tempered by Treasury caution in the estimates of revenue, but the result has bettered the most

* See THE ROUND TABLE, No. 94, March 1934, pp. 403-408.

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optimistic forecasts. The Government found out of ordinary revenue £1,800,000 for wheat relief, for which no provision had been made in the budget ; but instead of a total deficit of £3,000,000 at the end of the year, the actual result was a surplus of £1,300,000.

This result is due, broadly, to a moderate improvement in general prosperity in 1933-34, manifested in a higher level of consumption which gave nearly £3,000,000 in additional revenue from customs, excise and sales tax. Something was gained from lower interest rates on government borrowing, and income tax receipts, though based on the low incomes of 1932-33, were kept up by the payment of arrears. It is noteworthy that this was the first occasion for four years on which the amount of tax outstanding had decreased.

Commonwealth finance is, of course, the first to benefit by any general recovery, just as it is hardest hit at the first impact of depression. Customs, excise and sales tax are quickly and fully responsive to rises and falls in consumption, whereas direct taxation, on which the States mainly rely, may lag a year or more behind. State revenues gain something from increased railway receipts, but these depend largely on the prosperity of the wheat and butter industries, which are still extremely depressed. Some mitigation of the lag in State revenues has been attained by the taxation of wages and salaries at the source, but it was not to be expected that any of the State Treasurers would be able to display the sunny sense of virtue rewarded which pervades the Federal budget of 1934-35.

In fact, revenues in four States were further handicapped by an accidental and temporary cause, the failure of the wheat crop to move on account of persistent low prices. Nevertheless, State deficits at the end of June were reckoned at £440,000 less than the £8,300,000 that had been planned a year previously. Final figures have shown a further reduction to £6,900,000, owing to unexpected increases of revenue in June. In the end the net deficit for all govern-

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ments was only £5,600,000 ; and as expenditure included about £8,000,000 for sinking fund payments, the total indebtedness was in effect slightly reduced on the year's operations.

For 1934-35, the prospects of the Commonwealth Government were bright enough. It proposed to divide a prospective surplus of £2,000,000 between tax reductions and some small restoration of salaries and pensions. In addition, it had £5,000,000 of surplus outstanding from 1932-33, £2,000,000 of which it proposed to distribute to help the States to provide employment for the young ; and the remainder was to be put into a trust fund for defence expenditure. Little improvement, however, was visible for the States. Wheat and butter prices were at their worst in 1933-34, depressing income tax assessments in the present year. Wool prices had risen greatly from their low point, but were now falling rapidly, and it looked as if the temporary rise in 1933-34 had been largely absorbed in redressing the credit position of the woolgrowers, with little effect, direct or indirect, on current expenditure.

Further, it was to be expected that budget figures would tend to look worse, even without any deterioration of the true position. Temporary internal expedients of finance were becoming exhausted. There was, moreover, some movement of opinion, which must be considered healthy, towards bringing all losses boldly into the budget and not concealing or postponing them by manipulation of trust and loan funds. Further, it was growingly difficult to increase taxation when the Commonwealth was purring with self-approval over its own reductions ; difficult also to resist demands for partial restoration of former expenditure, when the Commonwealth, the Arbitration Court, and business itself were all showing the way.

The States estimated an average improvement of 10 per cent. in income tax receipts in 1934-35, due partly to higher rates ; a steady yield from other taxation ; some increased returns from railways, partly off-set by higher costs ; lower

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unemployment expenditure; general government and social services at the same level; some relief from interest payable, but some decline in interest due and in receipts from miscellaneous sources. The net result was an estimated improvement of only £600,000 in total deficits of nearly £8,000,000.

This was not perhaps unreasonable, in view of the level of export prices, but the financing of the amount raised difficulties. The Loan Council proposed the issue of treasury bills, to be taken up by the Commonwealth Bank, with an understanding that a corresponding amount of bills should be funded during the year, so that the total floating debt should not be increased. This method of finance met with more than the usual resistance from the Bank board, and the negotiations that ensued seem to have left different impressions on the different parties to them. What emerged was :—

(1) A reduction of "agreed" deficits to £5,900,000, by the diversion of £1,500,000 to this purpose from the special Commonwealth grant for unemployment. (See above.)

(2) An undertaking by the Bank to finance this amount by treasury bills, provided that half of the amount would be funded within six months and the remainder within twelve months.

(3) A declaration by the Bank that in future it would not finance deficits even temporarily by treasury bills, except to the extent of the seasonal lag in revenue, and that it would not concern itself in future with the amount of deficits or with the methods by which deficits were being reduced.

It may be noted here that the economies agreed to under the Premiers' Plan of 1931 have been maintained, on the whole, without sensible mitigation. The cut in government salaries still ranges from 15 to 20 per cent. The number of government employees is still 10 per cent. less than in 1929-30, in spite of a 3 per cent. increase of population. In 1933-34 total payments of wages and salaries to all government employees were a little less than in 1932-33, and more than 25 per cent. below the cost in 1929-30.

The general question of treasury bill finance was referred

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last year to a sub-committee of the Loan Council, but no report has been issued. The question of extending the market beyond the narrow field of the trading banks remains unsettled. Meanwhile, the Commonwealth Bank has entrenched itself by withdrawing its undertaking to meet treasury bills at maturity and to rediscount at a fixed rate. It will now fix the rate of rediscount at its discretion as the occasion arises.

In relation to loan expenditure, some change of attitude on the part of the combined Governments is to be noted. Victoria and South Australia retain a strong deflationary bent, while New South Wales and Queensland show an equal opposite tendency. The change to a Labour Government will not weaken the expansionist faith of Western Australia, but may make it more discriminating. The change of Government in Tasmania, however, marks a definite move from contraction to expansion in government finance. What is more important is that the Commonwealth, faced with a general election and 20 per cent. of unemployment, is feeling more strongly than heretofore the need for positive action.

The virtues and disadvantages of government expenditure for combating the depression and relieving unemployment have divided the governments in the past. At the June Conference it gained more general favour than before, and as budget deficits had been pent within an agreed limit the movement had to take the form of increased loan expenditure, financed by public loans. Loan expenditure, which was about £40 million in 1928-29, fell to less than £10 million (including the wheat bounty) in 1931-32. With reviving confidence and falling interest rates, it rose to nearly £16 million in 1933-34, and a further advance to nearly £23 million has been agreed to for 1934-35. This is the net figure, exclusive of considerable repayments to the loan fund.

Of the new moneys required, one-half were in sight, leaving about £12,000,000 to be raised by new loans. To

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this must be added £6,000,000 for the retirement of treasury bills, so that internal loans of about £18,000,000 may be expected during the financial year. The prospects are that this sum will be readily subscribed at a rate of interest very little above 3 per cent.

II. THE WHEAT COMMISSION

A ROYAL COMMISSION was appointed at the end of January to report on all aspects of the production and marketing of wheat, flour and bread. It was generally expected to furnish a report in time for the federal budget in August, and for consideration by Parliament in its closing session.

To deal adequately even with wheat alone was impossible in the time. By splitting into two and working at high pressure, the Commission completed a survey of all the mainland States and collected much of the necessary evidence by July, but there was no time even to compile the collected data, much less to draw conclusive inferences from them. Moreover, the federal electoral campaign in August created an atmosphere very unfavourable to calm consideration of a very thorny economic problem, and there was danger that extracts from the report, torn from their context, might furnish fiery political material. In these circumstances, not only is the report strictly an interim pronouncement, but it appears to avoid even a preliminary discussion of the main economic issues.

After a short historical introduction the report presents a broad survey of present wheat-growing in Australia. It then gives briefly its tentative conclusions on the cost of wheat-growing and on the debt structure of the industry—two vital matters which have long needed competent and thorough investigation.

It appears from the provisional figures that more than half the wheat-farmers have running costs (excluding

The Wheat Commission

interest) of more than 2s. 4d. per bushel at the siding, which is the average price over the last four years. When interest is included, half the farmers cannot produce at 3s. These costs are net costs, after profits on sheep and other side-lines have been taken into account, and they allow a money wage to the farmer of only £125 per year.

The total of wheat-farmers' debts is reckoned provisionally at about £140 million, or about £10 per acre of crop, or nearly £1 per bushel of the average annual harvest; but the distribution is naturally very irregular, and a fair number of farmers have practically no debt. This capitalisation also covers the large number of sheep which are kept on wheat farms. To the actual debt must be added the depreciation of machinery and other assets, which have been allowed to deteriorate seriously.

The Commission has attempted in this report to state in broad terms the magnitude of the problem. For the present it makes only one recommendation of a fundamental character, although there are several others which are designed to hold the field until its investigations are completed. The major recommendation is that the principle of an Australian price for wheat consumed in the Commonwealth should be recognised. The provisional measures proposed involve a subsidy estimated tentatively at £4 million for the present season, but varying according to the magnitude of the harvest and the prospective market price.

If the coming harvest is an average one, which is extremely unlikely, the £4 million would bring the price realised by farmers up to 3s. 6d. per bushel at the ports (or about 3s. at the siding). This, it will be noted, is a price at which only half the wheat-growers can cover their costs. The Commission is therefore virtually asking the farmers to hang on, at a low standard of living, for another year: in one of its subsidiary recommendations it has urged the continuation of moratorium provisions so that there shall be no fear of harsh action on the part of creditors.

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The Commission recommends that the assistance should be financed in part by a fluctuating excise duty on flour, which would implement the principle of the home consumption price, and for the rest from other revenue. Details are to be given in further recommendations, which will be made before the harvest, and comment may be deferred until the full proposals are before us. The language of the report, however, suggests a hope that this tail-chasing expedient of the flour-tax will not be adopted with too much enthusiasm. A raising of the home price to import parity might be useful in allaying a sense of grievance, without adding substantially to export costs, but the magnitude of the problem, when the present price of wool is considered, is far too great for such easy and ineffective expedients.

III. THE FEDERAL ELECTION

THE campaign that preceded the federal election of September 15 naturally centred round the problem of Australia's recovery from the depression, the effectiveness of the steps already taken to promote it, and the policies that rapidly changing circumstances demand for the future. The *Sydney Morning Herald* declared categorically that "Australia has recovered from the depression," and United Australia party advertisements claimed that "Australia has been enabled to stage the most spectacular economic recovery the world has known." To do Mr. Lyons justice, it must be admitted that he pitched his own claims in a more modest key. He insisted, however, quite confidently, that as a result of

sound government, sane management of finance, honest facing up to obligations and the determination nationally to do the right thing at all costs, Australia, having climbed out of the valley of gloom, is now approaching the sunshine of prosperity.

His policy had encouraged the growth of the tender plant

The Federal Election

of business confidence, and it was essential, he argued, if recovery was to be maintained, that the business community should continue to feel the revivifying influence of his Government's care.

An objective survey leaves little room for doubt that there has indeed been a considerable recovery from the bottom of the depression. There has been a sensible upward trend in many of the important indices of business activity, though the improvement has not always been well maintained, and though there are still many serious elements of weakness in the foundations of the Australian economy. The importance that the individual attaches to these movements is, however, determined much less by their absolute magnitude than by his sense of relief at having escaped the worse disasters that he believed were threatening him. Mr. Lyons' claims made the strongest appeal to those who a few years ago were afraid of complete collapse. Those whose economic position is still extremely shaky, or who had not previously feared complete collapse, were less impressed, and to them the Opposition made a more effective appeal.

For the measure of recovery that has taken place Mr. Lyons may legitimately claim some credit. But the improvement is less than was confidently anticipated from the Premiers' Plan in 1931, and it is disputable whether the Premier has a sufficiently clear grasp of fundamentals to justify a hope that the mere continuance of his present policy will bring Australia back into "the sunshine of prosperity." The "economic blizzard" descended upon us like a bolt from the blue, and, quite unwarrantably, we have hoped that it would some time disappear in the same unpredictable fashion. That we ourselves may have done anything to prolong world depression, by our policy of exchange depreciation, by the continued production of unprofitable crops, and by our deeply rooted suspicion of foreigners, which leads us to regard the competition of foreign goods as something irrational and unnatural, are

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ideas that simply do not find a place in the consciousness of members of the Government.

It is claimed that recovery is the result of adopting well-tried and traditional methods, whereas the actual breaches with tradition, in the shape of depreciated exchange, treasury bill finance, subsidies for wheat-farmers, and scaling down of interest charges, have been quite revolutionary. In Australia, as in many other countries, "sound" finance in 1934 is something quite different from "sound" finance in 1930, and still more widely different from "sound" finance in 1920 or 1910. The important trends in world affairs, of which the British Government's attitude towards the quota system and the general instability of the markets for primary products are obvious symptoms, call for a more penetrating analysis of the foundations of the Australian economy than Australian statesmen have yet for the most part been able to offer. Unless these trends are reversed, the claim that Mr. Lyons' policy has brought Australia safely through the depression may, as time goes on, become ever less plausible. Even those who are most enthusiastic in their praise of Mr. Lyons' policy in recent years may well entertain some uneasy doubts whether his policy is likely to adapt itself with sufficient flexibility and promptness to the needs of a new world.

In adapting its policy to meet a new situation, the Government is not a little embarrassed by the rash pledges given to the business community in the past against further experiments involving "government interference." Especially in discussions of the wheat industry, there have been hints that the Government would not be adamant in its opposition to further deviations from the path of rugged individualism, were it not that the Opposition would immediately exclaim, "That is exactly what we proposed years ago." It is true that circumstances sometimes do alter cases, and there is no necessary inconsistency in the view that a policy which was unwise in 1931 might be quite

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sound in the altered conditions of 1934. "Circumstances alter cases" is not, however, the kind of rousing slogan that efficient propagandists are willing to adopt.

During the life of the last Parliament the Government lost for different reasons three of its outstanding members—Mr. Hawker, Mr. Bruce, and Senator Sir Walter Massy Greene. These have been followed by Mr. J. G. Latham and Senator Sir Harry Lawson, who, at the dissolution, retired from political life. In personnel the Ministry is incomparably weaker in council, in Parliament, and in administration than it was when Mr. Lyons came into office. It will gain an able, vigorous, and rather provocative personality in Mr. R. G. Menzies, K.C., who resigned the office of Attorney-General and the Deputy Premiership of Victoria in order to contest the seat vacated by Mr. Latham, and who has now succeeded him as Commonwealth Attorney-General. Mr. Lyons' parliamentary position also has changed for the worse.

In the last Parliament, the United Australia party enjoyed an absolute majority over all other parties, whereas in the new Parliament Mr. Lyons will need the support of the Country party if he is to retain office. In these circumstances the relations between the U.A.P. and the Country party assume considerable importance. Naturally enough, the Country party was not prepared to accept Mr. Lyons' naïve suggestion that the best way to secure co-operation was for the Country party to merge itself in the U.A.P. Its interests are sufficiently distinct from those of the powerful groups that support the U.A.P. to justify the maintenance of an independent organisation. Many farmers feel that for them recovery is still in a somewhat remote future. There are profound divergences of opinion regarding tariff policy; the efforts to work out an agreed policy for mitigating the burden of debt have so far been unsuccessful; and the small farmer finds it difficult to echo the exaggerated praise that Mr. Lyons has bestowed upon the Australian banks. Efforts were made, with more

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or less success, to prevent direct electoral conflict between U.A.P. and Country party candidates, but the alliance remains a somewhat uneasy one, and many farmers are not altogether happy about Mr. Lyons' expressed determination to "hold the scales evenly between primary and secondary industries."

The Labour party, on the other hand, was thoroughly sceptical about the reality and permanence of the recovery that had been achieved, and argued that fundamental changes in institutions were necessary. Their attacks centred mainly upon the banking system, though they also appealed for support, especially in city electorates, as strong protagonists of a high tariff. All the talk about the restoration of overseas markets—of which Dr. Earle Page, and to a less degree Mr. Lyons, made so much—they argued, was futile. Australia must look to the development of her own home markets. To the farmer, Labour offered easy credit, controlled marketing and guaranteed prices. Efforts to close the gap between the Scullin and the Lang parties were unsuccessful, but there were no obvious fundamental differences between their declared policies, and there was a marked and perhaps significant absence of mutual recrimination in the speeches of the Labour leaders. Mr. Lang decided, at least for the time being, not to seek a Federal seat, but he directed with great ability the election campaign of his party, which was headed in the Federal Parliament by Mr. Beasley. If the policy speeches of Labour leaders are to be accepted as an adequate reflection of their minds, they have still not thought out in any systematic way the steps necessary for a thorough reorganisation of society upon a socialist basis. Their opponents allege that this is merely a blind. "Should the Labour party win the coming election," it was said,* "the 'capitalistic system' is to be overthrown and some form of sovietism substituted for it."

This view probably gave Mr. Scullin and Mr. Lang undeserved credit for clear thinking, and at least officially

* *Sydney Morning Herald*, July 26.

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they pinned their hopes on credit expansion. "To meet the situation," Mr. Scullin declared, "the nation was not called upon to set up an organisation to increase productive power. The one thing lacking was money." According to Mr. Beasley, the Australian standard of living could easily be the same as it was five years ago; "all that is missing is the ability of the people to buy." Mr. Scullin accordingly proposed to abolish the board that controls the Commonwealth Bank, and under the direction of a single governor to initiate a policy of vigorous competition with the private banks, which would eventually drive them out of business; while Mr. Beasley wanted national control of banking, which "will ensure that the volume of purchasing power is maintained to absorb the maximum products of primary and secondary industries." In view of the fact that mild inflation has played some part in such recovery as has already occurred, and that all parties favour some extension of borrowing for public works, there is a certain embarrassment in wholehearted denunciation of inflation of any kind. The Postmaster-General, Mr. Archdale Parkhill, has announced that his party is "the party of real money," but it is obvious that for this purpose the definition of "real money" must be very elastic.

Attacks upon the banking system certainly sounded the dominant note in the campaign, and there was some danger that in face of these attacks Government supporters, placed upon the defensive, would be reduced to frequent repetition of the story of Mr. Lang smashing the New South Wales government savings bank, and of the horrors of uncontrolled inflation in Germany. "An attack upon the banks is an attack upon the savings of the people."* As one member seeking re-election put it, "if Labour gained the reins of office, there would be such a catastrophic upheaval as would mean the closing of the trading banks within six hours." Even from the low point of view of expediency in propaganda, it was doubtful whether such

* *Sydney Morning Herald*, July 23.

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crude appeals to fear were profitable in the present state of Australian public opinion.

Although the Government sustained some losses in the elections of September 15, especially in electorates with a long-standing tradition of Labour representation, there will be a substantial majority of members opposed to radical innovations in the banking system of Australia. The losses, however, are sufficiently numerous to leave the Government directly dependent upon the support of the Country party, and the task of devising a policy in which Mr. Lyons and Dr. Earle Page, the Country party leader, can co-operate harmoniously is likely to raise some delicate issues.

The number of electors who refuse to obey the dictates of party organisers is great enough to render difficult any attempt at dividing the votes cast, under a system of compulsory voting, into two neatly classified categories, those who support the Government and those who oppose it. If the first count of Senate votes is taken as a rough guide, however, it becomes clear that a comparatively small movement, less than four per cent. of the total, from one side to the other would be sufficient to leave the Government in a minority. The method of counting votes used for elections to the Senate is such that even a party with a very small majority may win practically all the seats, and as only half the members normally seek re-election at the same time, the results of the Senate voting on this occasion will have an important bearing upon policy until 1940.

The electors as a whole being still so evenly divided, the future relations of the Scullin and the Lang Labour parties assume great political importance. Upon this problem the results of the election shed a somewhat uncertain light. The Labour gains were divided fairly evenly between the two parties, but the Scullin party received a further severe setback in New South Wales, where, apart from the three retiring members, and one or two other constituencies, the votes cast for the followers of Mr. Scullin shrank to an almost

The Federal Election

negligible figure. Even the three retiring members lost a good deal of support, two of them being defeated by Lang candidates.

Douglas Credit candidates contested 36 seats in the House of Representatives, and Communists 21. Taking into account votes cast for Senate candidates, the number of Douglas Credit voters exceeded 170,000, while the Communist aggregate vote exceeded 70,000. No supporter of either of these faiths was, however, elected.

Australia,
September 27, 1934.

POSTSCRIPT

The result of the elections on September 15 was as follows (the previous representation is shown in brackets) :—

HOUSE OF REPRESENTATIVES

United Australia party	..	..	..	..	..	32 (38)
United Country party	..	..	..	..	..	15 (16)
Federal Labour (Scullin)	..	..	..	..	..	18 (14)
State Labour (Lang)	..	..	..	..	..	9 (5)
Independents	..	..	..	..	..	0 (2)

SENATE

United Australia party	..	..	..	..	..	25 (21)
United Country party	..	..	..	..	..	7 (5)
Federal Labour (Scullin)	..	..	..	..	..	4 (7)
State Labour (Lang)	..	..	..	..	..	0 (3)

It was announced on October 31 that Mr. Lyons and Dr. Page had agreed to form a composite Ministry, drawn from the United Australia and Country parties. The latter will have four places in the Cabinet, and Dr. Page, as Minister of Commerce and deputy-leader of the Government, will rank next in seniority to Mr. Lyons. Meetings of the two parties have endorsed the coalition agreement, though with dissentient minorities.—EDITOR.

SOUTHERN AFRICA : OLD SCORES PRESENTED

I. FUSION AND FISSION

THE political peace that followed on the coalition agreement between Generals Hertzog and Smuts has proved to be short-lived. The alliance itself, of course, remains unbroken; it has operated with remarkable smoothness, and the process of replacing it by the permanent "fusion" of the two great parties is now all but complete. But South Africa, more especially Afrikaans-speaking South Africa, has developed during its political history certain characteristics, which would appear to be as hard to expel as nature itself—*naturam expellas furcâ, tamen usque recurret*. One is the dominance of the personal element in politics, the tendency to follow a particular leader, and in doing so to ascribe to him all the virtues and to his rival all the vices. The other, associated therewith, is that determined individualism which survives from the days when a pioneering people spread sparsely over a vast land, so that both government control and voluntary co-operation came to be all but forgotten; throughout South African history this trait has evidenced itself in party instability and the splitting off of groups and factions.

Leadership is a factor of more than ordinary importance in South African politics. But while a leader may count on the almost passionate devotion of his followers, he can only count on it for a time. The essentially democratic South African (what is here said refers, of course, more especially to the Afrikaans-speaking South African) begins to wonder whether after all his leader is so much better than he is. The question comes to be asked: "Is not

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this the carpenter's son? Whence then hath this man all these things?"—and with the appearance of a new leader there is the inevitable transference of loyalty. So it was with General Botha, as with many before him. So it is to-day with General Hertzog and his *fidus Achates*, Mr. Havenga. And that is why, though coalition put an end to a political struggle which was based largely on a personal feud between General Hertzog on the one hand and Generals Botha and Smuts on the other, it has initiated a new political struggle based in its turn on a personal feud, this time between General Hertzog and Dr. Malan. As a result, though Parliament is in recess, the political battle is being waged, over a large part of South Africa, as fiercely as ever in the past. The flood-gates of oratory have been opened; political meetings held in tiny villages are attended by gatherings of four or five thousand people, transported in many cases by motor lorries for hundreds of miles to vote for or against a motion of confidence; and sometimes unseemly disturbance is the outcome of the clash of all but embattled hosts.

The conflict is primarily among former followers of General Hertzog in the Nationalist party. As explained in the September issue of the *ROUND TABLE*,* a section of the Nationalist party has refused to go into the projected fusion with the South African party. It is led by Dr. Malan, the Cape Nationalist leader, and is therefore strongest in that province; but it also commands considerable support in the Prime Minister's own province of the Free State. It is chiefly in those two provinces that the battle has hitherto been waged. Both General Hertzog and Dr. Malan have been making tremendous efforts to consolidate their positions. The Prime Minister in particular has undertaken extensive tours, he has addressed meetings of a magnitude hitherto unknown in the country districts of South Africa, and at practically all of them he has had to meet with organised opposition, which has some-

* THE ROUND TABLE, No. 96, September 1934, pp. 902-3.

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times degenerated into sheer obstruction. Throughout, General Hertzog has vigorously defended the essentials on which the alliance between General Smuts and himself is based. He has maintained that he could not, in loyalty to South Africa, have rejected the hand of friendship which his former opponent proffered him ; he has insisted that the time has come for consolidating co-operation between English-speaking and Afrikaans-speaking South Africans ; and he has repeatedly declared his appreciation of Great Britain's magnanimity towards South Africa as consummated in the Statute of Westminster, insisting that on the basis of free association as now acknowledged it is the natural thing for South Africa to remain within the partnership of the Commonwealth.

He has been attacked chiefly on the grounds of a betrayal of his past. How, it is asked, can he co-operate with those whom once he so vigorously castigated—with old Unionists, survivors of the Milner school, with Hoggenheimer, who is the personification of the gold-mining capitalist, with General Smuts, whom an English newspaper has recently acclaimed as "England's great friend" ? At the root of the opposition there is, of course, the old isolationism—the Afrikaans-speaking South African must keep himself "pure," he must not enter into the house of the stranger, in his distinctive unadulterated Afrikanerism lies his strength. And to that end the sentiments, nurtured in old hates, must be kept alive, and the banner of republicanism, if not actually unfurled, must at least be held ready for use as occasion may demand.

The question of most general interest which has hitherto emerged in the struggle of words is that of South Africa's position in the event of war. It is one on which General Hertzog and General Smuts are not entirely at one. General Hertzog has held consistently that South Africa has a right of neutrality—that it can remain at peace while Great Britain, for instance, is at war, and yet continue to be a member of the British Commonwealth.

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General Smuts's view in the past has been based on the doctrine that if the King is at war all those who owe him allegiance are also *de jure* at war. The two Generals have, however, been disposed to regard this difference of opinion as of secondary importance—there is no difference between them on the primary point, that in the event of war the extent of South Africa's *de facto* participation is to be determined by South Africa alone. Their critics, however, have done their best to exploit their academic differences. They have also asserted with confidence that the present Government has in fact entered into various imperial commitments, pledging itself to active participation alongside of Great Britain in the event of war ; and they have sought to support the assertion with evidence of all kinds, including that provided by Sir Maurice Hankey's brief visit to the Union on his way to Australia. The controversy has become so acute that, seemingly, nothing but the actual outbreak of war will resolve it. South Africa, in common with the rest of the world, hopes that it may be spared that test.

It is too early yet to say what the outcome of the struggle will be. It would seem that, taking the Union as a whole, General Hertzog has a substantially larger following in the old Nationalist party ranks than has Dr. Malan. In addition he can count on the support of the great mass of the South African party. His position is therefore a strong one. At an election Dr. Malan would not win more than a few seats. But General Hertzog himself started twenty years ago with but a handful of a party in Parliament—and in due course came to rule South Africa. The sentimental appeal is still a strong one, though perhaps not as strong as it was twenty years ago, and the Malanite faction of to-day may yet become the dominant party of tomorrow. But long-range prophecy is made more than ordinarily difficult by the uncertainty regarding the span of political life still left to General Hertzog, General Smuts and Dr. Malan (they are all in the sixties, and politicians

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age quickly in South Africa), and by the importance of the personal element in our politics that has already been referred to. It is enough, perhaps, to be assured that for some years to come Dr. Malan cannot seriously threaten the Government's position. Generals Hertzog and Smuts clearly have the great mass of the country with them.

Moreover, the Union is probably as prosperous to-day as any country in the world. The expansion of the gold-mining industry, under the stimulus of the enhanced price of gold, continues—Johannesburg, which is soon to celebrate its fiftieth birthday, is growing as rapidly as at any time in its history—and the rest of South Africa cannot but share in the benefits. True, agriculture is not yet out of its troubles, and the threat of an unparalleled locust invasion hangs darkly over the land; yet the farmers also are in far better case than they were a year or two ago. There is nothing, therefore, it would seem, to impair the Union's political stability. The significance of present events is to be sought rather in what may be expected to happen in four or five years' time.

The political conflict has been described in this article as a Hertzog-Malan conflict. So in essence it is. But there are of course other actors as well. Of General Smuts little has been said, since his task in bringing his party into fusion has been far simpler than that of General Hertzog, and in the struggle between the Prime Minister and Dr. Malan he has had no part. It is significant that South African party Ministers to-day are courteously received in Malanite strongholds, while their Nationalist colleagues are met with bitter opposition.

General Smuts, however, has not carried his whole party with him. A section, led by Colonel Stallard, has refused to go into fusion. It drew its inspiration in the first instance from opposition to the Status Act, and then from the clause in the principles of the "fusion" party which seemed to countenance republican propaganda.*

* THE ROUND TABLE, No. 96, September 1934, pp. 900-1.

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At present Colonel Stallard is engaged in launching the "Dominion Party of South Africa," which sets in the forefront of its programme "the maintenance of the British Empire as a united whole with common aims and interests and securing the Union's part therein with status as a Dominion of the British Crown," and opposition to "all movements to resolve the component parts of the Empire into sovereign independent States." The Status Act referred to South Africa as a sovereign independent State in terms of the definition of the 1926 Imperial Conference, to which it specifically referred. Colonel Stallard seeks to set the conception of Dominion status against that of sovereign independence. It is difficult to see how it can be hoped to make a great party develop on the basis of a lawyer's technicality, especially among English-speaking South Africans, who are far less politically minded than their Afrikaans-speaking fellows. It does not look as if the Dominion party were likely to become an important factor.

A sentence will suffice for each of the two remaining parties. Mr. Tielman Roos's Centre party, which really owes its origin to the tradition of loyalty to a leader as a basis of common political action, has received a nasty knock at a bye-election at Heilbron, and is no longer seriously accounted, while Mr. Roos himself would seem already to be looking out for a new political home. Labour, which fared even worse at the Heilbron bye-election, still finds it as difficult as ever to win the support of the Afrikaans-speaking worker, and remains politically impotent, until such time as a leader arises capable of welding it into an effective force.

These are, then, for the moment, but minor players on the stage. Dr. Malan is the Government's only really dangerous opponent, and it is the conflict between him and General Hertzog, waxing steadily in bitterness, that dominates the rest of the action.

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II. THE MOZAMBIQUE CONVENTION

NEGOTIATIONS are proceeding between the Union Government and the Government of Portugal for a revision of the Convention, into which they entered in 1928, for regulating the recruitment of native labourers in the Portuguese province by the gold-mining companies ; the division of seaborne traffic to the Transvaal as between the port of Lourenço Marques and Union ports ; and the interchange of products between the Union and the province of Mozambique.

The existing Convention*, signed in September 1928, was to be in force for a period of ten years, but either Government, five years after the date of signing, might call for a revision of its terms, and thereupon, in default of mutual agreement, the Convention should lapse six months after receipt of notice of termination. The Union Government having called for revision last year, negotiations between the representatives of the two Governments began last July in Lourenço Marques, and they are still proceeding.

The Convention of 1928 was the last of a long series of treaties and agreements going back to the early days of the South African Republic. The opening of railway communication between the port of Lourenço Marques and the mining areas of the Transvaal established a new and most important connection between the two countries. It gave to the Transvaal (the South African Republic as it then was) an outlet to the sea independent of the British ports of the Cape and Natal ; and as the rail distance of Lourenço Marques from the centre of the mining area of the Transvaal is roughly 100 miles less than that from Durban—the nearest port in British territory—it put the Portuguese port and the Netherlands South Africa Railway

* See THE ROUND TABLE, No. 72, September 1928, p. 883, and No. 73, December 1928, p. 210.

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Company, which at that time owned and operated the Transvaal railways, into a strong position to compete with the ports and railways of the Cape and Natal.

After the annexation of the Transvaal by the British Government, while the Anglo-Boer war was still in progress, Lord Milner as High Commissioner for South Africa found it necessary to regulate the relations with the Mozambique Government. Accordingly, in December 1901, he entered into an agreement with the Governor-General of Mozambique for a *modus vivendi*, which provided that, pending the conclusion of an agreement relative to the province of Mozambique and the neighbouring British territories, the *status quo ante bellum* should be as far as possible re-established in relation to the Transvaal. It provided in particular for the continued recruiting of native labour for the Transvaal. The pre-war railway tariffs and classifications between Lourenço Marques and Johannesburg were to remain in force, and if any changes were made in the tariffs and classifications on the railways connecting the Cape and Natal ports with Johannesburg, corresponding changes should be made on the Lourenço Marques-Johannesburg line, so as to preserve the same relation between the tariffs as existed before the war.

The last mentioned provision gave rise to much dissatisfaction in the Cape and Natal, where it was urged that, as the Transvaal had now come under the British Government, it was unfair that the foreign port of Lourenço Marques, in competition with their ports for the very remunerative traffic to the mining areas, should continue to have the benefit of railway rates which had been fixed with the express object of assisting it in competition with them. But the paramount necessity which then existed for keeping open the Mozambique territory as a recruiting ground for native labour for the gold mines of the Transvaal prevented any substantial alteration of the terms, and the *modus vivendi* continued in force until April 1909, when it was replaced by a Convention between the then responsible

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Government of the Transvaal and the Government of the province of Mozambique.

This Convention provided for the continuance of native labour recruiting under more elaborate regulation. As regards railway traffic it made a new departure. For export traffic from the Transvaal it provided that the through rates from stations in the competitive area to Lourenço Marques should not be higher than the rates from those stations to other ports. For seaborne traffic through Lourenço Marques to the competitive area the Convention provided that the rates should be so fixed and from time to time adjusted that the gross tonnage of such traffic through the port of Lourenço Marques should not be less than 50 per cent., or more than 55 per cent., of the total gross tonnage to that area by all routes combined. The competitive area was defined to include roughly the mining district of the Witwatersrand, with extension to Klerksdorp to the west and Vereeniging to the south. The Convention was to be in force for ten years and thereafter subject to twelve months' notice. It terminated in March 1923 on notice given by the Union Government, but provisional agreements between the Governments for the continuance of native labour recruiting and commercial intercourse kept matters practically *in statu quo* until the Convention of September 1928.

This—the existing Convention—made two important changes as regards native labour recruiting. It provided for an upward limit in the number of Portuguese natives who might be recruited for the Transvaal mines. At that date the mines were employing over 100,000 of these natives, and the Convention provided that the number should be gradually reduced during the five following years to a maximum of 80,000 in 1933. In actual fact the number of Portuguese natives employed by the mines has fallen considerably below this maximum. In spite of the large increase in the total number of natives employed owing to the expansion of the gold-mining industry, the

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number of Portuguese natives employed when the negotiations for revision began was only about 56,000, out of a total native labour force of about 240,000. This low proportion has been due to the engagement of a much larger number of natives from the Union and from the native territories of Basutoland, Bechuanaland and Swaziland. The marked diminution in the number of Portuguese natives employed on the mines has undoubtedly affected adversely the economic condition of Mozambique.

The second change was a provision that, after the first nine months of service by any Portuguese native employed on the mines, one half of his wage was to be retained and paid to him on his return to Mozambique. The actual payments are made to the natives as they arrive in Mozambique by officials of the recruiting organisation of the Chamber of Mines.

As regards railway traffic the Convention practically took over the provisions of the 1909 Convention, fixing the share of seaborne traffic to the competitive area coming through the port of Lourenço Marques at 50 to 55 per cent. of the total. In practice, however, it has not been found possible to maintain that limit. Alterations in the tariffs affecting the railway to Lourenço Marques can only be made by agreement between the two Administrations, and in consequence it has not been found possible to keep the traffic coming through Lourenço Marques, which has risen to about 62 per cent. of the total, within the limits fixed by the Convention. It is mainly for this reason that a revision has been called for by the Union Government.

The negotiations have been protracted, and there is reason to believe that the adjustment of the railway traffic has been the most serious obstacle in the way of an agreement. The recruiting of native labour in Mozambique for the gold mines of the Witwatersrand is undoubtedly a matter of great importance to the Union, though the mines no longer look to the Portuguese province as their main source of supply. But it has become of almost equal

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importance for the internal economy of the province itself. This shifting of the balance of importance in the matter of the labour supply has brought new considerations into the question of the railway and harbour traffic. In the *modus vivendi* of the Milner Government, and the agreements that followed it, up to and including the existing Convention of 1928, the paramount consideration on the side, first of the Transvaal and then of the Union, was that of securing an adequate supply of native labour for the mines. It was on that ground that it was possible to meet the objections of the people of the Union against the arbitrary allocation of so large a share of the seaborne traffic to the Portuguese port, in competition with the ports of the Union. In recent years large amounts of capital have been spent in improving the harbours of the Union and the main lines connecting them with the interior, and there is a natural demand that the effect of these in attracting traffic should not be neutralised by a fixed allocation to the Portuguese port. On the other hand, the business interests of Lourenço Marques have been built up, and are to a large extent dependent, on the through traffic of goods to the mining areas of the Transvaal; and the recruitment of native labour in Portuguese territory, while no longer of the same over-riding importance for the Union as it was in earlier times, is still a necessity for the gold mines.

It is in the interest of both sides that an agreement should be reached, and in that lies the main hope of a successful issue to the present negotiations. Not only are the economic interests of the two countries closely associated, but, though foreigners in relation to each other, they are in a sense partners in the development and civilisation of southern Africa. That this sense of partnership should be promoted, and a spirit of friendship and co-operation in a common task encouraged, is a consideration which should not be overlooked in a settlement of the trade and business rivalries that are the subject of negotiation to-day.

Constitutional Changes in South-West Africa

III. CONSTITUTIONAL CHANGES IN SOUTH-WEST AFRICA

THE mandated territory of South-West Africa has probably suffered as severely from the economic depression as any country in the world. By nature it is a somewhat arid pastoral country with large tracts of waterless desert. Diamonds and base metals have collected a larger population and have justified more elaborate administrative machinery than the surface could support. After 1929 the diamond market collapsed and all production ceased; the prices of copper, lead, and tin fell to such an extent that practically all the mines closed down. Only the farmers remained to support the country, and they too have suffered from low prices. A bad drought last year was matched by floods in the summer; and now an invasion of foot and mouth disease is closing the Union market to the pastoral products of the territory.

Revenue has fallen to less than half the figure reached in 1929. Mining revenue is less than one-ninth of what it then was, and customs less than one-third. Though expenditure has been most drastically cut, establishments and services having been reduced, it is nevertheless only some 25 per cent. below the level for 1929. A deficit amounting to half the revenue collected has had to be met by a loan from the Union Government.

This situation is largely the result of bad finance in the days of prosperity. Up to 1927 the territory had no debt, and each year achieved a large surplus of revenue over expenditure. The surplus was used for public works and capital expenditure, much of which went to swell the funds of the land bank and to promote land settlement; and the interest earned on such loans formed a substantial item of revenue. About 1928 the policy was changed. An increased establishment swallowed up the surplus, and money for capital expenditure was borrowed from the

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Union Government. The territory now owes the Union over £2,000,000, on which the annual charges for interest, and redemption amount to over £145,000. This figure is equivalent to more than three-quarters of the deficit, and to nearly 25 per cent. of the total expenditure. In other words, but for these loans the administration would be nearly solvent; whereas now it is hopelessly bankrupt, and has almost reached a situation where the advances from the Union serve only to cover interest on the debt already owing to the lender.

Naturally this did not happen without public comment. The responsibility lay with the Union Government, which exercises all real power under the Constitution. The first impulse was to blame the Government and to demand a greater measure of autonomy. It was felt that the Union Government was not acting fairly in imposing its fiscal system on the territory. The customs tariff of the Union, which is avowedly framed to promote secondary industries, applies to South-West Africa. The latter is thereby compelled to pay inflated prices for all manufactured articles, and in addition to pay high freight charges from the Union. The prices of such articles as flour and sugar are enormously increased by the policy of the Union. Public opinion agreed that if given control of its own customs the territory could frame a tariff which would cover deficits and at the same time lower the cost of living.

In April 1932, accordingly, a resolution was passed by the Assembly asking for increased powers in terms of the South-West Africa Constitution Act of 1925, and also requesting that German be made an official language and that Germans should be naturalised in the territory on the same terms as Union nationals—that is to say, after six months' residence instead of after the five years' residence that applies to foreigners. This resolution was passed unanimously; indeed at that time the necessary two-thirds majority for such a resolution could not be obtained except by co-operation between the parties.

In terms of the constitution the executive government is

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in the hands of an Administrator, assisted by an Executive Committee of four. The Committee is elected by the Assembly, which consists of 12 elected and six nominated members. Certain subjects are reserved from the jurisdiction of the Assembly, and the Administrator deals with these under the direction of the Union Government. In part, this provision was necessary to enable the Union to exercise the mandate from the League of Nations, but in part it was due to the intention to increase local autonomy progressively. The effect has been that local government in the territory is much more restricted than it is under the provincial councils of the Union. Extra powers of control over education, the land bank, crown lands and the police can be granted if they are demanded by a two-thirds majority of the Assembly.

The resolution of 1932 asked for more than could be given by the Union Government without the authority of Parliament. Before this could be obtained the situation in the Union was changed by the formation of a coalition Government and by the suspension of the gold standard.

Feeling in the territory also changed. The economic factor became subordinate to a deep cleavage of opinion on national lines. German nationalism seems to have been stimulated by events in Germany. Legislation was passed to prevent a fascist movement from acting in a violent or provocative manner.

At the same time the non-German section began to wish for incorporation in the Union as a fifth province. The departure of the Union from the gold standard established a large premium on gold, which so enriched the Union Government that it could subsidise the bankrupt Free State, and give enormous subsidies to farmers. If South-West Africa became a province, ran the argument, it could share in the benefits of the gold premium, while the Union would bear the greater part of the expenditure of the territory without regard to balancing it from local revenue.

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Such an outcome would have been most distasteful to the German section, who wish to develop their national life locally, and who fear that they would be swamped if the territory became a province of the Union. Consequently, in May 1933, a further resolution was unanimously passed by the Assembly, asking that the resolution of the previous year should not be acted upon until differences of opinion were bridged.

The normal term of the Assembly is three years, but in view of the proposed constitutional changes this period has been twice extended by a year. A general election is now taking place and is arousing great interest. The United party, representing Union nationals, will undoubtedly secure a majority of the elective seats.* The question of interest, however, is whether they will secure enough seats to bring about the constitutional change that they advocate, namely, incorporation in the Union. The German party is not as strong as it was, partly by reason of the longer residence test for naturalisation, and partly because the Union section has received an accession of strength from the naturalisation of the Angola Boers, who were Portuguese subjects but who have now completed their period of five years' residence. The German party is therefore supporting a number of independent candidates, or candidates who belong to minor parties opposed to the United party.

It is very doubtful whether the Union Government would favour incorporation as a fifth province in the absence of an overwhelming demand for the change. It is unlikely, on the other hand, to extend self-government to a territory which is a bankrupt debtor and which might discriminate against Union trade.

South Africa.

October 22, 1934.

* With two results still to be declared, the United party held 8 out of 12 elective seats, and a further seat went to an Independent who will support the United party. Three nominated seats, of which it was assured, would thus give the party the required two-thirds majority.

NEW ZEALAND : THE TARIFF AND THE BUDGET

I. THE TARIFF COMMISSION

THE order of reference and the personnel of the Tariff Commission, appointed last year under the chairmanship of Dr. George Craig, C.M.G., Comptroller of Customs, were recorded in a recent number of THE ROUND TABLE,* in which it was pointed out that, as the last general revisions of the tariff had taken place in 1921 and 1927, the inquiry under the Ottawa Agreement was being given the widest possible extension. Appointed on May 9, 1933, the Commission sat almost continuously from June 7 to November 9, held occasional sittings up to March 1, 1934, and sent in its report on March 29. But publication was necessarily delayed until after the opening of Parliament on June 28. Though it has not been treated with any very great respect by Parliament itself, the report is a remarkably able, lucid and comprehensive document, which—apart altogether from the fiscal problem—should prove of permanent value as a storehouse of information on the industrial and economic conditions of New Zealand.

Two of the general principles laid down by the Commission at the outset are that "a sound customs tariff should embody a long-range and long-period policy, and cannot properly be framed to meet temporary fluctuating economic conjunctures," and that "a tariff should be formed on the assumption and for the conditions of

* See THE ROUND TABLE, No. 92, September 1933, pp. 934 *et seq.*

New Zealand : The Tariff and the Budget economic stability." It followed, of course, that in the opinion of the Commission neither the absorption of a swollen margin of unemployment nor the countering of currency instability was a legitimate function of tariff policy. The Commission described the principal objective of our past tariff policy as having been "the collection of revenue, moderate protection to local industries, preferential treatment to goods of British Empire origin, and, more recently, most-favoured-nation treatment in the case of certain foreign countries." It was not suggested that this policy had ever been in any conflict with either of the principles above mentioned. The second principle, however, foreshadowed the decision of the Commission on an important point which had been the subject of a ruling at its first sitting.

This ruling was that the terms of reference covered the relation of the tariff to the rates of exchange between New Zealand and other countries—a subject which was then exciting a good deal more interest than the tariff itself. But in accordance with the opinions quoted above regarding the proper functions of a tariff the Commission had no recommendation to make on this point. They declared themselves opposed to the variation of tariff rates for the purpose of offsetting the protective effect of a depreciating or depreciated currency, either by means of a sliding scale in correspondence with the degree of currency depreciation, or in any other manner.

It seems to us (says the report) unsound in principle and based on a misunderstanding of the effect of exchange and currency depreciation upon prices. It is generally considered that currency depreciation exercises a protective effect only during the actual process of depreciation. When and to the extent that the depreciation has worked itself out and produced all its effects, and prices are adjusted to the new currency levels, then the exchange would no longer operate as a protective factor. . . . Any tariff compensation would be arbitrary in character, or at all events devoid of a statistical basis. Our opinion is that within a comparatively short period the depreciating process produces the major range of its effects. If this is so, then a reduction in our tariff rates by a

The Tariff Commission

given percentage to compensate for the raising of the exchange would do serious injustice to our manufacturers and would remove some, if not all, of the protection which they are intended to enjoy under the existing tariff.

Regarding the interpretation of the Ottawa Agreement the Commissioners had no difficulty in giving to Article 7 its commonly accepted meaning, *viz.*, that New Zealand must impose no duties for protective purposes on British goods unless the industries so favoured have a reasonable prospect of success. They admitted that in Article 8 the undertaking to "place the United Kingdom producer in the position of a domestic competitor" was one to which it would be obviously "a physical and economic impossibility to give literal effect." But, believing that an agreement of this kind should receive "that large and generous interpretation which was presumably intended by its signatories," they held that the Dominion's obligation under Article 8 was to "impose a tariff intended to equalise costs of production as between home producers and United Kingdom producers."

The Government's complete approval, both of the principle of interpretation and of the Commission's application of it, was announced by the Minister of Customs, Mr. J. G. Coates, when moving the customs resolutions in the House of Representatives on July 10. In expressing his concurrence Mr. Downie Stewart (who as Finance Minister and Minister of Customs was Mr. Coates's colleague on the Ottawa delegation) threw an interesting side-light on the origin of the clause. Speaking on the second reading of the Customs Amendment Bill on August 22, Mr. Stewart said :—

No change of policy was involved so far as New Zealand was concerned. When British Ministers at Ottawa had asked if New Zealand would be prepared to give British manufacturers a reasonable chance to compete with the New Zealand manufacturer, he had stated at once that that had been the policy of New Zealand for many years past. New Zealand had a tariff that enabled its manufacturers to hold their share of the market, and to increase their

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hold on it as they became more efficient, but they were not protected from all competition. . . . Both Australia and Canada seemed to have interpreted "reasonable" protection as meaning a protection that absolutely safeguarded the market for Canadian and Australian manufacturers.

The Tariff Commission wisely declined "to deal on an academic basis with the general problem of free trade or protection." They considered that our tariff policy, its continuance or modification, is a matter for the legislature and the people. "Perhaps the strongest practical argument for a protective tariff is that it exists and has created a situation that must be met"; the practical problem is "how high the tariff shall be, and on what commodities, and by virtue of what principles it shall be levied." Assuming moderate protection to be the country's policy—an assumption which the uninterrupted acquiescence of some 50 years surely justifies—they added:—

It is difficult to see, apart from the equalisation of costs principle, any alternative basis for a tariff beyond sectional pressure brought to bear on the legislative body—

a shrewd thrust at the practical side of tariff-making which was to be abundantly illustrated at the expense of the Commission's recommendations before Mr. Coates had got his new tariff through.

In his statement of July 10 the Minister of Customs expressed the Government's general acceptance of the Commission's report, and its opinion that only on the clearest and most substantial ground should there be any departure from the letter of the recommendations. The four principal points on which the Government differed from the Commission related to the import duties on wheat and flour, timber, tobacco and motor vehicles. In the last two cases the claims of local industry provided the Government with substantial grounds for its dissent, but not in the other two.

Special stress was laid by the Minister on the importance of the customs tariff in the collection of revenue. About

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38 per cent. of the whole proceeds of taxation came from this source last year. Most of the revenue duties, he said, were being retained at their present level, but where they were adversely affecting trade they would be reduced in the hope of increasing the revenue. The net effect of all the changes proposed was expected to be an addition of about £90,000 to the revenue.

The New Zealand customs tariff, said the Minister, included 449 items, some 344 of which neither the Commission nor the Government proposed to disturb. In one way or another the remaining 105 items were brought under consideration, and on no less than 35 of these, it may be added, the Government had changed its mind before the confirming Bill was introduced on August 21. The bombardment to which the Minister had been subjected during the interval confirmed the wisdom of the Commissioners' remark about the vital importance of "sectional pressure." Regarding most of these amended items, at any rate, it was the Government's susceptibility to pressure and not its superior knowledge of world conditions that chiefly distinguished it from the Commissioners. In the following summary of the Minister's analysis of the original proposals, in so far as they affect the British preferential tariff, the ultimate form of any amended proposal is, where possible, indicated in a parenthesis. Motor car bodies, which were at first put on the free list, have been omitted from the first paragraph as they were afterwards taxed in a general clause.

Protective duties have been abolished on* :—

Certain stock foods; electric cooking and heating appliances (20 per cent.; the general tariff rate has also been increased by 15 per cent. *ad val.*); nails, not elsewhere included (postponed till November 1, 1936); iron and steel pipes and fittings therefor; linseed oil and white lead in oil (postponed till November 1, 1936); wireless receiving sets (built up but not mounted in cabinets,

* British crockery, including breakfast, dinner and tea sets, and cups, saucers, plates, dishes and similar articles for table use, was added to the free list when the Bill was in committee.

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free; mounted in cabinets—till May 31, 1935, 10 per cent.; thereafter free).

In the following cases the protection has been reduced :—

Reductions from 25 per cent. to 20 per cent. :—

Preserved and dried milk; soap; hats, caps and millinery; boots and shoes; leather manufactures; glass bottles (free); stationery and paper, manufactured; oil engines; galvanised iron manufactures, metal office furniture, etc.

Reductions from 25 per cent. to 15 per cent. :—

Tinware (up to and including October 31, 1934, 25 per cent.; on and after November 1, 1934, 20 per cent.); furniture and upholstery (postponed to June 1, 1935).

Reductions from 20 per cent. to 15 per cent. :—

Paints and varnishes; biscuits (postponed to June 1, 1935).

Reductions from 20 per cent. to 10 per cent. :—

Baking powder; metal and stove polishes; leather dressings and polishes (these three postponed till November 1, 1934); plaster pulp sheets.

Miscellaneous reductions :—

Wooden doors: From 30 per cent. or 4s. per door to 25 per cent. (25 per cent. or 4s. per door, whichever is the higher).

Confectionery and chocolate: From 27½ per cent. to 20 per cent. (25 per cent.).

Apparel: From 27½ per cent. to 25 per cent. or 20 per cent. according to kind.

Whole maize: From 2s. per cwt. to 1s. 6d. per cwt.

Jams, jellies and preserves: From 2d. per lb. to 1d. per lb. (2d. per lb.).

Vinegar: From 6d. per gal. to 3d. per gal.

Cement: From 1s. per cwt. to 8d. per cwt.

Matches, wax and wooden: From 1s. per gross of boxes to 9d. per gross, with corresponding reductions for larger containers (postponed till November 1, 1934).

The following reductions have been made in revenue duties :—

Reductions from 25 per cent. to 20 per cent. :—

Carpets; fancy goods, sporting requisites, jewellery and plated ware; tobacco pipes, pouches, cigarette holders and cases.

Other reductions :—

Toilet preparations: From 35 per cent. to 25 per cent.

Pianos and other musical instruments: From 20 per cent. to 10 per cent. (free).

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Engines for tractors: From 10 per cent. to free.

Cigarettes: From 33s. 9d. per thousand to 25s. 6d. per thousand (postponed to November 1, 1934).

In the following cases the protective duties have been increased :—

Ground or crushed maize: From free to 2s. per cwt.

Porcelain enamelled cast iron baths: From 20 per cent. to 25 per cent.

Gas meters: From free to 10 per cent.

The two most important items in the amended proposals which the Minister submitted to the House in the Customs Amendment Bill on August 21 were tobacco and motor vehicles. Tobacco, as he said, is essentially a revenue item, having brought in more than £1,000,000 to the Treasury in 1933. The Commission had drawn attention to the relatively large loss of revenue arising from the protection normally granted on leaf tobacco to the grower, and the Government agreed that it was too high. They accordingly proposed to reduce the duty from 2s. 6d. to 1s. 6d. per lb., and to safeguard the revenue by adding an equivalent amount to the excise duties. Strong representations, however, from what has lately become a prosperous industry caused this proposal to be abandoned, and the duty on leaf tobacco has been fixed at 2s. per pound when used in the manufacture of tobacco, cigars, or snuff, and at 3s. per pound when used in the manufacture of cigarettes. The excise duties have been adjusted accordingly. The duty on cigarette papers has been reduced from 1¼d. to ½d. per packet of 60 papers under the British preferential tariff and from 1½d. to ¾d. under the general tariff.

The importance of the motor vehicle from the standpoint both of the revenue and of imperial trade was emphasized by the Minister in his statement. It is a class of manufacture to which we give a special degree of preference, 10 per cent. under the British preferential tariff and 40 per cent. under the general tariff being the normal rates

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fixed by the Customs Act of 1930; and this encouragement must have contributed materially to the remarkable development of Great Britain's share in the trade in recent years. Of the number of motor vehicles entering this country during the last five years the proportion coming from Great Britain was: in 1929, 15 per cent.; in 1930, 21 per cent.; in 1931, 65 per cent.; in 1932, 83 per cent.; in 1933, 75 per cent. The Commission was of opinion that the assembly of cars was an industry suited to the conditions of the Dominion, but that it could be carried on economically without special protection. Later information convinced the Government that some tariff protection would be necessary, and accordingly it proposed that completely knocked down cars should be admitted at cheaper rates than those on cars completely set up. As finally passed the new clause is as follows:—

Motor vehicles not elsewhere included.

	British Preferential Tariff (<i>per cent.</i> <i>ad valorem</i>).	General Tariff (<i>per cent.</i> <i>ad valorem</i>).
(a) Motor vehicles unassembled or completely knocked down:—		
Up to December 31, 1934 ..	10	55
Thereafter	5	50
(b) Chassis for electrically propelled vehicles of types and under conditions approved by the Minister	Free	20
(c) Other kinds:—		
Up to December 31, 1934 ..	10	55
Thereafter	15	60

The Tariff Commission had certainly been generous in its interpretation of New Zealand's obligations under the Ottawa Agreement, and though the Government's original proposals were less liberal and their later decision departed still further from the Commission's recommendations, the general feeling was one of satisfaction that the Government

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had given our friends in Great Britain a fair deal. In the House both the Commission and the Government were subjected to some severe criticism, but the bulk of it came from opposite extremes, which fairly neutralised one another. With its eye focussed on urban industry and immediate results, the Labour Opposition, under Mr. M. J. Savage, denounced the original proposals as "devastating" and even as "throwing the secondary industries to the wolves," and strongly emphasized the fact that Australia, with a tariff about twice as high as New Zealand's, had made no such drastic changes. Possessed of the simple faith which was expressed—on behalf, not of the Government, but of many farmers—in the Prime Minister's cablegram of October 25, 1933, and mistaken by sections of the British press for a "New Zealand offer," Mr. Polson, president of the New Zealand Farmers' Union, declared that the Commissioners had been "obsessed with a desire to maintain a protectionist policy in this country, and the Ottawa Agreement was of secondary importance in their eyes."

But the extreme neither of protection nor of free trade gave the Government any serious trouble. The voice of the consumer, ably represented by Mr. C. A. Wilkinson, Independent member for Egmont, was still less heeded. At 1 a.m. on September 26 Mr. Coates got his Bill through the House, thus completing what is perhaps the most arduous task that ever falls to a New Zealand Minister, and considerably strengthening the parliamentary reputation that he established last year.

II. THE BUDGET

THE financial statement brought down by the Minister of Finance, Mr. J. G. Coates, on August 23 had the three merits of brevity, clearness and cheerfulness. The buoyancy of the revenue, the general improvement in the

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prices of our exports (to which, however, dairy produce continues to be a disastrous exception), and the good season that the farming industry generally had experienced, were some of the happy symptoms mentioned by the Minister. To show that the improvement was not confined to the country districts he referred to the statistics of unemployment. March had passed without the usual seasonal rise in the number of the unemployed, and the total number had declined to a lower figure than at any time since March 31, 1932. As the Unemployment Board has since reported,

The total number of men either wholly or partly a charge on the Unemployment Fund at the end of June, 1934, is 8,890 fewer than at the end of June, 1933, and this in spite of the fact that the peak figure of approximately 75,000 receiving assistance from the Fund occurred between these two dates.

With the increase in the world prices of a considerable part of our exports Mr. Coates coupled the raising of the exchange rate as having "substantially bridged the serious gap between costs and market prices for a great many of our farmers."

Since 1932 the export price indices show an average rise of 20 per cent. (he said). On the other hand, prices internally have remained remarkably stable, the index for wholesale prices showing an increase of 3 per cent. and retail prices a decrease of 3 per cent. In fact, since the raising of the London-New Zealand exchange rate retail prices have been stabilised, not increased. This is borne out by the tables issued by the government statistician showing that, in January and February, 1933, the New Zealand retail price index stood at 26 per cent. and 27 per cent. above July, 1914. Despite the imposition of the sales tax and the increased exchange rate, this increase above the July, 1914, level remained at 26 per cent. and 27 per cent. throughout the year 1933.

Although Mr. Coates's last budget was brought down on November 9, 1933, which was three months later than usual and left little more than three months of the financial year to run, his estimates were exceptionally wide of the mark. But as the depreciation of the exchange and the

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increased taxation had introduced into an already uncertain position two new and not easily calculable factors, and the error had been on the right side, the caviller had nothing to say. Under every heading the taxation revenue showed a great advance upon the estimate, the total being £872,000 above the estimate and £2,337,000 better than last year's figure. The chief contributors to the improvement on the estimates were customs, with £285,000, and income-tax, with £261,000. The sales tax, a new tax imposed for the purposes of the exchange policy, was the main cause of the big advance on last year's figures, its yield of £1,847,000 being also £97,000 above the estimate.

The Minister had budgeted for a revenue of £22,363,000 and an expenditure of £24,457,000, which would have meant a deficit of £2,094,000. But the realisation of a revenue of £23,493,000, against an expenditure of £24,202,000, reduced his deficit to £709,000. His expectation of a general agreement that the result would be accepted as "a satisfactory outcome of a very difficult year" has not been disappointed.

The Minister expressed himself sufficiently satisfied with the outlook to refrain from any increase of taxation, although he could not propose any reductions. He estimated that the principal items of taxation, the interest receipts, and certain other sources of revenue would continue the marked improvement already recorded, and would show an aggregate net increase of £2,460,000. A smaller but fairly uniform improvement was expected in the other sources of revenue, and reserves were to be drawn upon to the extent of £300,000. In this proposal the Minister was following the uniform practice of these lean years, but compared with the £2,500,000 and £2,000,000 levied in this way in the two previous years the amount was moderate. At the same time he was more spirited than his predecessors in defending this use of the reserves as intended for "such times as we have experienced in the last four years."

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On the other side of the account the largest decrease and the largest increase are equally matters for congratulation. The largest of the decreases was a saving of £620,000 in the cost of debt services, chiefly due to the debt conversion operations, of which the country gets the full benefit this year for the first time, and to a saving in interest on treasury bills. The largest of the increases was caused by the addition of £316,000 to the expenditure on defence, which is discussed under another heading. The increase of £119,000 in the estimated cost of social services was almost all occasioned by what the Minister calls the "normal increase of £100,000 in pensions." A reduction of £492,000 in the cost of exchange was another big item on the right side. The final result was that the estimated expenditure for the year was £23,605,000, which was £597,000 short of last year's expenditure and £647,000 short of the estimated revenue.

In view of this fact and of the definite indications that the position was steadily improving, Mr. Coates said that the Government felt itself justified in granting a 5 per cent. increase in salaries and wages as from April 1 to all public servants and others charged on the budget who have suffered both the first and the second cuts. So far as the lower-paid officers were concerned, this would be almost equivalent to a restoration of the second cut. After allowing for a set-off on the tax side, the net cost to the budget would be approximately £205,000. It was also proposed that old age pensions, which had been reduced by 10 per cent. in 1932, should be increased by 5 per cent. as from October 1,* at a cost of £34,000. The only relief given to the taxpayer was the reduction of the unemployment tax on incomes from 1s. to 10d. in the pound, as from October 1. The easing of a form of taxation, which the Minister is doubtless right in regarding as bearing more heavily on the community than any other, was based

* This increase was afterwards made to date back, like the other, to April 1.

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on the surplus of £1,000,000 with which the Unemployment Board closed the financial year, and was expected to cost £500,000 during the current year. But as the finances of the Board were divorced from the Consolidated Fund in 1932-33 the concession did not affect the budget.

Somewhat abridged, the Finance Minister's summaries of the estimates for 1934-35 were as follows:—

REVENUE.						£
Taxation	..	..	..	..	..	19,305,000
Interest receipts ..	..	..	..	..	..	2,885,000
Other receipts	..	..	..	..	..	1,762,000
From reserves	..	..	..	..	..	300,000
						£24,252,000

EXPENDITURE.						£	£
Debt services	..	..	..	..	..	9,777,000	
Exchange	..	..	..	..	..	1,305,000	
Transfer of highways revenue ..	..	..	..	..	..	1,362,000	
Other permanent appropriations ..	..	..	..	..	..	409,000	
Annual votes—							
Social services	..	..	..	..	..	6,961,000	
Other votes	..	..	..	..	..	3,791,000	
Total	..	..	..	..	..	23,605,000	
Additional superannuation subsidies ..	..	..	..	..	..	200,000	
Increase in salaries and wages	..	..	..	..	..	205,000	
Increase in old age pensions	..	..	..	..	..	34,000	
Other supplementary estimates	..	..	..	..	..	200,000	
						£24,244,000	

Though the surplus of £8,000 thus disclosed was small, it was a pleasant change after the deficits of recent years, and few were disposed to cavil at the fact that, without the raid upon the reserves, not to mention Great Britain's suspension of the war debt payment, there would have been a deficit again.

By far the most searching criticism of the budget was contained in the speech delivered by Mr. W. Downie Stewart in the course of the budget debate on September 7. Mr.

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Stewart, who was formerly Minister of Finance in the Coalition Government, resigned at the beginning of last year owing to his inability to concur in the high exchange policy of his colleagues, but he still sits on the Government side of the House and is generally regarded as its highest financial authority. In some respects, he said, it seemed "as if prosperity had come back to the budget before it had come back to the people," and he argued that the figures were to a large extent illusory. They showed that the revenue derived from taxation during the year was greater by £1,454,000 than that of the preceding year.

To this increased revenue, Mr. Stewart continued, customs had contributed £353,000 more than in the previous year, but the reason was that when the exchange rate was raised new duties had been imposed on motor spirits, tobacco and sugar, and also on the export of gold. These increased duties were calculated to yield about £1,000,000, which meant that without them customs would have shown a heavy drop. Income tax had fallen by £596,000 and stamp and death duties by £286,000, while land tax merely held its own. There were gains and losses among other heads of taxation, but the sales tax, which was entirely new, yielded £1,847,000, and it was to this and the increased customs duties that the improved results shown by the budget were due.

In other words (said Mr. Stewart) up to March last there was no real resiliency or buoyancy in the public finance, and the mainsprings of taxation were actually yielding less than in the previous year.

Nevertheless, Mr. Stewart was satisfied that the present prospects were much more reassuring, because without any new taxation the estimates of revenue showed substantial prospective increases in practically all items. In view of the large increase of imports he was himself inclined to believe that the estimated increase of £1,114,000 in the customs revenue was a conservative one. It was also clear that had it not been for the extra taxation necessitated by the raising of the exchange rate the budget would

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not only have been balanced, but would have shown a substantial surplus. This would have warranted the granting at an earlier date of the concessions now being made, and also a substantial reduction of taxation in the present year.

After reviewing the successive increases of taxation whereby, since the Prime Minister was first confronted with a prospective deficit of £3,000,000 in 1930-31, an addition of about £12,000,000 had been made to the revenue, Mr. Stewart said that this represented an increase of nearly two-thirds of the taxpayer's burden as it stood before the depression. This fact, combined with the general fall in incomes, part of it statutory, forced him to the conclusion that before long a complete overhaul of our direct taxation would be necessary in order to determine whether the burden was being fairly distributed, or whether the system was not arbitrary, capricious and calculated to defeat itself by discouraging the expansion of enterprise. In 1929-30 the commercial community had contributed 66 per cent. of the whole income-tax revenue. Since then their burdens had been increased by a sales tax, a 30 per cent. super-tax on taxable income, a further special tax of 4d. in the pound on assessable incomes in excess of £500, and the raising of the exchange rate. The inquiry he had suggested was therefore in his opinion a matter of some urgency.

III. DEFENCE

UNDER the combined influences of straitened finance and dependence on the Labour party the Forbes Government in 1930 struck a grievous blow at our defence system. It effected a saving of nearly 60 per cent. in our military expenditure, by formally suspending but virtually destroying the compulsory training system, which had rendered us excellent service for twenty years. The appropriation for defence, which stood at £492,000 in

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1929-30, had fallen to £215,000 in 1931-32. It is to the credit of the National Expenditure Commission that it, was the only public authority which in the depth of the depression showed any serious concern about the matter, and that, although its function was to recommend reductions in expenditure, it was compelled to point out that here economy had been carried too far. In its principal report, dated July 1, 1932, the Commission supplied a comparative table of the cost of land and air defence in Great Britain and some of the Dominions.

	Estimates.	Per head.
	£	£ s. d.
Great Britain, 1931-32	58,030,000	1 8 5
South Africa, 1929-30	866,000	0 9 9
Canada, 1929-30	3,305,000	0 6 9
Australia, 1931-32	1,777,000	0 5 6
New Zealand, 1931-32	215,000	0 2 10

New Zealand, which was once near the top of the list, was now at the very bottom. The Commission recommended that as soon as finances permitted the whole position should be reviewed, "as it is a *sine qua non* that all parts of the Empire should contribute adequately and proportionately to the general scheme of Empire defence." In his financial statement last year Mr. Coates referred with approval to the National Expenditure Commission's recommendation, and said that some additional expenditure on defence could no longer be postponed if the country was to be enabled "to play a worthy part in its own defence and to co-operate to any extent in the general scheme of Imperial defence." The Government had accordingly resolved upon measures which would eventually have the effect of substantially strengthening the defences of the Dominion. There were some slight increases in last year's estimates, and this year more substantial advances bring the naval defence vote up to £453,000 and the defence vote up to £525,000—figures which certainly compare very favourably with the votes of £394,000 and £215,000 in 1931-32.

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The object of the increase in the defence vote was explained by the Finance Minister as "chiefly far more up-to-date coast defences and aircraft." Speaking in the budget debate on September 12 the Minister of Defence, Mr. J. G. Cobbe, gave some further particulars. The measures for the protection of the coast-line were to include long-range guns of the latest design, anti-aircraft guns and torpedo-carrying aircraft. A considerably increased amount had been allocated to civil aviation, as it would supply trained men for the military branch if the necessity ever arose. It was also proposed to strengthen the liaison with Australia, the first step being the resumption of the training of officer candidates for the New Zealand permanent forces at the Royal Military College, Sydney; and an air officer would be sent to England for special training.

Mr. Cobbe, who spoke with a vigour that recalled the spirit of New Zealand's pre-depression, if not pre-war, era, was heard with special interest because he was the Minister of Defence who superintended the scrapping of our training system in 1931. The fierce denunciation of the Minister's "fire-eating sentiments" from the Labour benches also recalled the militant pacifism of the Labour party's free-lance period, when it had neither experienced nor contemplated the responsibilities of Opposition. Outside the ranks of Labour there is little dissent from the programme of the Government, but there is still a deplorable indifference to almost every issue except those created by the depression, and the public badly needs educating to a sense of the risks and responsibilities of the latest phase of the post-war world. Unofficially as well as officially Sir Maurice Hankey's admirably timed visit is likely to render us a very valuable service.

New Zealand.

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THE COMMONWEALTH AND THE WORLD

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THE gathering of Empire Prime Ministers which is to take place this spring in connection with the jubilee of the King's accession to the throne will be the most important Imperial Conference since 1926. That Conference laid down the principles upon which the British Commonwealth itself was to rest. The forthcoming meeting, though not technically an Imperial Conference, will be called upon to lay down the basis for the future foreign policy of the Commonwealth in the very changed conditions that have come into being in the last nine years. Since 1920 the foreign policy of the Empire has been to make the best of the League of Nations, and since 1922 of the Washington treaties, though the United States did not belong to the one and Russia did not support either. To-day, however, Japan has denounced the Washington treaties, thereby casting the Pacific problem once more into the melting pot, Germany has upset the post-war basis of European stability by beginning to re-arm, and both have immensely undermined the practical utility of the League of Nations by renouncing their membership, though the harm has been somewhat lessened by the adherence of Russia.

It is quite clear that decisions of the utmost gravity, affecting the policy to which both Great Britain and the Dominions are to commit themselves in Europe, in the Pacific, and towards the collective system generally, will have to be taken in the near future. More than ever the British Commonwealth is the chief unifying and stabilising

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factor in the world. But it will only maintain that position if its members are agreed among themselves both about the facts with which they have to deal and the policy which they will jointly pursue.

I. THE PROBLEM OF EUROPE

FROM 1920 to 1933, Europe was stabilised on the basis of the frontiers laid down in the peace treaties and maintained by the military preponderance of France and her eastern European allies. Part V of the Treaty of Versailles required the reduction of Germany's army to 100,000 men and the abolition of most of its offensive armaments, including all military aviation. The Treaty imposed no equivalent obligations on the Allies, though it contained a general promise that in due time they also would disarm; in point of fact none of them, with the partial exception of Great Britain, has done so. France, Poland and the Powers of the Little Entente have maintained armaments which gave them complete military preponderance over Germany, so long as she obeyed Part V of the Treaty, and Italy has also maintained a formidable army. Though the League of Nations has done much to increase mutual understanding and to solve many of the minor problems that have arisen, the peace of Europe has rested fundamentally on the fact that the beneficiaries by the victory of 1918 have had an absolute military ascendancy while the defeated Powers have been almost defenceless.

It is this situation which Germany under Hitler has determined, indeed has begun, to end by not only demanding "equality" but taking it, by re-armament in defiance of the terms of the Treaty. Her argument is that the Treaty itself was "imposed," that the other signatories have lost their moral right to demand her compliance because they have not carried out their own

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declaration that they themselves would disarm, in order to bring about world disarmament, and that so long as she is disarmed and defenceless she has no real bargaining power in negotiation, no real influence at Geneva, and no effective means of securing her rights. Equality in status, without equality in power, which was the method unwillingly followed by Stresemann and Brüning, while it gained for Germany certain relaxations in the Treaty, never touched the vital aspect of equality. Equality in status, to be complete, must be accompanied by equality in power. As the efforts to reach equality in power by the road of disarmament have invariably been blocked by the resolute refusal of France to disarm, the Germans had, they say, no option but to withdraw from the Disarmament Conference and the League of Nations. They did so when, in October, 1933, the first departure was made from the agreed British proposal for giving effect to the principle of "equality in a régime of security," which had been accepted in the previous December; and they began to re-arm when M. Barthou rejected the very moderate German proposals for arms equality on April 17, 1934.

So the basis on which Europe has been at peace for fifteen years is rapidly disappearing. That is the cause of the crisis confronting Europe to-day—the most ominous manifestation of which was the imminent danger of war that arose over the future of Austria at the time of the Dollfuss assassination by Nazi volunteers last summer. What is the solution?

There is first of all the traditional French solution—to try to maintain a military combination round Germany which will be too strong for her to attack. This is partly a return to the traditional policy of Richelieu and partly the result of recent events. The essence of the psychological problem in post-war Europe is that, regarded as the last of the many duels between France and Germany, the Great War ended in a victory for Germany and a defeat for France. Nothing but the whole strength of the British Empire and the

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rapidly growing might of the United States, coupled with the immense strength of France herself, sufficed to drive the German army back from French soil. This inability of France to defeat Germany by herself in 1914 was but a repetition of her experience in 1870. Hence the unending insistence of France on "security" as the condition of her agreement to "equality." In the light of the verdict of 1870 and 1914, and of the fact that Germany has a population fifty per cent. larger than that of France and a much larger industrial equipment, German "equality" spells French "insecurity," unless France can put into the line some other military formations, in the shape of alliances or "pacts" carrying military obligations. Hence her efforts to induce Great Britain to strengthen the Locarno treaties, or enter into specific obligations to enforce an arms limitation convention, or otherwise commit herself to throwing her sword into the scale in the event of a Franco-German war. The Locarno treaties—which are in effect to-day a British engagement that if Germany attacks France or Belgium she will range herself on their side—are, for France, not enough. What she is frightened of is that Germany, once she has equality in armed strength, which means more than equality with France in potential strength, will proceed to absorb or dominate eastern Europe by her superior army and become once more the Power which can strike down any of her great European neighbours so long as they are not all united against her. Hence the efforts made by M. Barthou and now by his successor to add to the alliances between France and the Little Entente a military combination which will include Russia and Italy as well (especially as Poland has now practically swung into the German orbit), and also to secure such a strengthening of the Locarno treaties as will ensure their having the same effect, in a crisis, as did the Entente Cordiale in 1914.

This action on the part of France is perfectly intelligible. But it is extremely dangerous, for it leads logically to the

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old vicious spiral of competitive armaments and war. On the one side Germany will strengthen her armaments to secure equality and eventually break out from a hostile encirclement. On the other side France and her associates will enter into more binding military arrangements in order to have that preponderance necessary to offset Germany's advantage of "interior lines," which enables her to defeat her smaller neighbours in detail once war breaks out. As the competition intensifies, nations have to side with one group or the other, suspicion increases, the factor of time or of getting the blow in first becomes more and more important—an element the danger of which is increased a thousand-fold by the development of the air arm. Finally, mobilisation is ordered somewhere by a knave or a fool or is forced by an accident. Then, as the old saying runs, the guns will begin to go off by themselves. There will be a repetition of what happened in 1914. No sooner had Austria-Hungary ordered mobilisation to enable her to enforce her ultimatum to Serbia, after the assassination of the Archduke Franz Ferdinand, than Russia felt that she had to mobilise in order that she might not be defenceless as against a mobilised Austria-Hungary. No sooner had Russia begun to mobilise than Germany felt that she had to mobilise lest she should be caught as the nut between the crackers of the Franco-Russian alliance. No sooner did Germany begin to mobilise than France did so also. Directly Germany's mobilisation was complete her armies were sent headlong through Belgium to the attack on France, in accordance with the Schlieffin plan for German "security," which depended on the ability of the German army to defeat the French member of the alliance before the slowly mobilising Russian army was ready to move, and then to return to the eastern front before Russia could reach Berlin.

This kind of situation is bound to repeat itself whenever the competition in arms begins again. Only next time the danger will be far greater, because the temptation to obtain

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security and advantage for one's own side by annihilating the enemy's capital and nerve centres from the air before he can strike at one's own will be immeasurably greater, and the danger of delay and the consequent power of rumour in deciding policy will be greater also.

The only remedy for this vicious spiral is the principle embodied in the League of Nations. For the essence of the League idea is that Europe should regard itself as a community, all of whose members are possessed of "equality" and are pledged both to solve its internal problems by the procedure laid down in the Covenant, and to put into operation both Article 19, which provides for the modification by pacific means of treaties which are out of date and a danger to peace, and Article 16, which provides for joint action to restrain an aggressor who tries to take the law into its own hands by going to war.

We are a long way from establishing the League as an effective instrument even in Europe and far less in the world to-day. But there is not the slightest doubt that the restoration of the League idea is the only hope for lasting peace in Europe and the only possible policy for Great Britain and the British Commonwealth to pursue. To take sides in a new competition in armaments, to enter into commitments to either group, so that if it decides to press the button for war it can be sure of bringing in Great Britain on its own side, would simply make automatic Great Britain's participation in an inevitable war. Nothing but proof positive of malignity on the part of Germany would warrant Great Britain in joining now a combination whose sole purpose was, at any cost, to maintain in perpetuity a military preponderance over Germany. Short of such proof, if the nations of Europe determine to divide that continent into two hostile groups, each seeking security for itself in armaments trained against the other, the only course would be for Great Britain and the Commonwealth, while maintaining adequate defensive armaments, to proclaim their detachment from commitments to either

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group until League principles were once more put into practical operation.

II. A NEW APPROACH TO EUROPEAN PEACE

FORTUNATELY the Anglo-French declaration of February 3 and the welcome it received in most of the capitals of Europe seem to indicate that a serious effort is going to be made to discover a new basis for European peace and stability, based on agreement and equality and not on an attempted domination of one side over the other, with its inevitable consequence, a new race of armaments. Though the practical difficulties of bringing all the European Powers into line is clearly very great, there is one basic foundation on which it should be possible to build, and that is that none of the European Powers wants war.

Certainly none of the democracies wants war—France least of all. All the small Powers—except possibly Hungary—are desperately afraid of war because in a war their rights and independence may be trampled down by the larger Powers. Is it the same with the three large dictatorships? Russia does not want war because, whatever her ultimate policy, she wants time to work out and organise her communist experiment without interference within her own boundaries. She needs no territory. She contains almost all the foodstuffs and raw materials she needs, though not all of her resources are yet exploited. It will take her several decades to bring the standard of living of her people up to the western European level, even if the communist system is capable of doing it at all. Russia, for the time being, asks only to be left alone.

It is the same with Italy. Though there is a strong vein of imperialism in Italian fascism—the result of the Roman tradition—and though Italy needs either foreign markets for her products or territory for her growing population, she does not want war in the world as it is to-day. She has not the coal and iron to enable her to

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carry on a war without external supplies. It is by no means certain that the régime will be stable when Mussolini goes. Italy wants revision of the treaties, but by pacific agreement and not by a general war, which might well bring Germany to the Brenner Pass.

It is the same with Germany. Another article in this issue* examines in greater detail the reasons for believing that the Germany of Herr Hitler does not want war. National socialism has been the outcome of defeat in the war, the "dictated" peace of Versailles, the Ruhr invasion and the consequent inflation, the battle in the streets fought with communism, the failure of the Republic to hold the allegiance of the people as against the two extreme parties, and finally the depression. Like the other party dictatorships national socialism has its own ideology. It seeks to unite and discipline the tribes and peoples of Germany on the basis of a vehement race nationalism, which is why it has persecuted so ferociously Jews, communists and pacifists, yet recognises the right of self-determination of all the other races of Europe, provided the frontiers are properly drawn. Thus Hitler's first act was the pact with Poland, which removed the Corridor as a potential source of war for ten years and has led to a remarkable fraternisation not only between Berlin and Warsaw but also between the Poles and Germans in eastern Europe.

Hitlerite Germany does not want war. She is in rapid evolution. There is a grim struggle going on between the vehement and inexperienced Nazis and the older elements in Germany such as the Reichswehr, the bureaucracy, and industry and finance. The new form of the German state is not yet clear. The National Socialist party, too, like the Communist party in Russia and the Fascist party in Italy, wants time in which to train and discipline the youth of the country in its own ideas. The army has few reservists and will take seven or eight years

* See below, p. 282.

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in which to reorganise itself. There is a tremendous task of economic reconstruction to be carried through, and the Führer and most of the leaders remember too well what the last war was like. So Nazi Germany does not want war, if only because war would be to play into the hands of its arch-enemy—communism. What is more, she will continue not to want it if there is a reasonable chance of securing certain "revisions" of the Treaty by peaceful means.

Thus there seems to be a good foundation for an effort to stabilise Europe and limit armaments on a basis of equality—limitation to be subject to inspection for a definite period of, say, ten years, during which time, as tension relaxes, a serious effort might be made to solve by the pacific machinery of the League the outstanding frontier problems of Europe and the difficult question of Austria. There is no use in speculating to-day about the situation as it may be at the end of that time. Hitler thinks that in ten or fifteen years all Europe will be pre-occupied with the menace of a powerful, well armed and highly organised communist Russia. Others think that Nazi Germany may become imperialist and expansionist. Others, again, think that the spirit of liberty is so strong in the modern man and woman that, as the fear of war relaxes and the depression clears away, public opinion in all the dictatorships will become increasingly restive under repression and will steadily force a return to more liberal and democratic methods. Who can tell? All that is certain is that the situation will be very different from what it is to-day, and that if we can assure peace for ten years we can postpone consideration of the further future until a great part of that period has elapsed.

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III. THE FAR EAST

THE second great problem to be considered by the Prime Ministers of the Commonwealth was opened up by Japan's denunciation of the Washington treaties on December 29 last. The circumstances that led up to that decision were set forth very fully in the last issue of *THE ROUND TABLE** and need not be repeated in detail now. What is still uncertain is the ultimate policy that prompted Japan to this decision. Nominally, the decision was based on her objection to a naval ratio of 3 against the 5 accorded by the treaties to the United States and Great Britain. In itself, however, this hardly seems a sufficient explanation. The naval ratio clearly did not put Japan in a position of inferiority in the Pacific. The greater part of the British fleet is necessarily maintained in the North Sea and the Mediterranean. Part of the American fleet is necessarily maintained in the Atlantic. The whole of the Japanese fleet, on the other hand, is always in the Pacific. Moreover, owing to the non-fortification clauses of the treaties, none of the three fleets can really intervene in the home waters of any other, for their bases are 3,000 miles apart. Finally, Japan was able to ignore the Washington treaties and the League Covenant, and to solve the Manchurian situation in her own way, by creating the puppet state of Manchukuo, in face of the protests of the whole civilised world, but without interference by anybody. Japan, who has also the most powerful army in Asia, thus plainly has security in her own zone to-day.

It seems clear, therefore, that the real purpose of the denunciation was that Japan is no longer willing to accept the principles upon which the Washington treaties were based, and wants a different kind of Pacific settlement.

* See *THE ROUND TABLE*, No. 97, December 1934, pp. 1-20.

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These principles were three. The first was equality of security for Japan, the British Empire and the United States, on the basis of the ratios and non-fortification clauses already mentioned. The second was the integrity of China and the maintenance of the open door for the trade and commerce of all nations within it. The third was that the major problems of the Pacific were the collective concern of the nine Powers who were parties to the treaties. It would seem, therefore, that Japan has denounced the Washington treaties because, as many of her leaders have urged, she is no longer willing to accept either the principle of the integrity of China and the open door, or the principle that the affairs of China and the Far East are the collective concern of the Pacific Powers. She means to deal with eastern Asia, including Russia, as she pleases, without the intervention of the British Empire or the United States.

If the terms of the 1922 treaties are observed, two years must elapse before Japan is released from her formal obligations. But it is clear that the next stage in the development of her grandiose plan has already been opened. Japan is now trying to come to terms with China on the basis of their showing a common front against the Western world. A genuine Sino-Japanese understanding, ensuring the independence and integrity of China proper and the "open door" for the trade of all nations within it, would be by far the best solution of the Far Eastern situation. There is good reason, however, for thinking that Japan is offering terms to China—such as financial assistance and the abrogation of foreign extra-territorial rights—in return for an arrangement which will, in effect, make China a private preserve for Japanese traders by excluding those of other countries, and under the threat that if she does not accept there will be further military aggression. If such an arrangement goes through, Japan may then turn to deal with Russia in Outer Mongolia and elsewhere. At least, it is clear that a very difficult and dangerous situation

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is arising in the Far East, a situation which will tax all the resources of statesmanship in the Commonwealth.

IV. THE ISSUES BEFORE THE COMMONWEALTH

THE problems that will be discussed by the Prime Ministers of the Commonwealth in a few months' time will thus cover the whole world. Their importance for us lies in the facts, not only that the British Commonwealth is scattered over all quarters of the globe, but that its members are the only nations who are actively interested, as signatories, both in the League Covenant and in the Washington treaties, and therefore concerned with both Europe and the Pacific. The Empire is the main unifying link in a rapidly shrinking world.

Broadly speaking, it seems to us, its ultimate policy must be directed to bringing the whole world within the framework of the collective system as represented by the League of Nations and the Kellogg Pact—that is to say, a system in which all nations sit round a common table and in which they undertake to solve international disputes by pacific procedure, to endeavour to modify out-of-date treaties under Article 19, and to deal under Article 16 with nations who try to take the law into their own hands by war. That is the only hope for lasting peace for anybody. But while Russia has recently joined the League, the United States, Japan and Germany are outside it, and so long as they are outside the League system itself cannot be fully effective. Why are they outside?

The United States is outside because she still thinks that her own prosperity, security and peace can be better assured by isolation—at any rate from Europe. Japan is outside the League and has denounced the Washington treaties because she objected to the attempt of the League to decide the Manchurian issue, and because she wants a free hand in working out a new policy for eastern Asia and

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the Far East generally. Germany is outside because to her the League seems to have been mainly an instrument whereby France and her associates enforced the provisions of the Treaty of Versailles, and because she came to the conclusion that the only way in which she could recover "equality" was by leaving the League and re-arming illegally. None of these Powers will enter the League except as a result of a solution of the problem that mainly concerns them. The main purpose of the Imperial Conference, therefore, should be to discuss how these difficulties in the way of re-establishing the League system can be removed, and what contribution the British Commonwealth itself can make towards their removal.

So far as Europe is concerned, we have already discussed the danger of a new line-up in two armed camps, competing in armaments with each other; and we have stressed the possibility that if Great Britain were to take a firm initiative Europe might be stabilised on the basis of peace and equality at any rate for ten years, while an attempt was being made to solve the frontier problems by pacific means. What is the contribution that Great Britain and the Commonwealth should make to this end? In the first place, all its members will stand by the League and the obligations of the League. In the second place, Great Britain should stand by the obligations of the Locarno treaties, though serious consideration will some day have to be given to the question whether, as tension relaxes, the provisions of the treaties in regard to the demilitarised zone will not have to be modified. When that time comes it may also be necessary to consider whether the Dominions might not become parties to such a modified Locarno treaty, on the ground that if ever Germany strikes westward the whole Empire will inevitably be driven to resist aggression on France, Belgium and Holland, and that the certainty of their participation might help to prevent its happening. For it is becoming increasingly difficult for Great Britain to assume obligations

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in the Far East if the Dominions do not assume equivalent obligations in the Atlantic zone, and for Great Britain to undertake the naval defence of the Dominions and their overseas trade if they make no contribution to the security of Great Britain and the rest of the Commonwealth. On the other hand, Great Britain should resolutely refuse to be drawn into any further special guarantees on the Continent. If there is to be peace in Europe for ten years on the basis of non-interference by force with the present frontiers, it is the business of the Powers of central, southern and eastern Europe to make what arrangements they think necessary among themselves to guarantee observance of such a pact in their own region.

The vital function for Great Britain is to take the initiative in bringing Germany back into the comity of Europe. For if Great Britain and Germany agree that there is to be no war in Europe for ten years, there will be no war, and the road may gradually open for that stabilisation of the world, by an understanding between the British Empire, France, Germany and the United States in the framework of the League, which is the modernised version of Cecil Rhodes' dream. But there is no road to this end by way of British commitments in eastern or southern Europe. It should be the part of the Dominions to insist on the strict limitation of British commitments in Europe to the Covenant and to the Locarno treaties; for the Commonwealth as a whole is as much concerned with the Pacific and the Indian Ocean as it is with the Atlantic and the North Sea. So far as the proposed air convention is concerned we suspend judgment. What matters most to-day is not the multiplication of "sanctions" but the relaxation of tension and the restoration of confidence in peace. The total abolition of all bombing aeroplanes, under international inspection, would be a far greater reassurance than agreement to turn any local air attack into an instant world air mêlée; though a pact of mutual air defence, as a reinforcement of an agreement to

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abolish bombers, might usefully form part of an all-round "peace."

In the Pacific, the general position is exactly the opposite to that in Europe. It is Canada, Australia, New Zealand and the United States who are there fundamentally more directly concerned than Great Britain. Great Britain has, indeed, important trade interests in China; while the impregnability of Singapore and the freedom of the Indian Ocean from foreign naval bases are vital interests of India and South Africa as well as of Great Britain. Great Britain, furthermore, can and should take a leading part in helping to rehabilitate China. But it is the English-speaking democracies fronting on the Pacific whose vital interests are ultimately most affected by the future of China and the military and naval policy pursued by Japan. Great Britain can sign any regional Pacific agreements for which they also are prepared to take responsibility. But Great Britain cannot enter into commitments by herself as she has done in the past; because in the present state of Europe she cannot, by herself, mobilise effective naval strength beyond Singapore. Not the least important subject to be discussed this spring will be the attitude to be taken by the Commonwealth towards the new policy of Western exclusion from eastern Asia which Japan is now pressing upon China. Great Britain will stand by the Washington principles if the Pacific democracies will stand by them, and especially if the United States takes its share of the undertakings and the risks involved. But the main responsibility both for initiating—and, what is more important, for implementing—the policy to be pursued in the Pacific beyond Singapore must be borne by the Pacific Powers, just as the primary initiative and responsibility in Europe and the Mediterranean must be borne, as far as the Commonwealth is concerned, by Great Britain. If the members of the Commonwealth can agree on the policy to be pursued on both fronts, and can secure the adherence of the other

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Powers concerned, the way will have been opened for the gradual rehabilitation of the League as a universal organ of peace.

The question of the future relations between the United States and the League, however, must probably be postponed for the present. Her preoccupation with her own internal difficulties and her rooted dislike of any kind of political connection with Europe, at any rate so long as it remains in its present disturbed condition, have just been reaffirmed by the Senate's renewed rejection of the protocol of adherence to the International Court at The Hague. The United States will probably come into the world collective system by way of the Pacific. Now that the Washington treaties have been denounced, tension in the Pacific is likely to increase, all the more as the Japanese and American naval manoeuvres which are to take place in mid-Pacific next summer are likely to be exploited by the sensational press of both countries. If, during the next few years, it is brought home to the United States that the best way of ensuring a sound and peaceful settlement of Pacific problems is on the principles of the collective system, it may be that in due time she may be willing to play her part in reinforcing the collective system in the rest of the world also.

There remains the question of the relations between the members of the Commonwealth themselves in the matter of foreign policy and responsibility for it. There does not seem to be any substantial difference between them regarding the general policy they should pursue, namely, to support the collective system. But there is no real agreement concerning the obligations they should assume towards the League, towards regional agreements like the Locarno treaties, or to one another. It will probably be too early for any conclusions to be reached at the forthcoming meeting of Premiers, because the world is in too rapid transition, and because the most urgent need is to deal with the immediate issues that confront us in Europe

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and the Far East. But broadly speaking every member of the Commonwealth has recognised that the world is to-day a much more dangerous place than it has been at any time since 1918, and is already strengthening its own power of defence—especially in the air. Yet as space is conquered by the machine it grows more and more obvious that any war which cannot be immediately localised is almost certain to become a world war. The question will thus arise whether the security of each unit of the Commonwealth will be better ensured by a policy of local defence and masterly inactivity on the wider world field, or by positive and united action both in the diplomacy of the collective system and in responsibility for enforcing its obligations. In the last analysis, the democracies of the British Commonwealth and the United States have one supreme interest in common: to prevent the military and dictatorial Powers establishing themselves in that vast oceanic area comprising the Atlantic, the Indian Ocean and the southern and eastern Pacific, which to-day they together control. If the forthcoming Conference does no more than bring the problems of national defence, for every nation of the Commonwealth that accepts allegiance to the Crown, into perspective with the gigantic issues of the modern world, then it will not have been held in vain.

THE ECONOMIC ILLUSION

ON January 2, 1935, a sudden change in the governorship of the Bank of France proclaimed that from then on a policy of cheap money would be attempted by Bank and Government. In itself, this event may prove to have been of little moment; but it is significant as a symptom of a new phase of the world slump—or, perhaps we may claim, of world recovery. So far as world conditions and the maintenance of the gold standard allow, deflation is now being checked in France. At the same time, in Great Britain and the United States, the contrary policy of “reflation” is no longer meeting with the success that it once could boast. It was characteristic of the 1934 phase that different groups of countries—the sterling bloc, the gold bloc, the United States, Japan, China, the countries in central and eastern Europe with barricaded exchanges and artificial parities—moved on contrasted economic careers, influencing each other, so it seemed, only slightly and by the way.

In the modern world, however, such mutual independence could not be other than superficial, and no country exhibited more plainly than Great Britain the boundaries of mere national efforts towards recovery. Last year our imports of raw materials—a fair index of the activity of home industry—stood at 115 per cent. of their 1924 quantities. By contrast, exports of British manufactures were only 73 per cent. of the 1924 figure. The slackness of exports was reflected in the employment returns and other indices of activity in the different industries. On December 17, 1934, whereas the general percentage of unemployment was only 16·1, in coal-mining it was 23·2, in the iron and steel industry 24·5, in the cotton industry 20·5, in ship-building and ship-repairing 46·0, in marine engineering

Revival in Great Britain

28·6, in shipping service and docks 31·0. These industries between them accounted for over 567,000 unemployed. The depressed areas of the North and of South Wales are part of the price of international economic divergence, which for Great Britain has meant a contrast between national reflation and world stagnation.

I. REVIVAL IN GREAT BRITAIN

IN the spring of 1934, recovery in Great Britain suffered a temporary but sharp set-back, and although the broad trend remained upward, the pace of improvement considerably slackened. Between January, 1933, and January, 1934, the *Economist* index of business activity rose by more than 14 per cent., whereas in the following eleven months it rose by less than one per cent. Unemployment, which in 1933 fell by close on half a million persons, fell in 1934 by no more than 139,000. Nevertheless, neither a spirit of optimism nor evidence to justify it was ever wanting, nor has either disappeared in the early months of the new year. Hence before asking why there was a set-back, we must ask why the trend remained favourable.

It was not because we were able, through the depreciation of the pound and the bargaining power of tariffs, to regain lost export markets. Exports did indeed increase from 1932 onwards, but little more than half as rapidly as the general index of business activity. Here are the tell-tale figures:—

		British Exports 1929-34					
		(in £ million)					
		1929	1930	1931	1932	1933	1934
Food, drink and							
tobacco ..	..	55·6	48·2	35·6	31·4	27·8	30·5
Raw materials	..	78·9	63·7	46·9	43·8	46·0	48·3
Manufactures	..	573·8	439·8	290·5	276·5	281·7	304·9
Total*	..	729·3	570·6	390·6	365·0	367·9	396·1

* Including parcels post, etc.

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Even last year, our exports were valued at only slightly more than their total in 1931, the last year of the gold standard. It is true that tariffs and the cheap pound have kept out imports, so that the excess of imports has not risen in step with the fall of exports. But this is cold comfort for a country whose economic welfare depends so largely upon shipping, upon financial services, and upon the income from its investments abroad. The net result of depreciation, tariffs and counter-tariffs is that Great Britain's share in world exports fell from 10.48 per cent. in 1930 to 10.37 per cent. in 1933, while the combined share of France, Belgium, Italy and the Netherlands rose from 14.08 per cent. to 14.72 per cent., in spite of the handicap imposed by the over-valuation of their currencies. In this country, and in the United States likewise, the principal benefit derived from the abandonment of gold has been, not redressment of the balance of trade, but ability to pursue expansionary internal policies unhindered by fears of a drain upon monetary reserves.

Nor was our recovery due to a boom in the new capital market, putting into circulation an overflow of purchasing power through expenditure on capital goods—factories, machinery, and so on. Although the new capital raised on the London market last year* was slightly more than in 1932, it was £72 million less than in 1933, and a very great deal less than in pre-slump years. The amounts raised for home industry certainly made a much better showing in 1934 than other kinds of investment, but the main sources of increased capital construction clearly cannot be found in such public offerings. The main sources were, in fact, private funds invested in house building and other small enterprises, and, much more important, the reserves of industrial and trading companies. Profits have been rising, on the whole, for two years, and not by any means all of them have been distributed to shareholders. With greater cash resources and with a better business

* Including issues through Stock Exchange introduction.

Hesitation in the United States

outlook, most firms have decided that the time has come for considerable programmes of replacement, renewals and reconstruction, which had been deferred during the slump. They have been encouraged in this course by the fact that surplus funds invested in securities could earn but a small rate of interest. It is this process that is mainly responsible for the activity in the capital goods industries, and at next remove for the expansion of public purchasing power.

Thus cheap money has probably done most of its good work by stealth. That national economic recovery should have proceeded on such a firm footing as the reinvestment by industry of the profits it has earned is a reassuring fact, but it nevertheless carries with it a warning. The process may slow down quite suddenly when ground lost in the course of the depression (through the postponement of renewals, re-equipment and normal expansion) has been made up. If recovery is to gather strength in 1935, if, that is to say, purchasing power is to go on expanding, industry and the general public must find growing encouragement to spend money on capital enterprises of a sound and profitable kind. Cheap terms of borrowing are not enough without wider markets and greater confidence. The Government's negative policy towards public works is somewhat discouraging to the requisite capital expansion; for it seems to say: "We believe in cheap money—but for you, not for ourselves." It is open to any critic of the Government to retort that if they really had faith in their professed panacea, they would now be borrowing extensively for national re-equipment, so as not to miss the opportunity of cheap money while it lasts.

II. HESITATION IN THE UNITED STATES

NATIONAL reflation has encountered even greater difficulties in the United States, where industrial production has never since approached the peak that it touched in July, 1933. Most industries making consumption

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goods have continued to prosper, but textiles are an important exception and the capital goods industries lag far behind. In the summer of last year the iron and steel industry fell back into a very deep trough. Employment, thanks to work-spreading devices, showed up better than the volume of production, but even in this field there are no signs of rapid improvement. Prices, too, have certainly been raised (partly because of the drought) and purchasing power has been expanded; but the second stage of recovery, in which capital investment should be stimulated by the prosperity of consumption goods industries, is a most unconscionable time a-coming. The new capital market is a vital organ in the economic body that has not responded to the artificial respiration of the New Deal—but that, as our own experience shows, is not fatal if industry has sufficient confidence to draw upon its own resources for capital development. What seems to be missing is confidence among business men in the general economic future. The uncertainty of business leaders about the future of the Roosevelt programme is far more potent in checking normal business expansion than technical hindrances like the Securities Act (injurious as it has certainly been) or the government regulation of commodity or stock exchanges.

One of the strongest enemies of business confidence is undoubtedly the fear of currency inflation and of further manipulation of the exchanges. The United States returned to the gold standard, technically speaking, a year ago when she revalued at \$35 an ounce; but while she suffered, along with other countries, from the world financial disequilibrium that her action produced, she contrived to avoid the principal advantage of attachment to gold, namely, not merely stability for the time being, but an assurance of stability for the future.

The Gold Bloc and Deflation

III. THE GOLD BLOC AND DEFLATION

THE revaluation of the dollar at an artificially low level caused grave difficulties for the gold-standard countries, imposing upon them a fresh bout of deflation. Prices in France fell persistently through 1934, in spite of the rise recorded by a number of important commodities like wheat and rubber. The French Government had found it necessary to obtain authority to impose budgetary economies by decree, and the Belgian Government, faced with the same critical problem of deflation, resorted to the same method of tackling it. The two Governments met with fatal political difficulties at the same time. Before M. de Broqueville resigned, to be succeeded by M. Theunis, there were rumours of a change in Belgian financial and monetary policy, but the new Government, like that of M. Flandin, promptly re-expressed the determination to maintain the gold standard. Questions of financial and economic policy, however, have remained in the forefront of political and public interest in both countries, largely on account of the hardships that have been imposed on taxpayers, on government functionaries and pensioners, and on industry and commerce by the thumbscrew of deflation.

Italy, thanks to her dictatorial régime, was in a better position than either Belgium or France to impose the necessities of deflation upon her people, and it was on the external rather than the home front that she met with her greatest difficulties. On December 9, a fortnight after the Rome bank rate had been raised from 3 to 4 per cent., decrees were issued requiring Italian residents to transfer to the National Exchange Institute all securities and other credit balances held abroad. This measure, ominously reminiscent of action taken by Germany to defend the Reichsmark, was provoked by a steady drain of gold, itself the result of international trade difficulties. In the first eleven months of 1934, Italy's adverse trade balance,

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at 2,185,183,160 lire, was nearly double its size in the corresponding period of 1933.

External debit balances and a consequent loss of gold have not been a uniform experience of the gold bloc countries. When, at the beginning of November last, the Bank of France reported a small loss of gold, this was the first downward movement of its reserves for 33 weeks. To-day, the gold reserves in Paris amount to no less than 82 milliard francs, or 98 per cent. of the note circulation. Clearly, with these massive reinforcements available to throw into the fight, France could pursue, if she chose, a reflationary policy involving a rise of costs, without being forced immediately to abandon the gold standard. Two reasons have so far inhibited such a policy—fears for the gold standard in financially weaker countries of the gold bloc, and internal political difficulties, which have been themselves entangled in the budgetary problem. It would obviously have been dangerous to adopt a policy of cheap money and credit expansion when the budget was flagrantly unbalanced and the political situation unstable; for the results must inevitably have been both a flight of capital and internal hoarding of gold.

The political difficulties, though not overcome, have for the moment sunk into the background. The budget, in deficit as it still is, is no longer the cynosure of public and parliamentary interest. M. Doumergue hanged himself, politically speaking, in his own constitutional braces, and his successor, by concentrating on the economic problem, has greatly strengthened the position of the Government. There is something reminiscent of Mr. Roosevelt in M. Flandin's approach. If the American President, instead of taking arms manfully, if not always sagely, against the sea of economic troubles, had declared—as well he might—that nothing could be done until the constitution was reformed, and had acted accordingly, what measure of applause would he and his New Deal have won from a weary and expectant people?

The Gold Block and Deflation

M. Flandin's New Deal has not so far been spectacular either in promise or in performance. At the start, he repeated most of the old formulæ. The franc was to be held fast to gold, budgetary equilibrium was to be attained, costs of production were to be lowered; producers were to be persuaded (or forced) to combine so as to "adapt production to consumption." Though the Marquet plan of public works, which had been an ornament, but no more, of French official policy under preceding Governments, was taken from its shelf and dusted approvingly, it looked like remaining an ornament nevertheless. But deflation must be ended, said M. Flandin. The régime of economic restraint had failed everywhere. "We shall gradually return to freedom organised and controlled"—a paradox that might well have fallen from President Roosevelt himself. The reduction of the rate of interest, continued the French Premier, was an essential condition of economic recovery.

This was an entirely new note to be sounded in deflationary, quota-ridden France. Two measures have shown the programme in action. Under the Wheat Bill published on December 5, the existing surplus of wheat was to be disposed of, partly by export sales; future surpluses were to be prevented by restriction of production and by the fall of prices to an economic level; statutory price-fixing was to be abolished. If this scheme goes into effective operation, the world will be relieved of French wheat dumping, and the French consumer will be spared the artificial inflation of the cost of bread. The second measure was the substitution of M. Tannery for M. Moret at the head of the bank of France, the latter having objected to the proposal to discount treasury bills at the central bank. Whatever may have been the exact personal and financial implications of this move, the markets and the world at large instantly accepted it as evidence that the Flandin Government was determined to cheapen credit in France, partly for its private benefit as a necessitous borrower,

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and partly as an element in its recovery programme. The changes at the Bank were followed, on January 22, by the presentation of a Bill to raise the statutory limit on the treasury bill issue from 10 milliard francs to 15 milliards. A preamble to the Bill explained that its purpose was to save the Government from long-term borrowing and thus to make long-term money available at lower rates to private enterprise. While there was no question of inflation or of devaluation of the franc, the abundance of idle funds should be made to serve the general programme for fighting the crisis.

The veering wind of financial policy in France is of considerable importance for the rest of the world, not so much for what it may actually achieve internally as for the evidence that it affords of a tense international situation. If other currencies continue to depreciate, the gold bloc may be compelled to go on deflating. As things are, however, M. Flandin declares in so many words that deflation has gone far enough. The Belgian Government said the same thing in disguise when it adopted measures (again reminiscent of the Roosevelt programme) for liquidating frozen credits and cheapening bank loans. Italy said it, too, when she preferred the way of Germany—extensive public works on the one hand and exchange control on the other—to the way of orthodox gold-standard technique. And if deflation has gone far enough, some alternative must be found, or the forces compelling it must be arrested.

IV. PROSPECTS OF STABILISATION

THE picture that we have drawn of the world economic situation may be summed up thus. Recovery by reflation is now proceeding very slowly, if it has not actually halted, both in the United States and in Great Britain. At least as far as this country is concerned, there are definite limits, which we may soon meet, to the possibilities of

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recovery by purely national action. Meanwhile, the contrary policy of adjustment by deflation, as pursued by the gold bloc countries, is similarly reaching the limits of practicability. Some change must now be made, and is in fact being made, in the general tenor of their monetary and financial policy. One possibility would be the revaluation of their currencies at a lower gold level, but against this policy they continue to set their face, and their capacity of resistance, through the use of their gold reserves or of measures of exchange control, is far from being exhausted.

Wherever we turn our eyes in the economic world we find equal difficulties—not always the same difficulties, but all associated with the same pair of world-wide causes, lack of confidence and the stagnation of international trade. Although the primary producing countries of the sterling bloc have moved a long way towards adjustment, by the reduction of costs, by monetary expansion and by the fall of their currencies, they can plainly never recover their former prosperity without a great expansion in the markets for their products. Freer trade within the sterling bloc might compensate them for many obstacles elsewhere; but even in other sterling countries they are faced with formidable barriers erected in the service of economic nationalism. Those countries, on the other hand, which have defended their economic systems by exchange control, transfer suspension and general import quotas have brought themselves in the past two years no nearer to their discharge from national bankruptcy and organised poverty. There is no hope of such a release save in a general revival of world trade in which these countries also share.

Economic nationalism is everywhere dragging at its anchor. But of course the anchor may loosen, and the vessel drift still nearer to the rocks. It would be absurd to pretend that nationalist policies have come to an end of their resources. The gold bloc might resort to exchange control, joining most of central and eastern Europe in its self-imprisonment for debt. The United States might

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devalue the dollar still further. This country might raise its tariffs and cut its quotas. Even if none of these things were to happen, the next phase might be intensified competition for a dwindling volume of world trade, following upon the devaluation of some or all of the gold bloc currencies. What is certain, amid all these hypotheses, is that present efforts at recovery by national action, whether inflationary or deflationary, are nearing the end of their term. Checks and difficulties are met with everywhere. And the broad alternatives for the future are redoubled nationalism, modified by group policies, or an attempt at reviving world trade.

World trade will not substantially revive, nor world prices rise, while exchanges remain unstable. Low prices are a symptom of bad trade, and the restraints on trade imposed during the crisis are riveted in place by exchange instability. One great obstacle to stabilisation has been the deflation imposed on gold-standard countries by the under-valuation of off-gold currencies; for the off-gold countries, with their reflationary ambitions, have feared to attach themselves to a group whose avowed and practised policy was deflation. In its turn, deflation in the gold bloc has held down world prices. The vicious circle is complete. Now, however, the financial bell-wether of the gold bloc says "trade must be freed from restrictions, and business must be stimulated by the cheapening of credit." If indeed the policies of the gold bloc, the sterling bloc and the dollar bloc are henceforward to have the same general direction, then a great barrier to international exchange stability has been removed. There are indeed other obstacles to be overcome; but surely here is an opportunity which we ought at least to examine.

The time has plainly not yet come for the establishment of a rigid international monetary order. We cannot enter into such hard-and-fast international commitments while national monetary policies remain so uncertain, and while national economies are themselves so unstable. This applies, of course, with special force to the United States,

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whose participation in a stabilisation plan would be essential. Nevertheless, since one of the causes of internal instability is uncertainty about international trade and finance, the vicious circle must be broken somewhere, and the best way of breaking it seems to be the *de facto* stabilisation of the principal world currencies. At the least, Great Britain, the United States and France should make a joint declaration similar to those made at Ottawa, and again at the conclusion of the World Economic Conference, on behalf of the British countries—namely, that every effort would be made to maintain exchange rates at their existing level, and that with this end in view the Governments and central banks would continuously co-operate. For the United States, such a course would imply a promise not to alter the gold content of the dollar without consultation beforehand with other countries, and then only if an alteration were forced upon her by the divergence of her own price system from that of the world at large. For Great Britain it would imply, not a return to convertibility of paper money into gold, but the establishment of reciprocal relations between the Exchange Equalisation Account, the American exchange control fund and the Bank of France for the maintenance of the exchange rates in this triangle within limits corresponding to hypothetical "gold-points."

The question remains whether it would be wise to fix the pound at or near its present rates of exchange; for obviously it is only on such a basis that negotiations for exchange stability would have much chance of success. Is not the dollar still grossly undervalued, so that if we were to fix the pound at its present ratio we should be loading ourselves with as great a handicap in competition with the United States as burdened us from 1925 to 1931? Has the pound yet reached its economic level for a country such as this, that is to say, a level at which our balance of payments would again provide a surplus for beneficial investment in undeveloped countries?

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The excess of Great Britain's imports over her exports was £27 million higher in 1934 than in the previous year. The significance of this fact, however, is clouded by want of exact knowledge about the invisible items in the balance of payments. We probably earned more from shipping and financial services in 1934 than in 1933; we certainly obtained a greater credit balance from the tourist traffic and from investments in such enterprises as rubber, tin and gold mining. These credits, however, were offset by a fall in the yield from fixed-interest-bearing securities, on account of continued or extended defaults, the repayments and redemptions that have been effected even during the slump, and conversions to lower rates of interest.

The only clear conclusion that can be drawn is that our international financial position depends quite as much upon invisible as upon visible items in the balance. In the short run the invisible movements are definitely the more powerful. Just as the fall in the pound has not had the full effect upon foreign trade that might have been expected, so stabilisation might react upon the balance of payments in ways not obvious at a first glance. The results in the field of shipping, finance and investment would assuredly be favourable. The pound, at its present level, may indeed be overvalued in a world of warring currencies and unsteady exchanges; but that by no means proves that, at the same level, it would be overvalued in a world refurnished with an international monetary standard.

The gold standard is not, and for this country can never be, an end in itself. It is a means to an end, an expedient for securing two main objectives of monetary policy—confidence and international stability. If the value of those objectives is reckoned to be less than the harm that the gold standard may do, by hitching us to countries whose monetary policy is unsuited to us, or by driving us to a disastrous deflation in defence of our reserves, then the gold standard has to be laid by. But in that case some other means must be sought for combining in the most favourable measure the

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three monetary objectives—public confidence, international stability and the avoidance of booms and slumps.

In the period of our present divorce from gold we have maintained public confidence through sound banking and sound governmental finance; we have achieved a limited degree of international stability through the coherence of the sterling bloc and the operations of the exchange equalisation fund; and we have been able to pursue an expansionist monetary policy which has restored much of our internal industrial prosperity. Each of these facts, however, has had a less favourable aspect. Prudence in public finance has prolonged a negative attitude towards programmes of capital expansion into a period when a bolder policy is called for. The sterling bloc is but one group among others, and even within it exchange stability has been the result, not of organisation or of plan (save the Ottawa monetary resolutions), but of the temporary self-interest of its constituents. The exchange "control" provoked other and in a sense rival national controls, with the result that instead of confidence a new speculative element has been cast into the private exchange markets. As for the freedom obtained for internal monetary policy, the limits of national reflation have already become apparent. It is bounded by individual and corporate reluctance to take advantage of cheap money in an unstable world; it is bounded by the sluggishness of recovery in international trade, and it is bounded by the incapacity of countries still on gold to join in world reflation.

And even though monetary nationalism may serve its turn well in a time of depression, is there any hope in it for the ironing-out of booms and slumps in the long-term future? Economic disequilibrium, in a world not entirely socialised, is an international phenomenon, and it must be tackled with international weapons. The devotees of high tariffs and self-sufficiency have been neither guaranteed against sharing in world depression nor enabled to escape the more easily from its toils.

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The shape of an ideal international monetary order is not yet clearly defined, nor can it be until experience has chiselled its contour. We may be certain only that monetary co-operation will fail without freer trade, and that trade will not be freed in a régime of monetary nationalism. Perhaps even *de facto* stabilisation as here defined is too much to expect at this moment. But we must make up our minds now what is our goal, and adjust our present actions to its pursuit. The great measure of recovery that two years have brought about in this country must not blind us to the fact that the world situation, on which our fortunes ultimately depend, is little improved, and in some respects—international debts, for instance—is worse than ever. Deflation and its brother, restriction, stalk like angels of death through the weary battlefields of economic nationalism. There is a lull in the warfare to-day; for the combatants are exhausted and their gains are melting. The victories that each has won are seen to be part of the great illusion of economics, that national wealth can be gained from the discomfiture of other countries. Encamped amid the unrewarding booty of economic war, we may well exclaim with Pyrrhus, "One more such victory and we are lost."

ULSTER AND THE IRISH PROBLEM

NOTE.—In the last issue of *THE ROUND TABLE* a citizen of the Irish Free State dealt with the problem of "Ireland and the Commonwealth" from a Nationalist standpoint. The following rejoinder is by an Ulster Protestant. As with the previous article, the views expressed are the author's own, and are not in any sense to be taken as those of *THE ROUND TABLE*.

* * *

IN the confused legend of intertribal fights and forays that is taken, for lack of anything more reliable, as the early history of Ireland, Ulster more often than not stands aloof or is in bitter conflict with her neighbours to the south; and the most famous of Irish epics tells the story of the defence of Ulster against the forces of most of the rest of the island.

Curiously enough the cause of quarrel was the disputed possession of a cow. One is tempted to say "*plus ça change, plus c'est la même chose*." We in Ulster are now being told that the real reason for the duty on Irish cattle and the distress of the Irish farmer is the intransigence of the men of Northern Ireland, that the existence of the boundary alone prevents the solution of the Irish problem, and that the union of Ireland is the one thing wanting to usher in an era of peace, prosperity and universal good will.

We are told that if Natal had been left out, the Union of South Africa would have been a failure; but those who make this assumption, incapable equally of proof or disproof, conveniently forget that Newfoundland refused to come in when the Dominion of Canada was formed, and no one would venture to say that the Canadian confederation was not a success.

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I. THE NORTHERN OUTLOOK

BEFORE making up one's mind on the only possible solution of a political problem, it is always worth while to consider carefully the factors involved, and in the solution proposed for the Irish tangle by the writer in the last issue of *THE ROUND TABLE** the majority in Northern Ireland is a very considerable factor. The Irish Nationalist is accustomed to talk as though the Six Counties were an *Italia Irredenta*, and to quote the fact that one-third of the population is Catholic and Nationalist, ardently desiring reunion with the Free State, as an argument for the disappearance of partition. But the two-thirds majority, Protestant and Unionist, has at least an equal claim to be considered. It amounts to over 800,000 persons, no inconsiderable proportion of the total population of all Ireland, and the political character of that majority lends it a weight out of all proportion to its numbers. For half a century it has been absolutely united on one cardinal principle—to maintain the union with England—and so long as its leaders are sound on that point no schism will shake their authority. At the last general election the Farmers' party threatened opposition, at the previous election the Temperance Reform party put up candidates, but the farmers withdrew their candidates in favour of the official Unionists, and the Temperance Reformers barely saved their deposits. Two, at least, of the three Independents who sit in the present House of Commons are more Unionist than the official Unionists themselves, and one of the two Labour members was returned as a Unionist, and has gone out of his way to estrange the Nationalist members. One reads of the herds in America forming a compact circle with heads down to meet the attack of the wolves, and the attitude of the Northern Ireland Unionists

* See *THE ROUND TABLE*, No. 97, December 1934, p. 21.

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reminds one of those herds; every suggestion, every rumour of possible subordination to a Dublin Parliament brings them together for mutual defence and support. Since Mr. de Valera began his campaign for the unity of Ireland, the Orange Order, the church militant of Unionism, has been steadily growing in numbers and in influence.

Whether one is in sympathy with or disapproves of this attitude of the Unionist majority in Northern Ireland, it is a political fact which cannot be ignored by any one who wishes to explore the possibilities of a settlement of the Irish problem by the fusion of North and South. It is not a party doctrine which is the creation of the Ulster Unionist leaders either past or present. Indeed it is not too much to say that not one of those leaders could retain a following for a day if he changed his views on the vital question of the union. In the early '80's there was in Northern Ireland a strong and active band of Liberals, bound to Mr. Gladstone, not only by admiration of his talents and his policy, but by gratitude for the benefits that his Land Acts had conferred on the Irish farmer. When he became a convert to Home Rule in '86, Gladstonian Liberalism simply ceased to exist as a political force in Ulster, and men whom the political antagonism of Liberal and Conservative had kept as enemies for years shook hands again and appeared together on the same platform.

It seems worth while to consider how a sentiment in favour of the "English connection," so deeply rooted that it has become the cardinal rule of faith and the main-spring of the political thought of the Ulster Protestant, should have arisen and should have gained such strength. To do that, one must review the history of the Ulster colony, not perhaps as documentary evidence might set it forth, but as the Ulsterman believes it to be.

From the coasts of Antrim and of Down on a clear day the hills, the islands, even the fields and houses of Scotland are plainly visible, and the earliest sagas of Ireland tell of close intercourse between Ulster and its nearest neigh-

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bour overseas. For instance, an off-shoot from the clan of MacDonald of the Isles colonised part of Antrim and was recognised as an Irish sept. When the wars and forays that led to the "Flight of the Earls" had left much of Ulster desolate, and when the confiscations that followed had given the Crown nominal possession of a great part of the lands, it seemed a stroke of political genius on the part of James I, himself a Scot, to carry out the Ulster plantation and to replace the dispossessed and in many cases no longer existent Irish by settlers, drawn in the main from the Lowlands of Scotland. However fortunate the result may have been from an economical or from a political point of view, the plantation introduced a new and, as it seems, an irreconcilable factor into the confused welter of Irish politics. Norman settlers had been, and Cromwellian settlers were to be later on, absorbed into the mass of the Irish people, to become *Hiberniores ipsis Hibernis*, but the Ulster Scot has for three centuries remained apart. To that fact many causes have contributed. One of the most important is the difference in religion. The Ulster settlers came of a breed who held, as indeed did the Irish Catholic, that religion was something worth fighting for and worth dying for. The majority were of a brand of Presbyterianism so stiff-necked that the Commonwealth Government, in 1653, seriously considered the project of transplanting a considerable number of the most important and influential of their number, to obviate the probability of there arising a centre of disaffection towards the Cromwellian Government in the North. Little wonder that the Irish Catholic has found them and their descendants not much more palatable or digestible.

The new settlers had not been long in possession before they discovered that in Ireland the unpardonable sin is to take possession of evicted land. Whether the land that he tilled had lain derelict for generations or whether its late owner had been driven to the hills or into exile, the Ulster Scot soon realised that he was regarded as a sup-

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planter and that only time and opportunity were asked for to dislodge him. He had not long to wait for an assurance of the welcome that his unwilling hosts accorded him, and the barbarities of 1641, when merciless warfare was waged on both sides, fixed a yet deeper gulf between the Plantation and the native Irish. Cromwell's campaign of blood and terror in Ireland left his name as a household curse in the South, but barely touched the North. It was far different with William III. James II had been expelled from his kingdom of England, partly for his attempts to subvert the constitution, partly because he was credited with the design first to tolerate Roman Catholicism and then to impose it upon the nation as the state religion. When he endeavoured to establish himself in Ireland the South supported him to a man, and the only obstacle to his complete mastery of the island was to be found in the Protestant settlers in the North, who feared for their property, their lives and their religion.

The success of the "Protestant Hero" at the Boyne and after was a success for the North. It was the stubborn resistance at the siege of Derry and in the defence of Enniskillen that had laid the foundation for his victory, and as we always love those whom we feel that we have benefited, William became the idol of the Ulster Scot. The Orange Order, the most typical of Ulster institutions, still celebrates annually the battle of the Boyne, and to show the temper both of the men who fought and of the men who commemorate it, the toast of William is always coupled with the sentiment of "civil and religious liberty."

In the eighteenth century the Ulster Presbyterians were oppressed by disabilities as galling, though not as severe, as those under which the Irish Roman Catholics suffered; and many of them sought greater freedom and a wider scope in the American colonies. Their temper was shown in the American Revolution, in which they played an important and by no means undistinguished part on the side of their fellow-colonists. It was partly the success

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of this struggle with England and partly the influence of the French Revolution that led to the ill conceived and worse managed '98 rebellion, and isolated bands of Northern Protestants shared the fate of the equally isolated groups of Catholic insurgents in the South. That it is no spirit of mere subservience to Great Britain that dictates the present attitude of the Six Counties is shown by the fact that men point with pride to the names of United States Presidents of Ulster descent, and that many a staunch Unionist esteems it no blot on his scutcheon that his great-grandfather was "out" in the '98. When the Union came in 1800 it was, perhaps, little more popular in the North than in the South; but the people were weary of the activities of secret societies, quickly suppressed and as soon reborn. They had had enough of alarms and excursions, of tumults and armed disturbance, and they wanted peace and quiet to get on with the ordinary business of life. That desire they were most likely to gain under the strong hand of Great Britain—they hoped for the Pax Britannica.

Again the North was in close touch with Scotland. Now the Scot had offered to the Legislative Union with England in 1707 a resistance at least as bitter as that which Ireland was showing to the Act of Union. But after almost a century Scotland was satisfied and content. There could be no question that she had reaped material benefit from the change, and while the Scot still retained his pride of country and his national spirit, his qualities were giving him greater and greater influence in the affairs of Great Britain as a whole. Scotland was an argument in favour of union.

During the nineteenth century Northern Ireland made steady and rapid progress. Belfast grew, almost with the speed of an American city, allowing for the difference in climate, from a smallish country town to be the rival of Dublin in population, the seat of flourishing manufactures, an important centre of trade and commerce, and one of

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the chief ports of the United Kingdom. Linen manufacture had so expanded that Ulster linen was known the world over. The farmer, who had long struggled and fought against unequal land laws, found himself at last placed by the Acts of a British Parliament in a legal position superior to that of his opposite number in England. *Post hoc, propter hoc*, is often very bad logic, but these material benefits which had followed the Union were sufficient argument to make the bulk of the Ulster Protestants the steady opponents of the Home Rule movement from its commencement.

They had other reasons. Apart from the advantages of free trade with Great Britain and a free market in a highly prosperous community, they prided themselves on the British connection. The Empire had grown during the century in extent and power and prestige. Sons of Ulster who found the province too small a field had taken their part in that advance. There had been no barrier to their entry into the civil services, the navy, the army, or diplomacy, and Ulstermen had commanded the forces and ruled the provinces of the Empire, had been entrusted with great administrations and had represented the Sovereign at foreign courts. At Westminster Ulstermen had held office and had sat on the woolsack. Careers such as these fed the pride of race. They might well become difficult or impossible to achieve if the common citizenship were abandoned. But the Ulster Protestant had a further objection to Home Rule. He was not merely divided from the Southern Irishman by religion and—as he was from time to time reminded—by racial origin, but he had established an industrial community. In a Dublin Parliament not only would he be in a minority—and a minority which would, he feared, be regarded as alien—but he would be in the position of an industrial community fighting for its life, or at least its goods, against overwhelming numbers whose interests were in the main agricultural. He felt that he was the cow to be milked, if not killed and

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eaten. He had no great admiration for the government of Ireland under the Union, and Dublin Castle had never gone out of its way to help him, but he knew that so long as he remained a citizen of the United Kingdom his factories and shipyards would be no more interfered with and would bear no heavier imposts than those of his colleagues or his rivals across the water, and that he could trust the British Government to see to a fair field and no favour.

II. A NEIGHBOUR'S VIEW OF THE FREE STATE

FOR this summary of the historical background of the Six Counties' position the present writer makes neither apology nor defence. He is aware, at least as well as his readers, that the presentation of history is possibly far from accurate, and that many of the sentiments and prejudices expressed may be ill-founded. But this conception of history and these sentiments and prejudices are an integral part of the problem, if there be a problem. It is this background which was the cause of Ulster's opposition to Home Rule, the cause, when Home Rule became inevitable, of the partition and of the setting up of the Northern Ireland Government, and which is the reason why no rapprochement has ever taken place between that Government and the Irish Free State. The course of events in the Free State has done nothing to bring a rapprochement within the sphere of practical politics. The summary has endeavoured to show that Northern Ireland has at any rate no quarrel with Great Britain, indeed that it welcomes the "English connection." The combatants in the world war already begin to forget their mutual injuries and to acknowledge friendly sentiments towards their late enemies. The Irish Free State, which, since it gained its aim, we must presumably look upon as the victor in the Irish civil war, far from any sign of letting bygones be bygones, seems to grow in animus, as its treaty of peace grows older.

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Northern Ireland was offered any safeguards that would satisfy her when Home Rule was being discussed. She refused. The first change of premiership in the Irish Free State wiped out all the safeguards inserted into the Treaty, and Northern Ireland silently congratulates herself that she was not so foolish as to trust to safeguards. She cannot help drawing a contrast with British policy. Since her Government was established it has had relations with Coalition, Conservative, Labour and National Governments at Westminster. There has never been any attempt to upset the relations or evade the obligations entered into by a predecessor except by mutual consent.

If the Northern Protestant has an active dislike towards the Free State's political policy, he still more disapproves of its economic policy. Ireland is a small country, cut off from the Continent by Great Britain and by two seas. She has few great natural advantages. The rich grass of Meath and Kildare has, it is true, no equal in the world for the breeding and the fattening of cattle and horses, but most of her tillable land is of no more than medium quality at the best, and much of her area is only fit for the grazing of sheep. Her mineral wealth is small and the cost of winning it makes its working unprofitable. Coal is virtually non-existent, and she has no falls like those of Scandinavia or Northern Italy to provide cheap electricity as a substitute. These difficult facts imply that if a standard of living above that of mere subsistence is to be the portion of the Irishman he must depend for most of his comforts and even for some of his necessities on imports. The North endeavours to meet this situation by exporting her manufactures and her farm produce in order to pay for what she gets in return. The policy of the Free State is to hinder imports by heavy duties, or if that is ineffectual by prohibition, and to foster the home production of commodities which could be more cheaply and more efficiently produced elsewhere. The North desires a free market, the South aims at a closed commune. This economic ideal, while it

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is the favourite of post-war politicians in many States, is heartily condemned by practically every economist and by not a few statesmen as the cause of most of the economic troubles from which the world is suffering. The divergence of policy between North and South is no new thing. At the Dublin Convention which preceded the final break between North and South and the establishment of the Six County government, it was an open secret that one of the main factors in preventing agreement was the insistence of Southern Ireland on complete fiscal autonomy. The industrial North preferred a *Zollverein* with Great Britain, the agricultural South demanded the security of tariff walls.

Can it be wondered at that Northern Ireland and the Free State have failed to find common ground? Both have in view the prosperity of their country, but the one is politically unionist, the other as ardently separatist; economically the North cultivates the closest relations with her nearest neighbour and best customer, while the South prefers isolation as far as practicable. How can two walk together except they be agreed, while both sides are set on their own way, and neither is easily turned aside?

III. DOMINION STATUS FOR THE NORTH?

THOSE who believe that the problem of Irish relations with the British Commonwealth would at once be solved if the unity of Ireland were achieved—and that seems a forlorn hope—have suggested ways in which this consummation might be reached. It is now more or less agreed that force is not at this time of day a possible solution. When the Saar, a conquered territory, was permitted at the end of a period of probation to decide its own fate, Northern Ireland after 15 years of self-government may confidently claim the same right. And if to-morrow there were a plebiscite ordered of Northern Ireland, can

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anyone doubt that there would be a two-thirds majority, if not more, in favour of the *status quo*? It has been suggested that Northern Ireland should be forced to accept Dominion status, or in the alternative to give up her present government and to become again a part of the United Kingdom, ruled from Westminster.

Let us take the latter alternative first. To begin with, Northern Ireland is already under the rule of Westminster in two very important respects, financial and commercial. Her principal taxes and her fiscal relations with other countries are determined by the British House of Commons. But she has the highly valued privilege that she is represented in that House, and that her representatives have their seat in the councils of Empire and can voice the opinions and the convictions of the province. Her self-government is a government of local affairs, but she has found that to be of great advantage, in that local conditions can be appraised and local needs met more easily, more quickly and more cheaply than would be possible under central control. The British House of Commons, on the other hand, can with difficulty find the time adequately to deliberate momentous decisions on matters affecting not merely Great Britain but the Empire and the world in general. Is it likely to resume the responsibility for the local administration of a small section of Ireland, a responsibility of which it gladly divested itself fifteen years ago?

Consider the other alternative, that Northern Ireland should be forced to accept Dominion status, with full fiscal and financial control and responsibility. To begin with, it is hard to see how this measure is to simplify the problem. The complete divergence of sentiment and policy between Northern and Southern Ireland is not likely to disappear if the North were placed in a position of greater independence and responsibility. There remains the only other possible argument, that Northern Ireland, left to sink or to swim, would soon be in such straits that she must clutch for support at her nearest neighbour.

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It would not be possible for the Irish Free State to exert any more severe economic pressure on a Northern Ireland with Dominion status than that which the various measures adopted to isolate Southern Ireland have already caused. It is impossible further to injure a trade which has been already killed.

What, then, remains? The argument that Northern Ireland is so heavily subsidised by Great Britain that were that subsidy withdrawn she must fall by the weight of her social services. To test the validity of this statement, we must consider at some length the finances of Northern Ireland. Under the 1920 Act, with the exception of the already existing Terminable Land Annuities of the province, the proportionate share of certain Irish funds, and the produce of some inconsiderable taxes such as entertainment tax and of the local stamp duties, the entire revenue of Northern Ireland is controlled and collected by the Imperial Parliament. This arrangement was welcomed by the North. It ensured the maintenance of the Union with Great Britain and, as a consequence, the right to send representatives to Westminster; an absolutely open market in England and Scotland, without restrictions or irksome formalities; and a right to share in the benefits of any trade treaties made with foreign countries by the Imperial Government. On the other hand, it imposed upon the inhabitants of a relatively poor country the duty of paying taxes, customs and excise at the same rate as is paid by the citizens of the relatively rich country of Great Britain.

The first scheme of financial relations provided that out of the net revenue collected from Northern Ireland, less the cost of collection, provision should be made for a fixed Imperial Contribution, to be a proportionate share of the cost of Imperial services, including the service of war debt; and that the balance should provide for the services transferred to the newly constituted government, any surplus left being made available for relief of Northern Ireland taxation. As the original Imperial Contribution

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was fixed on the basis of the revenues collected during the boom years at the close of the war, and as the slump in ship-building and in the linen industry practically coincided with the establishment of the Northern government, it was realised on both sides that this arrangement was quite impracticable, and the Colwyn Commission was set up to devise a more equitable scheme. It evolved a rather complicated formula which in practice works out somewhat as follows. Out of the revenues collected in Northern Ireland, the British Exchequer returns a sum sufficient to cover the cost of the services administered in Northern Ireland, those services, *mutatis mutandi*, being the equivalent of similar national services provided for the citizens of Great Britain. It is the right of the Treasury in Whitehall—and no one who knows the Treasury will doubt that it exercises the right—to query any claim for reimbursement which seems to overstep this principle. It is therefore technically quite true to say that the social services of Northern Ireland are paid for by Great Britain, but the money to pay for them is collected in Northern Ireland.

In respect of one service help from across the water must be admitted. Unemployment benefit is a transferred service, and proved at first very costly owing to the trade depression in the area. It is a maxim in insurance that the wider the clientele, the sounder the risk, and Northern Ireland was fortunate in convincing the Ministry of Labour and the Board of Exchequer at Westminster that Northern Ireland was too small an area and that the schemes for Great Britain and for Northern Ireland should be amalgamated. Each country was to retain administration, the scales of contribution and of benefit were to be identical, but the country with the higher percentage of unemployment was to receive an "equalisation payment" from that less hardly hit. Since the agreement in 1925, Northern Ireland has received in "equalisation payments" £3,500,000, but for the past two years there has been such a diminution

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in the numbers of unemployed in the province that no monies have changed hands.

There is, however, another side to the picture. The Colwyn Commission, after providing for meeting the cost of Northern Ireland services, practically earmarked the surplus as the Imperial Contribution of the province. Since 1920 the total of that contribution has amounted to almost £26,000,000. It was at first a considerable annual sum, but it has steadily fallen since. This was due in part to the increased cost of the obligations undertaken by the Northern Government from time to time, as the scope of social services has widened *pari passu* with those in Great Britain. The expenditure of Northern Ireland rose from nine millions in 1922-3, when she paid an Imperial Contribution of six millions, to just over ten millions in 1932-3, when the contribution had dwindled to £75,000. The main cause of the fall, however, has been shrinkage in the total revenues of the province. This is the result of a number of forces. Shipbuilding has for years been in a state of suspended animation and is only now commencing to show signs of revival. The linen trade since the war has been passing through very trying times. The reduction in the consumption of whiskey alone has diminished the yield of excise in Northern Ireland by about a million and a half per annum.

Reduction in the yield of Imperial taxation is of course at once reflected in a diminished revenue in Northern Ireland. Better times, however, will allow her again to pull her weight in the boat.

Against the Imperial Contribution already paid must be set certain sums. The land annuities payable under land purchase schemes carried through prior to 1920 were handed over by the 1920 Act to the Northern Ireland Government as a source of revenue free from the overriding control of the British Treasury—pocket money, one might say, for the new State. The value of these annuities amounted, up to 1933, to approximately four and a quarter

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millions. Incidentally, the same annuities, amounting in that case to a much larger sum, were offered to Southern Ireland under the same Act, an offer which was, with the Act, refused. Grants-in-aid were made for the cost of special police and of compensation for malicious injury during the troubles that immediately followed the establishment of the Northern government; and mention has already been made of the "equalisation payments" under the reinsurance scheme entered into in 1925 with the British Unemployment Insurance Fund. The total of the sums received under these heads comes to between twelve and thirteen million pounds. Even after these deductions are made, however, it will be seen that Northern Ireland has been able, not only to pay her way, but to make a material, if modest, contribution to the national exchequer.

It has been suggested that the social services of the province are paid for, or at least assisted, by loans from the British Treasury. For this suggestion there is absolutely no foundation, no such loans having ever been made. Ulster Loans have been issued, and are held in part no doubt by British investors, but they have not even the Treasury guarantee. A glance at a Stock Exchange list will show that the credit of Northern Ireland compares not unfavourably even with that of Great Britain. Her total loan issue amounts to less than £6,000,000, and has been used to finance Trade Facilities Acts and to make advances to local bodies.

From what has been said it will be seen that Northern Ireland, given a reasonable recovery in trade, would have a fair prospect of maintaining herself if granted Dominion status. Indeed, one hears every now and then debates on the question, with strong arguments advanced in favour of the change. But the mass of the people and their leaders want no alteration. To begin with, they prize the Union. The Northern Irishman is at present a citizen of the United Kingdom, and has as his right whatever privileges and opportunities that citizenship confers. Dominion status

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would do away with that. Commercially the area would probably be little affected, as undoubtedly the first act of the new Dominion would be to offer and to ask for a *Zollverein* with Great Britain. But there would be a frontier, and where there is no frontier as at present there can be no vexatious delays or formalities. Lastly, the Northern Irishman has a near neighbour possessing Dominion status, and he is not greatly impressed by its advantages, either political or commercial.

Would Great Britain be willing to impose such a change on Northern Ireland? That of course is a question which an Ulsterman cannot answer. But one might surmise that in the absence of any demand, and in the face of opposition even from the country most concerned, a British Cabinet would hesitate to impose a new form of government upon it so soon. There appears to be no evidence that the present form of government by devolution has proved unworkable. It has been able to maintain law and order, and so far as in it lay to foster development in trade, in industry and in agriculture. Its relations with Great Britain have been uniformly friendly, and it has been possible for each authority to exercise its functions in its own sphere without clashing. Nor has the experiment been a particularly costly one.

There remains the argument of political expediency. The imposition of Dominion status on Northern Ireland, we are told, would go a long way towards settling the Irish question. But would it? Would the sentiments and the convictions of the majority undergo a sea-change if Northern Ireland were a Dominion? Would it be suddenly converted from ardent Unionism to a separatist Nationalism? Would it welcome a towering tariff in exchange for loss of markets? Would it lose its taste for the British connection and desire an Irish republic? And if it did, with which of the parties, positive, comparative or superlative republicans, would it make common cause? If none of these radical changes occurred, how would a yet more independent

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régime in the north help on the unity of Ireland? In the past century many remedies have been tried for the Irish problem. Catholic emancipation, land law reform, land purchase, devolution, the granting of Dominion status, each of these measures was to bring peace and contentment to Ireland and to forge a bond of friendship between her and Great Britain. Well, the result is there for all to see. Is yet another panacea to be tried at the expense of Northern Ireland, or would it not be better to leave the patient for a time to the *vis medicatrix naturæ*?

Northern Ireland.

February 7, 1935.

THE GOTANI SHOW

GOTANI is in the Coast Province of Kenya, in what is called the Kilifi district, in the Giriama country. It lies some thirty miles inland from Mombasa and some nine miles north from Mariakani, a station on the railway line, where a few petty Indian shopkeepers eke out a precarious and insanitary existence trading cotton goods for corn—when there is a harvest—and when the seasons fail bartering poor corn for poorer Giriama cattle.

Northward there is some forest of fine timber trees. South-easterly, towards the Indian Ocean, lies that coastal belt of rich, well-favoured land which in the days of slavery was once the granary of Arabia, but now, returned to bush, breeds only “fly.” Inland for two hundred miles stretches the Taru Desert. Gotani is on the edge of desiccation. In the dry weather, the winter of these parts, it is a grey hot land, bespattered with grey thorn trees, traversed by greyer paths along which cattle and goats and Giriama wander seeking food and water, and some by some miracle surviving.

Through the hot grey haze comes the tinkle of the bells and the patter of a hundred hooves, a dust cloud hides the herd, the sounds dwindle, the dust slowly drifts away and the thorn scrub shimmers again in the heat—till night falls and there is some small relief from heat if not from thirst, and the *cicada* wake and whistle through the hours of darkness till the grey dawn heralds another grey day, and the heat holds herds and people in its grip, the grip of the Nyika.*

And slowly the goats and the cattle die, and the herd turns towards Mariakani to barter poor cattle for still

* The thorn bush desert country inland from the coast.

The Gotani Show

poorer corn, or the folk, less fearful for themselves than for their flocks, lie prostrate on the railway line—and the mail is late in Mombasa by the time it takes a Midland driver to persuade them that his living also is precarious and that his engine has no water to spare.

But let the rains break, and almost in a day the grass springs short and green and the thorn trees burst into leaf—small crisp leaves, yellowish green like the green of larches in springtime—and the land looks richer and pleasanter than any you have known, and the Giriama forget, as they have always forgotten, the grey hot days. You may offer them new lands and they will laugh and point at the green pastures, and you have no answer that will move them. And year after year they and their women and their children and their flocks will suffer untold hardship, and for the springs, and for the one fat year which breaks the groups of seven, stay on in their barren land, and laugh and, while heaven wonders, grow fat against the forthcoming famine.

For they are of a stoutish habit and belie the pastoral tradition.

The men, or those you meet—the survival of the fittest it must be—are handsome folk; brown, almost copper coloured, clean skinned and muscular. Usually they are naked to the waist, from which a long close-folded cloth hangs to the ankles—the “sarong” of the East. Over their shoulders, or wrapped turban-wise around their heads, is another cloth, which as night falls serves as a body garment. The favourite colour now is a pale blue-grey. Sometimes a fez is worn. French grey and clean copper skins, slow movement and a fine quiet smiling courtesy—such are the menfolk of the Giriama, or such they seem. The grey square-bearded elders, veritable Abrahams.

The women show a queer contrast. You would expect the “yashmak,” or at the least some long draperies of sorts, for there is no small touch of Islam on the tribe, though Islam never held them; but instead you find matronly

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ballet dancers. Matronly, for their bearing and their figures are no less ; ballet dancers, for their fashions are no more. Great coils of fine wrought copper round their necks—the brooch chains of our grandmothers—yard upon yard of it, and then a kind of ballet skirt, a cross between the kilt of Scotland and the multifold petticoats of Holland, but short cut and close pleated, and, like the chains, yard upon yard of it ; and then stout thighs and calves, always going somewhere, carrying the stout body and the upright woolly head on which is balanced ever a calabash with water or a basket filled with grain. Grain to the market, water to the hut ; water or grain, backwards and forwards through mile after mile of grey bush—for market and water and hut are ever miles asunder, and often there is no grain to take to market, and oftener no water to take to the hut. No single drop of water for grey mile after grey mile. And ever the kilts swing and the stout thighs step out.

We see them only in the spring, when the rains have fallen and the water holes are full, troops of women and young kilted girls all calabash-laden, stepping out up the slopes, carrying grain to the market or water to the huts—stout and well-nourished folk if somewhat short of stature. But of the winter, when the pools have failed and the grey heat holds the land, we know but little. The stout-thighed matrons may survive again, but of the small kilted gnomes the toll must be a large one—in our hot winter many elves must surely die.

Their villages—from the train you think them haystacks—are no more than basket-work, hay on basket-work, deftly if easily woven and equally easily left. They represent recurrent not capital expenditure, but the land that was their capital is slowly drying up.

Such are the Giriama, or those you see. But back in the villages, back in the fastnesses of the Nyika, are the halt and the lame and the blind, the poor unnourished folk—the sick rabbits, the sick elephants—whom no one ever sees, no one save the doctor, or perchance the missionary, who in

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these days trek where of old times great names seldom ventured. What of them ?

At the Show I speak of there was an Ngoma* band, fierce, virile, muscular, and noisy to the last degree, active and muscular and accurate, turning and dancing and twisting, falling ever on the bell-clad foot, dropping deftly to the tomtom beat and keeping with an absolute perfection to the ever-changing time ; no English stage could better it. And the leader of these braves ? A small misshapen knave in tattered khaki, with useless flail-like spindle legs which shook and fell from side to side as, upturned on his hands and arms, on which alone he walked, with back-bent head and twisted neck he moved deftly among the dust of the dancers. With no uncertain voice he held them, as upturned on his chest and arms he moved and tumbled through his pagan band, directing his drums, calling his chorus. And ever his useless legs flapped flail-like and his tongue protruded and his eyes rolled—and the survivor of an epidemic held the ring.

But back in the villages, back in the bush, how many dree their weird unblest—or uncursed—with devilish intelligence ? Few see a sick native save the doctor, but there are doctors now and we know that the Giriama are not what they seem. The dancers are the few and young, the old men hardly middle-aged, the matrons little more than girls, and the old women—who knows what the old women are save that they are a power in the land ? But in Giriama no one is really middle-aged—you are young, or you are old, or you are dead, and that is the end of it. Or is it ? From the great graveyards of the people on the ridges looking seaward do you not yet hold sway ? For famine and pestilence or plenty, for war or peace, for progress or reaction ? You have in the past, and well you know it, you old dead people of the Nyika who visit time and again the sins of the fathers on the sons. But will you again ?

* * *

* A native dance.

The Gotani Show

In Gotani on the edge of desiccation there has been held a show! But it began a long time ago: Krapf, I think, began it, this second chapter that I speak of, and though he seemed to fail, as the ruins at Rabai might try to tell, his spirit still lives on. And then the Sircar, waxing and waning through small wars and great till at last to-day we held a show and Mwinyi, almost one of themselves, squared the never ending circle and lit a fire which in his time at least should not go out.

Mwinyi is the real hero of this story. Mwinyi, the pagan who fought the witch doctors. He was an Askari Kanga when I first knew him, a kind of tribal policeman or chief's messenger, on the staff of the District Officer. He had been sent with the doctor to look after the porters, to interpret, to arrange for the people to come in to the doctor's camp, and to deal with the hundred and one occasions where medicine and native administration meet. But Mwinyi found another job as well; for he was the first convert to new ways and methods and thereafter never faltered, and when the time came, and all the power of witchcraft was against us, fought.

That was two years ago in the Digo district south of the railway line, where Digo and Wa Daruma drifted lethargically through the years, sick and dying, gnawed and bled by the worms which in Africa have you and hold you almost as soon as you are born, and slowly hurry you on to their fellows who deal with the dead.

In Digo we had thought to deal with the worms by doctoring and by digging. Doctoring the folk, and digging pits for the worms. But the drugs were in some cases dangerous, and the digging difficult. There were fifty thousand folk to doctor and ten thousand pits to dig; and some folk died, for the drugs, as I say, were dangerous. And the witch doctors, jealous for their practice, laughed and cried, "We said as much." And Mwinyi and his doctor dug and physicked and fought and won. And to-day the Digo dig and plough, and on occasion laugh at

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witchcraft, and Mwinyi has preached pits and ploughs to the people at Gotani over the railway line.

Gotani the day before yesterday was only a crossroads, or hardly that, but yesterday they bored, and to-day a windmill feeds water to the Giriama flocks and fields, so at Gotani we could hold a show. It was an "African" show, so the posters ran, not just an agricultural show or a health show or anything restricted or parochial, but an African show—that and nothing less. That was the District Commissioner's notion and from that all followed.

We were all there. Administrators and doctors and vets., missionaries and agricultural officers, and the engineer; even the press was represented, for there is a road from Mombasa now and a car can travel of a morning the miles that took Krapf's porters days or weeks; and thousands of Wa Giriama.

The road was the first exhibit, the windmill the second, a good road and good water where before there were neither, and the Giriama are thinking over both. Water for the cattle, lorries to market? How many more roads and windmills are required? The engineer's exhibits were the basis of it all.

Then there was a long grass shed or shelter labelled for some queer reason "HEALTH," where on dark blue cloth-covered tables and showing white against that background stood bottles upon bottles of worms! The diseases of the Giriama! Four kinds of worms there were, long tape worms and short hookworms, flat worms and round worms, and of each kind a native dresser discoursed loudly and eloquently and intimately as only an African can talk of the things that matter. There was no escape. Matron, or warrior, or elder, or babe in arms, you had to listen.

Come and see my hookworms,
Learn about the hookworm;
They are small but they are fierce,
And they suck your blood till you die.

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You've got hookworms.
 You haven't got hookworms?
 But you *have* got hookworms;
 I can see it in your eye.
 You've got hookworms in your belly
 Sucking your blood.

Come and see *my* tape worms,
 Great long tape worms.
You've got tape worms eating your food.
 You haven't got tape worms?
 But you *have* got tape worms,
 Three or four tape worms;
 We've all got tape worms now and then.

Here's medicine for hookworms, and round worms, and
 tape worms,
 Strong fierce medicine for hookworms,
 And it kills the little hookworms,
 Yes, it kills the little hookworms;
 For we've had it, so we know.

And so on for long hour after long hour till the dressers
 were hoarse, and the Giriama were thinking it over, and
 some, I think, were convinced.

Then Mwinyi weighed in on prevention:—

Come and see my clean *choo* pits,*
 Fine deep choo pits,
 Sheltered and dark.
 So you dig a choo pit,
 Three feet by two feet,
 Three arm spans deep.
 So you close the choo pit,
 Concrete tops for choo pits.

Come and see my choo pits,
 Digo choo pits,
 Choo pits for worms.
 Who fouls the bush? The Hyena.
 Who fouls the villages?
 Not now the Wa Digo.
 Giriama, Giriama, are you *nyama*† or men?
 Giriama, Giriama, choo pits for worms.

* A pit latrine. O—as in over.

† Wild beasts.

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And then the manure pit, not a very large one and not
 much manure, but it served its purpose; for here also was a
 salesman.

Come and see my manure pit,
 My shaded manure pit;
 Six feet by six feet,
 And as long as you like.
You call it dirt?
 Yes, it's dirt in the villages
 But it's food for the fields, and riches then.
 Come and see my manure pit.
 Dig you manure pits.
 Clean up your villages, live like men.
 A shaded manure pit?
 Yes, a *shaded* manure pit:
Where is the wood when the fire's burnt out?

Then Salim on domestic hygiene. "Come and see *my*
 house." It was not much of a house. The doctor and
 Salim and Mwinyi had built it in the two days preceding
 the Show, and in the night the rain had dealt heavily with
 the freshly mudded walls; but it was a better house than
 any the Giriama have, for at least it had upright walls
 and windows of sorts, and a door through which there
 was no need to crawl; and in the corner there was a bag
 of coral lime. It was really a poor affair; but it was sym-
 bolical, and it served for Salim; and as you listened his
 mud walls turned to marble and he paced a palace.

Come and see my house,
 With its doors and its windows;
 Windows for light, and doors for men.
 Who crawls into houses?
 Rats crawl into houses.
 Who likes dark houses?
 Don't rats like dark houses?
 Three shillings for windows,
 And nine for the door.
 You haven't three shillings?
 Then dig a manure pit;
 Dig a manure pit,
 There's riches there.

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Then put on whitewash;
 You can see bugs on whitewash.
 You can't afford whitewash?
 Then shade-dry your hides,
 There are shillings there.
 And your wife cooks outside,
 No smoke on our whitewash.
 And beds for the children,
 And tables and chairs.
 You say you couldn't move them,
 And you'd lose them if you left them;
 Look out of the window,
 The windmill's there!

Salim had not forgotten the engineer—Salim, craftsman and farmer.

And outside the house Katanja, who had listened all the while, gathered together the doubters. "You said you had no money? Over there they will teach you to shade-dry your hides! Over there to make clean ghee! Clean ghee fetches much money in Mombasa. Over there how to select your seed! Over there to cure your cattle! Over there to plough! Giriama, what are your cattle for? Your women work while your cattle rot. Giriama, Giriama, go and learn to plough!" And "over there," all round the show-ground, African agricultural and veterinary lads did these things.

Come and see my prize maize cobs.
 Choose seed from good maize cobs,
 And you'll have good maize cobs,
 And maize cobs to spare.
 You want *prize* maize cobs?
 Then dig a manure pit,
 Dig a manure pit and grow prize maize cobs.
 Prize maize cobs mean windows and tables and chairs.

Further over Hassan ploughed. Ploughed with Giriama oxen only ten days trained where never an ox had worked before. And the Giriama looked and wondered and pondered, and towards evening on the second day some of

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them returned and the representative of a great Nairobi firm sold six Canadian ploughs.

And then the forestry folk. Two old Swahili ex-Askari, toothless but intolerant still, with crumpled Punch-like faces, stood clad in the green jumpers and black fezes of their corps, the forest guards of the conservator, silent, by some fine timber. The Giriama gave them a wide berth and the forestry exhibit was neglected. Who knew what they might not be there for?

We never borrow trees.
 But perhaps our brother has done so,
 Last month or a year ago,
 And forest guards—better be careful.

So thought each Giriama, maybe more or less rightly.

But the old guards had caught the infection. Slowly they moved two great baulks of timber forward from their stall, spoiling its careful symmetry. Swiftly they raided the neighbouring produce stall of the prize casava root—a root almost elephantine in its proportions—and fixed it upright between their baulks of timber. No Giriama could resist it: never before had such a root been seen, and casava is the diet of the people. The Askari slipped behind the timber. Slowly a crowd collected, carefully, watchfully. Slowly the old men emerged. Softly and slowly they spoke.

Come and see our fine timber,
 Timber for windows and doors,
 Timber for chairs and tables.
 Six planks you could cut from this bole,
 Seven from that one.
 See our fine timber.

Then waxing eloquent as the crowd's interest grew—

Giriama, Giriama,
This is real timber!
 No packing case trash we show you,
 No sticks for *shenzi** doors.

* Uncouth, uncivilised, barbarian.

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Our wood will last you a lifetime.
 Buy you our trees and saw them.
 The Swahili can teach you.
 Know you the doors of Mombasa?
 Our grandfathers carved them.
 Carve you doors for your children.
 Buy our fine timber.

And righteously indignant and with the rasp of the
 parade ground of their youth once again in their voices
 as the universal plea of poverty was pled—

Allah! You haven't the shillings!
 See our casava then,
 Our giant casava.
 Grow you casava like ours.
 Work in your *shambas*.^{*}
 Dig deep and deep and deep, and ever deeper.
 Sweat like ten women,
 And dig a manure pit.

Almost the word "Dismiss" ended their discourse, but it
 would not have mattered. The forestry had "got across."

Lastly the mission. From Kaloleni in the forest they
 had come and under a long low shelter at Gotani had set
 out some work of no small merit. There was a gate-legged
 table, finely turned, and some long lounge chairs well
 upholstered, and an occasional table or two, and some tea-
 trays, all good cabinet work and a credit to the lads who
 had made them and to the teacher who had taught; but
 they would have been out of place in the poor shack where
 Salim was so seriously preaching doors and windows and
 tables and chairs to half-naked Giriama.

Further along the shelter the mission lads were working.
 Young Giriama they were, neatly clad in khaki shorts and
 clean white singlets. Some making more fine chairs,
 some carefully chiselling stone for a chancel arch, and some
 making foot-square concrete slabs; but the purpose of
 these last was obscure, for no one spoke. Deftly and silently

^{*} Fields.

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they worked while a sour native deacon looked grimly on,
 and the half-naked Giriama sightseers stopped only for a
 moment and then wandered by.

There was a technical instructor from the mission with
 them too, and I thought I caught a twinkle. Clearly he
 must be a good teacher—and I was sure about the twinkle
 —so I ventured. Was there, I asked, a very large demand
 for chancel arches at Gotani, or for gate-legged tables?
 And would he tell me what were the foot-square slabs
 for? The twinkle twinkled. No, now that he came to
 think of it there was not, but the lads liked to show what
 they could do and there was plenty of plain stuff at the
 mission. But concrete slabs were going well. They were
 for flooring huts. They were popular because you could
 move them when you moved your hut, which, in Giriama,
 famine or white ants or fancy frequently makes you do.
 The slabs gave me an idea. Had he seen Salim's house
 or Mwinyi's clean *choos*? No, he hadn't, but he would
 like to. So we wandered there.

I knew our Salim; no sign of recognition crossed his
 face as his lecture proceeded.

There is the place for the bed,
 There for the table.
 Open the window so,
 So close it on dusty days.
 Keep food in a meat safe.
 Plaster your walls and floors.
 Shelves for your dishes.

He furnished his house from the air before our eyes, but
 I wondered if the Giriama, who had never seen a bed, much
 less a meat safe, beheld the same vision.

We passed on to where Mwinyi praised the virtues of
 the pit latrine.

Come and see my choo pits,
 Concrete tops for choo pits,
 Choo pits for worms.

But there was only one concrete top, and they are heavy

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things, and Gotani is a far cry from Malindi, where the prisoners might make them.

I wandered off to see the ploughing and left my friend from the mission in earnest conclave with Mwinyi and Salim, talking technically, as craftsmen do.

* * *

Early next morning—it was a two-day show—I wandered round again to see if Salim's house still stood and whether Mwinyi's pits had not caved in. But all was well, and the shanties still went on, somewhat hoarsely perhaps, for the first day had been a long one and the last Giriama had not left till dark. But there seemed to be a new vigour in the voices, and as I listened I caught a new verse.

Here is the place for the bed,
Here you put tables and chairs.
So you put slabs on the floor,
Foot-square slabs on the floor,
Mission lads make them.
Windows and chairs and doors,
Concrete slabs for floors,
Over there mission lads make them.
Mission lads make concrete slabs,
Over there they make them.

I looked in, and almost rubbed my eyes to make sure that it was no mere vision, but there was no deception. More than half of Salim's shack was neatly paved with foot-square concrete slabs borrowed from the mission! The palace was taking shape, and Salim proudly paced if not a marble floor at least a fair and much more practicable substitute.

So, Salim, missionary and good Mohammedan.

Then I turned to Mwinyi and his pit; for he, too, seemed to have another song, and thus it ran:—

Come and see my choo pits,
Concrete tops for choo pits,
Mission lads make them.
Buy you concrete tops for choo pits.
Over there are tops for choo pits.
Mission lads make them.
Sell them over there.

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So sang Mwinyi the pagan, and I wandered "over there." But over there the quiet of yesterday had gone, and a crowd thronged in the neighbourhood of the mission shelter; for at one end there was a new exhibit. In a small hut or booth erected overnight was some sound plain carpentry; no gate-legged tables or fine chairs, but a simple table and a bench, a box and a most ingenious trestle bed filled in with the kind of wire netting which we use for coffee trays—most clearly bugproof—and a plain door frame and a batten window. All well made, but cheap and simple. Even in Salim's poor house they had not been out of place. And a crowd of pagan elders listened as in his soft boy's voice a mission 'prentice told his story.

No bugs in a bed like this,
No need for scratching.
Eat at a table.
The wind blows in at the door,
Stirs the dust near the floor.
Eat at a table.

See my fine box for clothes.
See, so is it dovetailed.
Yes! Just like clasped fingers.
So is it bound with brass,
No rats can get into it.
Buy my fine box for clothes.
Only twelve shillings.

You haven't the shillings now?
But rats eat your clothes you know,
Rats eat your money.
Buy my fine box of brass,
Thus save your money.

Boxes are rare in Giriama still, both boxes and money, but there is a road to a market now, and soon money will be more plentiful; but the time of the savings bank is still to come, and our paper money is too often food for rats when stored in a hut no better than a haystack. I think my friend will sell some boxes, for they are undoubtedly well made and worth the price.

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In the neighbouring shelter, where the gate-legged table stood with all the fine furniture utterly (and, I could not but think, most unfairly) neglected, a great peace reigned, and the sour deacon looked on more sourly even than yesterday. But not for long. Evidently he was of the same opinion as myself. Suddenly the peace was broken. He had a raucous voice, and soon he collected a crowd:—

Mission lads make concrete slabs,
Concrete slabs and choo tops,
Concrete slabs for choo tops,
Concrete slabs for floors,
Concrete slabs and chancel arches,
Gate-legged tables, chairs and boxes,
Window frames and doors.

I looked in. It was no fairy tale the deacon told. There they lay, large slabs as well as small ones. The Mission had started a new industry overnight.

But the deacon was less sour than he looked. Even a gate-legged table could be put to some purpose in Giriama when Krapf's apostle gave his mind to it. He gathered them round. The table was closed to begin with. "So! Here is a table for a single man. You are married?" Up came one leaf. "Your wife feeds with you here. You have a family?" Up came the second leaf. "Gather round my table." And they did so wondering. I counted them, there were thirteen stout Giriama matrons gathered round the table. "And if you have a larger family than that we'll make you a bigger table." Giggling the matrons departed to tell the story to their neighbours, and the deacon never lacked for ladies through the live-long day.

* * *

Then there were prizes, small money prizes, and the distribution of some medals, cheap medals it might be, but embossed with cows, or sheep, or fowls, like the medals they give at shows anywhere in England, and as night fell the Giriama drifted away to the villages in the bush to sleep

The Gotani Show

or dance, and on the next day to dance again—or maybe to dig?

One at least I think will dig; for as the quick dusk fell, long after the last Ngoma band had disappeared and I turned to my tent more than a little weary, I did not leave the show ground empty.

Outlined against the sunset stood two figures. One leaned on a spear-shaft and a sword rested on his thigh, but the bellstrings round his legs below his knees were gathered in the folds of an Oxford fashion which, curiously, one of the Giriama bands now affects on ceremonial occasions. In silhouette against the setting sun, almost I saw hay wisps round corduroy, but now and again he moved and the bells tinkled and the spear-blade glinted in the twilight. The second figure, the tall tireless doctor. One foot rested on the rail round his manure pit, an elbow rested on his knee, and on the outstretched fingers of his hand he made his points, softly and slowly—almost relentlessly. The spear-clad figure listened. And as I passed I heard for the hundredth time that day: "... yes, robbery... thieving. He's a thief who only takes and gives nothing in return... you feed your children... do you feed the fields?... and so the cattle rot while your women dig... and the crops die... yes, milk for your children, manure for the fields... yes, it's dirt in the villages, but it's treasure, untold treasure, in your fields... aye, *mavi** and *malit*†, they are one and the same."

And the windmill's arms ticked over "Mavi is Mali, mavi is mali" to the end of time.

And a herd drove two tired oxen, the first that had ever worked in Giriama, through the dusk to the trough which the windmill fed.

* Cattle dung.

† Riches.

GERMANY AND EUROPE

I. HITLER AND WAR

LAST December, just after the decision to send an international force to the Saar had been taken and agreement reached in Rome between the French and German negotiators, a visitor to Berlin would have noted a remarkable change in the atmosphere, a great relaxation of tension. Geneva seemed almost popular. At no time since the Nazi revolution had popular longing for international understanding seemed so strong. Germany was feeling her isolation. Nazi leaders, officials, business men, workers, all seemed to hope that 1935 might bring a change. Some blamed the armament industry, some the emigrants, others what they described as the misleading reports of the foreign press, but all were insistent that the paramount needs of the German people were peace and co-operation.

A distinct modification of the German attitude towards France was also noticeable. Herr Hitler had just appealed, in an interview with Jean Goy, of the "Union Nationale des Anciens Combattants," for reconciliation "in the spirit of the Front," as old enemies whom war had taught to respect one another. M. Goy's subsequent speech in the Chamber of Deputies, which incidentally brought him a challenge to duel with the extreme nationalist, M. Franklin-Bouillon, had made a deep impression on Germany. Rudolph Hess took up the theme, declaring that Germany no longer believed that France was out to destroy her by all means. He added that she was "strengthened in her will to peace" by the speeches and visits of French front-line fighters. And the loud-speakers of the Third Reich blared out

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repeatedly Herr Hitler's emphatic assurance that after the Saar question was settled Germany would have no further claims on France.

In Saarbrücken itself, where the plebiscite campaign was then in full swing, it was very noticeable that the German Front resisted the obvious temptation to attack France. They abused the Governing Commission, Mr. Knox, the emigrants, but they left the French pretty well alone. The keynote of the whole German propaganda was rather that the return of the Saar should be a step towards peace. As one rabid Nazi railway porter put it, the Saarlanders were a border people who would be the first to suffer from a Franco-German war and would have most to gain from a Franco-German reconciliation.

That was before the plebiscite. Since the plebiscite, suggestions have repeatedly been made that the German attitude was stiffened by success. From Paris and Prague came reports of speeches in Germany suggesting plebiscites in Austria, Memel, Czecho-Slovakia, Schleswig. It was even stated that the German Minister of the Interior, Herr Frick, had contradicted his leader by saying that Alsace-Lorraine should remain an ultimate objective. Cases of bullying by members of the German Front in the Saar were used to show how little faith could be placed in the German word.

Writing in *The Times* on February 1, immediately upon his return from a visit to Germany, where he talked with Herr Hitler and other prominent Nazis, Lord Lothian laid stress upon the Führer's declaration

that what Germany wants is equality, not war; that she is prepared absolutely to renounce war; that he has signed a treaty with Poland removing by far the most dangerous and bitter element of the Treaty of Versailles—the Corridor—from the region of war for 10 years; that he finally and for ever accepts the incorporation of Alsace-Lorraine in France; and, finally and most vital, that he will pledge Germany not to interfere in his beloved Austria by force, provided all its neighbours will do the same. He goes farther and says that he will sign pacts of non-aggression with all Germany's neighbours,

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to prove the sincerity of his desire for peace, and that in armaments he asks for no more than "equality" for Germany, and will accept international inspection if everybody else accepts it too.

I have not the slightest doubt (continued Lord Lothian) that this attitude is perfectly sincere. Hitler's Germany does not want war.

Lord Lothian cannot conceivably be accused of sympathy with the political principles and practice of national socialism. Nor can Lord Allen of Hurtwood. Yet both have recently returned from Germany convinced that agreement with her is the only way of ensuring European peace, and that there is a real possibility of achieving it.

II. THE NEW GERMANY

IS there really an opportunity of bringing Germany within the European order? Is Hitler sincere? Lord Lothian thinks he is; Lord Allen thinks he is. But Mr. Wickham Steed maintains that he is "capable of being sincere in the most contradictory and incompatible directions with swift alternations if not simultaneously." Others go further. A French acquaintance of the writer was probably speaking for many of his countrymen when he said recently that he was bored with Herr Hitler's peace speeches, for after all nobody believed them.

Let us leave for the moment the ticklish question of Germany's or of Hitler's sincerity, which must remain a matter of opinion, and look at the underlying facts of the German situation.

Whatever we may feel about the ruthless aspects of the totalitarian State, we must admit that the German people are engaged upon a far-reaching social, political and economic experiment. National socialism has been not untruthfully described as the bolshevism of the middle classes. It is making an attempt to solve the social and economic problems that pressed so urgently upon Germany without entirely abandoning the principles of private

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property and individual achievement. It is an experiment in regulated capitalism, or, as the Marxists would have it, in "monopoly-capitalism," with a strongly socialistic bias. Incidentally, those who think that the "monopoly-capitalists" are happily ruling the roost would do well to pay a visit to Germany and talk to a few of them.

But the great crisis of modern industrial civilisation, of which the economic depression is but the outward and visible sign, could never by itself have sufficed to produce the Third Reich. It coincided with a period of intense strain in the evolution of a people which, despite the brilliance of its achievements, despite the economic and political progress of the nineteenth century, despite the outward façade of extreme orderliness, had never succeeded in attaining that balanced synthesis of corporate life, that ingrained sense of national unity, which have marked every great nation in history.

Like all real revolutions, the German revolution came as a huge tidal wave, chaotic and diffuse. Infinitely diverse streams of German life and thought flowed into it—pan-German dreams of world dominion, the more or less pacifist ideals of the old Youth Movement, manifestations of racialism, from the Nordic evangel of Wagner and Houston Chamberlain to the infantile outpourings of Wotan-worshippers, the Prussian belief in discipline, drill and domination, the reaction against post-war licence, the yearning of a disillusioned generation for what can only be described as a religion, the anti-Semitism latent in all central Europe, the universal trend towards economic nationalism—these are but a few. But the fundamental driving forces were the longing of the middle and lower-middle classes to find an anti-communist solution for the crisis, and the urge towards national unity and national rehabilitation. Both aims are not only compatible with peace; they render peace for a very considerable period absolutely essential.

Whether national socialism is or is not a trick played by

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wicked capitalists upon the masses, it is fundamentally opposed to the proletarian revolution. Now, if there is one thing upon which observers of European politics are agreed, it is that only a war will give the communists a real opportunity. That is incidentally the lesson of Trotsky's *History of the Russian Revolution*. The same view is put forward again and again in Germany by members of all classes. Herr Hitler himself almost invariably uses the argument, in speeches and private conversations. Is he deliberately prevaricating?

His antipathy towards communism is certainly genuine. With the Jews and Austria it is one of the points on which he is not susceptible to reasoned argument. From a very well-informed source comes the story of the interview that led to the resignation of the late German Ambassador in Moscow, Herr Nadolny. The Ambassador was a German nationalist of the old school. Communists, Jews, the devil himself—as long as German interests could be advanced he did not mind with whom he worked. But the Führer did not believe in co-operation with communists. Herr Nadolny pointed out that the Russians were excellent customers, that they had helped the Reichswehr to circumvent treaty restrictions, that since the Treaty of Rapallo they had been Germany's only reliable friends. He made no more impression than he would have made upon a graven image. Hitler refused to be drawn from his point—that Germany must be the bulwark of the Western world against Eastern communism.

Hitler is equally convinced of his mission to accomplish German unity. That is one reason why he feels so strongly about his beloved Austria, which he naturally regards as German. But here again a war would risk what the Nazis regard as their principal achievement—the creation of a unified Reich. It would throw everything into the melting-pot.

The historical self-consciousness of the new rulers of Germany borders on the ludicrous. Streets are named

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after them, innumerable monuments put up to commemorate their achievements. They sincerely believe that they are building for centuries—indeed, as Herr Hitler himself has said, for thousands of years. Surely men like this are not likely to be in a hurry to stake everything on the dice-throw of war?

Paradoxical though it may seem, the Nazi movement contains a distinctly pacifist element. Recently, a leading Nazi, much interested in neo-paganism and notorious for his anti-Semitism, a member of the Darré-Himmler group regarded by many observers as the chief threat to peace, was heard discoursing at great length on the evil influence of armament manufacturers, and insisting that the profit should be taken out of war. And, he continued, who makes the profit? The Jews, of course. If only the anti-Semites of the world would unite to eliminate Jewish influence, perpetual peace would be assured! A Quaker friend has reported that it was already possible to make frankly pacifist public speeches in Germany. He had done so. All that was necessary was to avoid the word "pacifism." As long as you did that, you could talk about peace, racial reconciliation, the threat of war to civilisation, the necessity of organising security; indeed, almost anything you liked. The best approach, he continued, was the idea of race.

Whatever we may feel about them, racial theories have captured the imagination of the German people. Starting with a fanatical belief in the superiority of the Aryan German, the Nazis have progressively developed a regard for other races besides their own. They were led to do so as much by the wish to make their creed universally applicable as by the responsibility of power. Most nationalisms of the past have desired that other nations should be feeble and easily dominated; that of the Nazis is exceptional in hoping that other nations may adopt racial nationalism and thus become, by definition, strong.

Hitler's peace speeches have been notable for the development of this new theme of consideration for other peoples.

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He has repeatedly repudiated the desire to conquer and germanise them.

The spiritual conception of the last century (he said in his first speech as Chancellor on foreign affairs), which regarded it as possible to make Germans out of Poles or Frenchmen, is entirely foreign to us and we shall passionately oppose any attempt to carry out the reverse process.

This is in effect the rejection of imperialism in general and Prussian imperialism in particular, which for the most part led merely to the establishment of small castes of Junkers ruling subject populations. The sincerity of the idea is made more evident by the fact that it is derived from *My Struggle*. Hitler writes there of the need to conquer land for the settlement of German peasants, and of the "final struggle" with France, but there is the same repudiation of the conquest and assimilation of other peoples.

But if there is so much pacifism in the new Germany, it may be asked, why so much militarism? Why the uniforms, the flags and banners, the incessant marching, the "liquidation"—for no other word will do—of pacifists, the "heroic" education of youth, the distortion of history?

In 1916 Lord Balfour wrote a memorandum for the Cabinet containing the following prophetic passage:—

If I had my way, I should rule out any attempt to touch the internal affairs of Germany or of Austria. It may be that, under the stress of defeat, ancient jealousies—forgotten in the hour of victory—will revive. . . . A revolution may upset the Hohenzollerns and a new Germany arise on the ruins of militarism.

Any or all of these things are possible, but I would certainly deprecate any attempt on the part of the victorious enemy to bring them about. One of the few recorded attempts to crush militarism in a defeated State was Napoleon's attempt to destroy the Prussian army after Jena. No attempt was ever less successful. As everybody knows, Napoleon's policy compelled Prussia to contrive the military system which has created modern Germany.

Just as the establishment of democracy in Germany

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at a moment of chaos and defeat helped to produce national socialism, so a good deal of the new militarism can be traced to compulsory unilateral disarmament.

The S.A. and the S.S. are the lineal descendants of the Free Corps and Black Reichswehr, formed and financed in defiance of the Treaty under the auspices of the Ministry of Defence to combat communism and keep the military spirit alive. The efficient and ubiquitous Air Defence Corps, which organises "passive" measures against air attack for every house and block of flats in the country, bases, or based, its propaganda on the prohibition to Germany of "active" measures, that is to say an air force. The Germans were compelled to establish in the Reichswehr the small, compact professional army which many military writers regard as the striking-force of the future. Even the collapse of the German peace movement was partly due to the disarmament clauses; for they placed all who wished for the disappearance of militarism in the false position of supporting Allied demands generally regarded in Germany as unjust.

What of the education of youth? Professor Ernest Barker has pointed out that every nation creates a legend about itself and perpetuates the legend in its story books and history books. Germany is now making the legend of the Third Reich, with saints and heroes and martyrs. She is preparing her children for a possible war on such lines as these:—

It must be admitted that modern war, drawing as it does the whole nation into the struggle, and making the entire population participate in its anguish and dangers, demands intensive moral preparation of everyone—men, women and children. In order to be effective and to retain merely its defensive strength, our military system demands the support of a national educational policy. The cardinal factor of this policy is action on youth through forging links between the school and the army. Scholastic and military bodies have actually the same mission—to develop physical courage, steel the heart, and forge the will. While the army forms soldiers who are instruments for the defence of the soil, the teaching body prepares

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citizens, permanent workers for the glory of their country. Before being played out on the field of battle, the destinies of a people are moulded in the classroom and lecture theatre.

Only, having been effectively stimulated by enforced disarmament and post-war Allied policy, the Germans are probably thus preparing with greater drive and enthusiasm than the French, to whom Marshal Pétain addressed those words.

III. THE GERMAN OBJECTIVE

CLEARLY, then, a case can be made out to the effect that, despite all alarming manifestations, Nazi Germany may well be sincere in her expressed desire for peace and understanding with her neighbours. Now let us turn to the other side of the picture.

The really salient and disturbing facts about Germany to-day have little or nothing to do with the deification of race, or with the new paganism, or with the imprisonment of pacifists, or with the vague and romantic writings of Nazi leaders. They are two in number. Firstly, Germany is in a fair way sooner or later to re-establish herself as the strongest military Power in Europe; and, secondly, she is not content with her position in the post-war world.

Hitler's outstanding achievement in foreign policy, from the German standpoint, is the calling of the ex-Allied, or really the French, bluff in the matter of armaments. He left the League, disregarded the treaty restrictions, and nothing happened. Germany has now emerged from what a Nazi leader described as the "zone of preventive war." Nobody dares attack her. She can rearm as she pleases.

German rearmament does not of itself give any indication of whether Germany's intentions are peaceful or warlike. "Why is Germany rearming if not with aggressive intentions?" a Frenchman might ask. "Nobody wants to attack her." That may be. But no great Power in

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the modern world actually likes to leave its neighbours in a position to decide whether to attack it or not. It prefers to be armed. Germany's demand for arms equality is perfectly understandable and justifiable, even apart from the question of prestige.

The reason why German rearmament is so alarming to Europe is that Germany is not merely arming to defend her *status quo*. She wants something. However sincere her wish for peace may be, she knows that aeroplanes, guns and tanks are a useful backing for diplomatic negotiations. She knows that as long as a "promenade" through German territory (to use Nazi phraseology) was possible to her neighbours they did not need to worry about what she wanted. Now that the promenade is no longer possible they are worrying very much.

What do the Germans really want? Professor Banse has told us—a German Empire from the North Sea and the Baltic to the Mediterranean. Herr Rosenberg has told us—the break-up of Soviet Russia and the creation of vassal states from the Black Sea through the Ukraine to the Baltic. Herr von Schnee and Dr. Schacht have told us—the return of the former colonies. Oswald Spengler has told us—the regeneration of the decadent white races by the spirit of Prussianism. Hitler in *Mein Kampf* has told us—the unity of the German race and sufficient land in Europe to support it. And the Führer tells us to-day in speech after speech, echoed by all his subordinates—"equality" and peace.

Perhaps the truth is that German ideas on foreign policy, as on so many other matters in this revolutionary period, are in a state of flux. The Germans do not quite know what they want. Possibly even Hitler does not quite know what he wants. But Hitler and his people are quite certain that they are not satisfied with things as they are.

As long as there is a lengthy list of demands, neatly pigeon-holed in the Wilhelmstrasse, any lasting agreement with Germany seems extraordinarily difficult, if not

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impossible. A German might reply that Germany was not responsible for the Treaty of Versailles, which presented them with that list. The evacuation of the Rhineland, the abolition of reparation payments, armament equality, the "Anschluss" with Austria, the return of the lost colonies, revision of the German-Lithuanian, German-Czech, German-Belgian (Eupen and Malmédy) and, above all, the German-Polish frontiers; it has always seemed quite certain that as soon as one matter was done with the next would be brought up.

To-day certain changes seem to have taken place. Some Germans, even, no longer feel any great concern about the Polish Corridor; they hope that ultimately a German-Polish alliance, embodying perhaps a customs union or something of the kind, may make territorial questions superfluous. Now, if there was one thing upon which all observers of post-war Germany were agreed it was that Germany would never abandon the Corridor. The "unnatural" amputation of East Prussia inflamed the heart of every German who looked at the map. Certainly the view mentioned above is by no means generally accepted. What is significant is that it can be and is openly expressed by leading Nazis. If there can be such a change in objectives as is involved in the German-Polish pact, what other changes may not also be possible? Hitler's signature of the Polish pact was expressly based on the idea of race. Ethnographically the Corridor, or Pomorze as the Poles prefer to call it, is almost entirely Polish, or at any rate Polish-speaking Slav. The German minority in Upper Silesia is comparatively small, and no frontier rectification could incorporate it in Germany without incorporating at least as many Poles. The Nazis genuinely feel that to annex foreign minorities would weaken rather than strengthen their new Reich.

On the other hand, nothing is in the least likely to shake them in the matter of Austria. The "Great-German" idea derives from an ancient tradition and lies

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at the very root of national socialism. Hitler is an Austrian. The Prussians, it is true, have always had qualms about strengthening the Catholic and South German elements. But unless very fundamental changes take place, the conception of racial unity, which is held equally fanatically on both sides of the Austro-German border, is unlikely to be abandoned.

Beyond the Austrian objective lie less precise ideas of re-establishing a pro-German *bloc* in central and south-eastern Europe to replace the Austro-German alliance destroyed by the war. The aim is not a political empire—the Germans are well aware of the strength of the young nationalities of post-war Europe—but rather the peaceful assumption of cultural and economic leadership on the lines advocated by Moeller von der Brück, one of the earliest prophets of Nazi ideas. The Germans maintain with some justification that their trade with the Danubian States is greater than that of any other country, and that German *Kultur* has always led the way in that part of Europe. The Polish-German pact was probably a first step towards this goal, although visions of a break-up of Soviet Russia may also have played a part in it. The annexation or nazification of Austria would be a second. Hungary, Roumania (where there is a strong pro-German party), and perhaps Jugo-Slavia, would probably be drawn into the German orbit. Czecho-Slovakia, completely surrounded, could hardly hold out indefinitely. At any rate, such prospects must sweeten the dreams of Nazis as well as adding terrors to the nightmares of Mussolini and the statesmen of France.

While the emphasis of German foreign policy seems to be shifting in this direction, all the other possibilities of revision are naturally enough left open. Germany has as yet been given no incentive to conceal or abandon them. In the case of the Polish pact she has come to a definite understanding and has gained something from it. But there is no reason why she should be particularly careful

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of Dr. Benes's feelings, or of Dr. Schuschnigg's, or of those of the Lithuanians. So on the Czech, Lithuanian and Austrian frontiers a more or less concealed agitation goes on among the population of German race. Elsewhere, Dr. Schacht points out that, in the present world of economic nationalism, Germany's former colonies would make all the difference to her raw material supplies—a far stronger argument than the old contention that they were needed for surplus population. And all the time the claim for equality is stressed above everything else.

The word *Gleichberechtigung* covers a good deal more than mere armament equality. Herr von Schnee, for example, the former governor of German East Africa, is already talking about "colonial equality." But *Gleichberechtigung* really involves the end of the whole psychological and diplomatic inferiority in Europe which was based upon German defencelessness and the French system of alliances. That inferiority involved, as Lord Lothian has pointed out, liability to the Ruhr invasion and to incidents like the present situation in Memel. It meant that in practice the neighbours of Germany could consult about European problems, while Germany was kept outside the door and afterwards asked to sign on the dotted line.

Germany has finished once and for all with that method. She is not certain about her ambitions, but she is quite determined to have as much say in the settlement of the future of Europe as any other Power. She will only return to the League and take her part in the councils of the nations if such an equality is granted.

IV. TWO METHODS

HERE, then, is this great people, in the midst of an intensely nationalistic revolution, with its ideas as yet unformed, but full of a vital energy which impresses all observers: a people which declares its earnest desire

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for peace through the mouth of a leader who undoubtedly has the vast majority of his nation behind him; a people which is slowly but steadily getting stronger. How is it to be approached?

There are, broadly speaking, two possible methods. The first is the method of French policy, which has changed its form rather than its essence since the death of M. Barthou. It is to establish a system of guaranteed security, not only for the western Powers through the rejuvenated Locarno, but for the whole of Europe, embodying the French eastern alliances and the new ententes with Russia and Italy. If Germany can be induced to accept this through the formal grant of the arms equality that she is taking in practice with impunity, well and good; if not, it is felt, she will probably be obliged to come in eventually.

The policy of M. Laval seems new, just as the policy of M. Briand seemed new. In reality both date back three hundred years. "At all times," writes M. Etienne Fournol in *Cahiers du Redressement Français*,

France has sought elements of security against the great mass which borders on the East. . . . The method of neutralising this permanent danger is recognised and determined by the most ancient tradition of French diplomacy: it is first of all to profit by the imprecision of the political character of this mass. . . . The mass has divisions, elements of dislocation. The primary object of French policy has always been to utilise them. This system was carried to its perfection and supreme expression by Richelieu. . . . Second tradition, which is merely a consequence, or a complement, of the first: French diplomacy has always sought to find a pillar of its policy in another mass, situated further east, which is in a position to balance the force of this Germanic mass.

The French are perhaps the most conservative people in the world. To the mind of the Quai d'Orsay the frontiers of France's eastern allies and the integrity of Austria are as important to France as the integrity of Belgium and Holland is to Great Britain. There is nothing the rulers

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of France fear so much as an understanding with Germany which will calm the fears of the French peasant, make him less ready to go to the barracks which, in contrast to the Germans, he detests, while allowing the "Germanic mass" to complete its unity and undermine the "pillars of French policy" in the east.

Thus, despite the London conversations, the policy of France remains the great obstacle to the second possible approach to the new Germany. It is the approach advocated in Lord Lothian's article in *The Times*—to go to the Germans frankly and openly, and without preconceived ideas or arrangements, and ask them how they are prepared to co-operate in producing a better atmosphere in Europe; to take advantage of Hitler's offer to conclude non-aggression pacts with all his neighbours, without pressing upon him a rigid arrangement which both he and his surprising new bedfellows, the Poles, intensely dislike. To incorporate in the new agreements, for example, as an earnest of the new atmosphere, the abrogation not only of the disarmament clauses of the Treaty of Versailles, but also of that intensely wounding article which brands Germany with responsibility for the war. If Hitler is bluffing with his peace speeches, that is the way, and the only way, to call his bluff. If he is in earnest, that is the way to use his sincerity to bring the new Germany into the comity of nations and to stabilise peace. Were it possible to go even further, to ask the Germans to say now what they want, and by treaty revision to substitute at long last a negotiated for a dictated peace, the ideal way of laying disturbing ambitions to rest would probably have been found. But since that is obviously out of the question at present, to meet together and explore possibilities in a new spirit is the best that can be done.

Both approaches are logical and either might be successful. With the first, which is based on fear and preponderant force, there is no need either to rely on German sincerity or to call the Nazi bluff, if it is a bluff. The

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maintenance of preponderant force will be sufficient. Certainly the German-Polish pact shows the difficulty of this; for as Germany's strength grows, one after another of France's present friends may find it the path of wisdom to drop out of the encircling group, if not actually to join up with Germany, till we are back again to the 1914 balance. The real danger, however, is that neither approach will be used, but instead a compromise between the two. It seems not unlikely that the French policy will be sufficiently emasculated to prevent its being really effective, while it remains so reminiscent of the old methods that the Germans either refuse to co-operate altogether or do so half-heartedly.

As Lord Lothian has said, there are men in Germany who do not want any agreement. They are to be found, curiously enough, both among the old Prussian nationalists—whose influence seems to be growing—and among the wilder Nazis. These contrasted elements have this belief in common, that a general agreement, and particularly an agreement with France, is impossible without the betrayal of *Deutschum*. The other day a Prussian nationalist went so far as to describe Hitler as the man of the great betrayal—the man who had sold the Corridor to the Poles and Alsace-Lorraine to France. That was an extreme case. But certainly these men feel that Germany is getting along very well as she is. Rearmament is showing what the threat of force can do. The new Franco-Russian coalition is really a testimony to Germany's influence and strength. The stronger she becomes the more likely are others to break out of the encircling ring as Poland has done. Why tie up the nascent military force with a disarmament agreement? The Prussian nationalists of the old school are not anxious to formulate a list of Germany's demands. That would only solidify the alliance against her, or, still more fatal, draw her into a compromise which would destroy their dreams of German domination. Their waking eyes are on the next objective—Memel, perhaps,

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to-morrow, Austria the day after. They are waiting to win what they want, little by little, a concession here, an alliance there, always with the dark threat of eventual war in the background. They do not intend to make war, but they prefer peace only as an expedient for securing more cheaply and less perilously what they are after.

Delay strengthens their hands. To-day, Hitler is the leader, and Hitler is not of their school. Never has he expressed himself more pacifically than now, never has he more clearly offered conciliation and compromise. In a little while, as with all the concessions made to Germany since the war, we may once again be too late.

AFTER THE INDIA REPORT

I. THE RECEPTION IN INDIA

SINCE the last article from India appeared in THE ROUND TABLE much has happened in the Indian political world, but the central feature has been the publication of the report of the Joint Select Committee. This document was released simultaneously in the United Kingdom and in all provinces of India, including Burma, a feat of organisation and secrecy to which tribute has been paid in the Indian press. The newspapers did not stint attention. The bulk of the actual text was reproduced all over the country, much the most notable effort being the *Hindu's* reprinting of the entire report, except the Burma section, for distribution on the morning of release. Three editions of this special issue were sold out, and thus 30,000 or 40,000 persons in Madras bought all the essential text of the report for one anna. Papers in all parts devoted leaders and special articles to the report, much the most thorough being Mr. Chintamani's *Leader*, of Allahabad.

Much of the comment was naturally a repetition of the chorus of March, 1933; for the many features of the White Paper that reappear in the report receive the same greeting now as they received then—the safeguards, for instance, the mode of participation of the States, the extent of reservation at the centre. The adjectival fluency in denunciation, which is one of the distinguishing characteristics of the Congress press in India, can be appreciated from the following phrases taken from a few consecutive lines in a Lahore newspaper :—

Flagrant disregard. . . . Grievous betrayal. . . . Iniquitous fraud. . . . Constitutional trickery. . . . Political chicanery. . . . Bamboozle India.

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The Congress press might indeed without injustice be accused, as Mr. Gladstone once was, of being intoxicated with the exuberance of its own verbosity.

Those papers which, like the *Leader*, offered a deeper treatment, all laid stress upon one or two general points. In paragraph 12 of the report, the Committee declare the preamble to the 1919 Act as setting out "finally and definitely" the ultimate aims of British rule in India. What, ask the *Leader* and other papers, has become of the pledges by Royalty, Prime Ministers and Viceroy? Why is there no mention of dominion status? Why is the policy of settlement by agreement, represented by the Round Table Conference system, now disregarded? Why is the body of approved principles reached in that series of conferences passed over practically in silence? If the 1919 preamble is the "final and definite" declaration of British intention, then, the critics say, this involves such offensive prescriptions as that any political progress shall be only in stages, shall be determined only by Parliament, and shall be dependent upon the amount of co-operation received. A Delhi journal, referring to the White Paper statement that the present Government of India Act would be repealed *in toto*, asked whether with it would go the preamble so praised by the Committee, and whether in that case there would be any other similar promise in the new Act, or whether this repeal was really a Machiavellian device to remove legislative sanctity from British political promises. Perhaps the keenest resentment was aroused by the Committee's statement that "a British India centre is not a possible solution of the constitutional problem." The *Leader* summed up its attitude in these words :

Federation or no federation, we must have a responsible central government for British India and have it without any more delay.

It dissents without qualification from the proposition that "unless and until some hotchpotch called federation by courtesy can materialise, British India can have no respon-

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sible government . . . Every Indian nationalist should sooner commit political suicide than subscribe to an opinion that so kills hope."

Federation was regarded as distant and uncertain. To quote the *Hindu* :—

If federation is not left hanging in the air, it is at least put through an obstacle race from which, if it emerges at all, it will emerge exhausted.

The transitory provisions are condemned as impracticable, and the experience of 13 years is invoked to illustrate the impossibility of reconciling an irremovable executive with legislative control. There was a general tendency to resent the Committee's description of the various circumstances in India hindering political development in accordance with British democratic tradition. The British Government itself was accused of producing, for instance by encouraging communal differences, the very circumstances now adduced in support of the Committee's attitude.

While the condemnatory vein was far and away the most prominent, there was not wanting comment of a less heated and shrewder type. Thus one paper welcomed the absence of dates for further action as affording a flexibility that might prove very advantageous to India. Here it was in conflict with the more common but less considered opinion which clamours for fixed periods. It cut free from the general run also when it declared itself "not altogether frightened" by the safeguards. A correspondent in another paper took the same view, remarking bluntly that "no Governor or Governor-General would have the guts" to let loose such an array of powers. A series of contributions to a Delhi weekly has followed up the theory that there may be more of façade and less of substance in the retention of power by Great Britain than is commonly imagined out here. The writer argues that in such a matter as the services no Governor would be able to exercise the meticulous interference apparently contem-

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plated by the authors of the report. The same contributor regards the proposed relinquishment of prior sanction to the introduction of religious and social legislation as a "revolutionary departure," in that "the British people have deliberately agreed to surrender their right in regard to judging what legislation in the religious and social field is most conducive to the welfare of the Indian people." The report is described as a valuable general constitutional document, inasmuch as it is practically the "first attempt at codifying the various British practices and conventions and putting them into a concise form." The Committee's remark in paragraph 19, that executive responsibility cannot be shared with the legislature, has been declared a "definite contribution" to constitutional practice, for which future Indian executives may one day be grateful.

Moslem comment was quieter, but the report is saved from the odium of welcome in one quarter contrasting with condemnation in another. Moslems complain that Baluchistan gets no reforms, and a Lahore paper condemned the rejection of "one of the most important" of Mr. Jinnah's 14 points, namely, the vesting of residuary powers in the provinces. This paper called for united opposition from all Indians, promising the Hindus wholehearted co-operation "if the latter will accept Mr. Jinnah's 14 points." Considering the vociferous Hindu condemnation of these points, the offer falls under the suspicion of being disingenuous. General Moslem opinion does not like second chambers, still less equipotent second chambers with powers over money Bills (paragraph 215 of the report); nor has it any welcome for the added powers given to the Governor in connection with law and order. The separation of Sind is welcomed and acknowledged with some expression of gratitude.

Sikh opinion, as so far expressed, is intransigent and frequently bitter, but Sardar Ujjail Singh has made the interesting criticism that if the different communities

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cannot come to terms they cannot expect self-government to be bestowed on them by a foreign government. Members of other communities have since echoed this opinion.

Comment on the Burma proposals has tended to centre on the actual details of separation rather than on the principle, which had practically been taken for granted before the appearance of the report.

The franchise proposals have aroused comparatively little comment, though Begum Shah Nawaz and other women leaders would have liked more consideration for women. The recommendation of indirect election for the federal lower house was greeted with a good many volleys, in which Hindus and Moslems united. Sir Tej Bahadur Sapru thought the change the product of Conservative opinion seeking stable elements at the centre. These hopes, he thought, would be dashed, and his general criticism, echoed in other quarters, was that indirect election would make the central legislature a mere reflection of the provincial bodies, with the result that "there will be little room for men representing middle opinion." There are indications, however, that the reasons for indirect election set out by the Committee in paragraph 198, and their statement in paragraph 202 that they regard the recommended system as open to future review, are receiving greater consideration and appreciation. If the proposed intermediate electorate had been the local Councils, voting as a whole on a quota system, the recommendation might almost have been welcomed in the more sober Hindu press. Moslem opinion expresses dislike of all indirect systems. Little of the criticism so far has gone beyond denunciation out of hand, but it betrays a certain depression at the straits to which India is reduced when communally elected sections of provincial bodies vote once again in communal seclusion for the central body, particularly when the insignificant provincial upper chamber groups have to perform this function. The election system laid down in the report may well have almost a cathartic effect,

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inasmuch as it exposes to India the *reductio ad absurdum* of communal suspicion and distrust.

It is generally admitted that the report is a very able document, and more than one comment, while strongly condemning the substance, has warmly approved the form. A welcome has been shown for its frequently attractive style, as compared with the aridity of the White Paper. The *Leader* has declared more than once that rather than have a constitution such as the report contemplates, India should "prefer to tolerate the present unsatisfactory constitution for a few years longer and wait for reform real and substantial." The prevalence of this idea evoked the Secretary of State's timely warning that any hopes of a better Bill from the next Parliament were illusory. An Indian Constitution Act is a flower that like the aloe blossom appears only rarely and almost as a portent.

II. THE REPORT UNDER FIRE

ON December 6 the Congress Working Committee adopted unanimously a resolution condemning the report. The phraseology was of the familiar polysyllabic kind, and its general tenor can be gathered from the following extract :

... Designed ... to facilitate and perpetuate the domination and exploitation of this country by an alien people under a costly mask. ... The Committee is of opinion that the said scheme should be rejected, well knowing that the rejection must involve the necessity of struggling under the present constitution, humiliating and intolerable as it is, until it is replaced by one framed by a constituent assembly. ...

"Rejection" was the cry in many quarters, but however feverish or envenomed the comment there was till recently practically nothing to suggest that any constitutional outcome would be boycotted. The *Hindustan Times* of Delhi remarked, "If it is forced on us we shall have to bear it,

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but imposed settlements never last." Much the same meaning is to be read into the *Tribune's* invocation of the Irish parallel, where an unacceptable Act had to be speedily withdrawn and replaced by a treaty. Mr. Vallabhbhai Patel was quick to correct a report which seemed to read more into his use of "rejection" than he intended, and a similar tendency to hedge has been generally apparent. At the end of December, however, Mr. Patel declared that Congress would not hesitate to adopt a policy of complete non-co-operation if a favourable atmosphere presented itself.

The meeting of the Liberal Federation at Poona at the same time showed the existence of a strong current in that party towards association with Congress in opposition. Thus even Mr. Sastri: "There may be many willing to co-operate, but not the Liberal party." While this pronouncement was welcomed in Congress circles, hopes seem to have misled judgment; for Mr. Sastri declared, in an article containing strong denunciation of the report (he refers bitterly to the "adamantine contempt" once again displayed by Great Britain towards India), that the Liberal meeting "would have advised rejection if it considered that course practicable" and that to work an imposed constitution is no less a duty than to work an agreed one; "perhaps it is more."

It is unlikely that non-co-operation would ever be taken up unless it were certain that all political bodies would participate; Congress do not intend to be left out in the cold again. If, on the other hand, the intransigent elements were to capture the Liberal party, boycott might be seriously considered. Everything would then depend on the Moslems. They are very unlikely to refuse to accept provincial autonomy, even though they profess dissatisfaction with some of its features. That being so, Hindus will never leave Moslems to work the constitution alone. It is a peculiar scene that presents itself to the detached observer. Some Moslems claim they are a "sub-nationality," but most

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Indian Moslems would probably admit themselves Indians first and Moslems second. The Hindus know this, and it is because the Moslems nevertheless hold fast to their separate electorates and other concessions that they irritate their Hindu brethren.

The Nationalist party contemplates making February 10 an "all-India anti-Communal Award Day" and devoting February 16-17 in Delhi to an anti-Award conference. It is doubtful whether this agitation will last, and certainly it seems unlikely to grow appreciably. In Bengal and the Punjab it may continue, but there is a tendency in Hindu circles to realise that Mr. Satyamurti was right when he said that the Decision could not be ended merely by shouting at it.

The Congress attitude of accepting the Communal Decision in practice is the wisest in the interests not only of India as a whole but of the Hindus themselves. Opposition, denunciation of the Decision, attacks on the Moslem and other beneficiaries merely make the latter more obstinate and suspicious, and the vicious circle coils more tightly than ever. It is here that a great leader is so much missed. Only such a one, with the faith of millions at his command, could take the big decisions necessary for an immediate solution. Failing his advent, we must look to the great solvent, time, and seek to let time work without the destructive interference of ignorance and prejudice.

Nothing could be better for India, for the United Kingdom and for the Empire than the emergence of clear lines of party severance in India, based on a determination to take the new constitution as a starting point and work it for whatever could be got out of it. It is, perhaps, the most valid criticism of the report that the safeguards are so prominent as to make difficult, if not impossible, precisely this consummation. Economic issues cannot arise to govern party development until they are exposed to the full currents of political controversy. So long, however, as safeguards reserve part or all of a subject, the political

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currents cannot have full play. The elaborate protection afforded to United Kingdom commercial and trading interests may have as its primary effect, not the development of parties favouring different policies in regard to tariffs or trade generally, but the consolidation of all political feeling in one party, viz., a party condemning and opposing the safeguards.

A certain depression is aroused by the too common failure to recognise that the future of India is not only an Indian or a United Kingdom or even an Empire problem, but one affecting the well-being and amity of the whole world, and certainly the relations between the white and coloured races. On its happy solution depends, not only the welfare of the fifth of the human race who find themselves in India, but an infinity of political relations represented on almost every meridian. It is not least among the causes of Indian resentment that in the United Kingdom the problem is too much regarded as purely or primarily British, and the fact that it concerns India is rather naïvely viewed as secondary. Such matters of *amour-propre* have an importance of their own and should not be dismissed as the product of hypersensitiveness. A man who is insensitive to method may be equally insensitive to substance; if, in the one, he does not trouble to study the preferences of those with whom he is dealing, he is even less likely to study them in the other; and the political distrust commonly entertained towards the British (and not only by Indians) may have its origin in resentment and dislike of the cavalier attitude too often adopted.

Whatever the form of the Indian constitution, however great the care taken in drafting, it will in working take an Indian turn, and such a development should not be resented in the United Kingdom. On the contrary, if the constitution is to be viable at all it must assume an Indian cast. Too much stress is laid on British idiosyncrasy in constitution-making, and Indian opinion with some reason would prefer less harping on this and a freer

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recognition of the fact that, however great the bonds between Great Britain and India, the two are not the same, and Indians will never be Britons.

Indeed, one criticism from this end might be expressed as resentment at the apparent tendency in the United Kingdom to expect Indians to be Britons and to censure them for not being so. Here again the *amour-propre* complex enters. But there is a hard core of common sense as well. The Indian may be more emotional than the Englishman, but he is certainly much less sentimental, and there are few things more irritating than for the unsentimental man to feel that his desires and destinies are being clouded by the pale cast of a sentimentality he cannot share. It is here that one is inclined to find the real parallel with Ireland.

An illustration of the above argument that democratic institutions in India must be expected to reflect Indian idiosyncrasy could perhaps be found in a recent remark by Mr. Gandhi: "It is slavery to be amenable to the majority, no matter what its decisions are." To British ideas this comes very near to anarchy, or at least to the negation of representative government as we understand it. On the other hand, it is in tune with those systems in which state authority, or indeed authority in itself, is magnified as the one essential, and it may be that India feels, like Germany, an unconscious need for a stronger and more visible authority than that of warring parties in debate. The device of accepting majority decisions as binding on minorities has been held one of the greatest of political discoveries; on it all systems of representative government are based. If it is absent or functions inadequately, authority as such becomes inevitably more prominent. Majority rule implies, moreover, a diminution in the personification of government, which may not readily commend itself to a country accustomed to or preferring a more individual embodiment of representation and responsibility.

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Mr. Baldwin dismissed any resemblance between the Indian and the Irish positions. In some ways he was right, and Indians even of the extremer side will admit an allegiance and almost an affection towards His Majesty and the British association that Sinn Feiners would never have confessed. On the other hand, there is a closer resemblance than Mr. Baldwin or indeed most politicians in the United Kingdom seem to suspect. The resemblance is in the texture rather than the detail. In both countries the problem is one of status and of psychological complex. It is because these govern the Indian outlook to-day that so much attention has been paid in India to the Joint Committee's careful abstention from use of the phrase "dominion status," and the similar avoidance on the part of His Majesty's Government.* This may seem to critics in Europe to indicate a deplorable concentration on mere words, but the Indian situation will never be understood unless it is realised that to persons suffering from a complex words may be charged with meanings, implications and intentions that their utterers never suspect. The Indian argument runs thus: "Dominion status" was formerly used in circumstances of the utmost solemnity by the Viceroy himself. The promise given in 1929 was reaffirmed by spokesmen of the Labour and National Governments at the Round Table Conferences. If ever a phrase was sanctified by responsible repetition it was this, and the obvious avoidance of it now can mean only an intention to resile from the promise. And it is the deduction that a promise is thus being whittled away, rather than any broad connotations of dominion status as a phrase, that arouses suspicion, distrust and in some quarters almost despair.

This argument is not in any way affected by the fact that even in India doubts have been expressed whether the preamble of 1919 is any longer suitable to Indian conditions, or whether indeed the term "dominion status"

* See postscript on page 317.

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can in its general connotation ever apply to an Indian federation at all. A part of that federation will be Indian States under sovereign rulers with His Majesty as suzerain. Since nothing comparable to this exists in any other Dominion, any so-called dominion status in India must at least be markedly *sui generis*. Whether this individuality would or need necessarily imply inferiority is another matter. For the present, all that need be said is that wisdom lay with His Excellency when in a recent speech he declared himself "not afraid" of the words "dominion status." Indian sentiment does not ask for definition of the phrase, but merely for its use. Psychological disturbances require psychological treatment.

Our leading European-owned paper, the *Statesman*, in associating itself warmly with the Indian attitude on this vexed issue, declared that if dominion status as the goal is taken away, "life is not worth living in India in any high sense." This support received general appreciation in the Indian press, but the *Tribune* went on to declare that a mere pronouncement of dominion status as the goal was not enough :

What is necessary . . . is that the preamble should clearly and unequivocally define India's actual status as being identical with that of the self-governing dominions.

The paper declares this is not incompatible with safeguards provided the removal of these is in India's discretion !

III. THE ELECTIONS AND THE CONGRESS

THE elections are over and Congress has come out well with two-fifths of the elected seats. This success of Congress candidates at the polls was anticipated by all those who had followed the recent trend of political thought. In any country a legislature whose term has

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gone beyond the normal is resented and its members are likely to suffer from that fact. The most interesting results were those where Congress failure was most marked or its success most spectacular. The first kind occurred in Bengal and to a less extent the Punjab, where the Nationalist drive was strong. The second kind occurred in Madras, where the Justice party was routed and staggering Congress majorities were returned.

The Nationalist party is the opposition under Pandit Malaviya to Congress equivocation on the Communal Decision, and it is precisely in areas where the Decision presses most hardly on Hindus that Congress candidates with everything else in their favour failed. There is a good deal to be learned from this. When a major issue arises, affecting the passions or interests of the voters, they will vote according to those passions or interests, not in response to a theoretical loyalty. This may be taken as an indication of the future ; when real economic or other issues come before the electorate, no omnibus party can expect a right of way ; the reserved chariots will take precedence. Taking the broad view, the results in Bengal and the Punjab may be described as encouraging to the student of politics in India and to the speculator on her political future.

The Madras surprises are of a different order. It was thought that the Justice party, strongly entrenched in the citadels of government since the first days of the Montagu-Chelmsford constitution, would offer the strongest resistance in India to Congress attack. Actually its defeat has been more of a rout than happened anywhere else. The excuse has been put forward that the Justice party has preferred local matters and has lacked interest in the central legislature. The Justice party has indeed always taken the Madras Council as its objective. This explanation, however, does not take us all the way or even most of it. If the Justice organisation had been as strong as was imagined, it would not have thus gone down in dis-

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creditable disaster. One explanation lies in the difference in attitude. The Congress were on the attack, always a good card in India. They had enthusiasm and no inconvenient past association with necessary but unpleasant duties of government. They could wear the halo of self-styled martyrdom, again always a good card with the emotional Indian elector.

Finally, there enters into this defeat something, possibly, of the half boredom, half disgust that seizes an electorate against a party which has been too long in power. Moth and rust, we are told, corrupt our physical possessions, and power, one might add, corrupts every human individual. It is perhaps in this that the true merit of representative systems of government lies. The swing of the pendulum prevents the too long location of power in one set of hands, and thus there happens periodically the purge of defeat and opposition. Here, again, one inclines to see in these Madras results a gleam of hope for the future. If this cause counted strongly, as there is reason to believe it did, in the Justice débâcle, it is perhaps an indication that in the Indian political future, when genuine parties are contending for genuine power, there will be no likelihood of the permanent retention of power by the Congress or any other body, and of its being thereby corrupted. And if this is so, one may well conclude that the sooner genuine power arrives the better for India and the better for Great Britain.

Another lesson from the recent elections has been the power of organisation in India. This was suggested in the last ROUND TABLE article, and has had a striking confirmation. It is interesting to reflect on the modern tendency even in Great Britain towards the landslide type of election. 1906 began it, 1918 saw another and 1931 a third. The larger the proportion of the electorate which, if not absolutely illiterate, is at least ill-educated or unreflective, the greater the likelihood of mass movements of this kind, and since the recent elections not a few

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voices here have questioned the wisdom of any direct electoral system for the Indian centre. The evils and difficulties of indirect election are admitted by these critics, who nevertheless cannot look forward with equanimity to the prospect, a decade or two hence, of a colossal all-India electorate moving in tempestuous passion from pole to pole of politics.

There has so far been no pronouncement by Congress authorities on how their Assembly representatives will act, but an interesting forecast by one of them indicated that the party will be in the Assembly primarily to work rather than to obstruct. There will be no walks-out, he says.

We will stay in the Assembly and make the voice of the people heard and have its full weight in all matters affecting the welfare of the nation. . . . The party will be prepared to initiate proposals, to bring forward resolutions, to do everything in its power to help Mr. Gandhi's constructive programmes.

Tariff policy, exchange, currency and so on are all directly implicated in these activities. The party will act as a single unit under the strictest discipline. According to this correspondent, there should be no individual liberty of action whatever; the party must act "as one body." Where the interest of a particular constituency is against the view favoured by the party as a whole, the member for that constituency must follow the party view, not the local interest. Proposals of non-Congressmen for the benefit of the country will have the party's support. The party will take its full share in the work of select committees, in the discussion of bills and other such activities.

Although the Assembly Congressmen do not contemplate non-co-operation, the attitude they propose to adopt could not be described as co-operation but rather as Opposition with a capital O. They have chosen a strong front bench team, of whom Messrs. Bulabhai Desai and

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Satyamurti, respectively leader and secretary, are likely to be most prominent in debate. Adjournment motions were put in before the Assembly opened. A tendency to avoid general social functions has shown itself, and the session is likely to be full of incident and interest, not to say excitement.

The Congress session, which had opened just before the last article left India, threw up scarcely any new personalities, but Rajendra Prasad's stock has probably gone up, as a man of honesty, courage and conviction, though not an orator or a player upon the hearts of men. To the attractive figure of Pandit Malaviya may be applied with some truth a term that would indeed surprise him—die-hard; he and his comrades are fighting the die-hard battle of the orthodox Hindus against the increasingly purely political outlook of the Congress. Mr. Nariman has emerged as a man of much organising capacity and enthusiasm but unnecessarily combative. A certain intolerance towards any who venture to differ has always been a notable feature of Congress polemics.

In review, the most important results of that session seem to have been: first, the alteration of the Congress organisation; second, the adherence to the non-committal attitude on the Communal Decision; and, third, the withdrawal of Mr. Gandhi. Although the human interest, so to speak, of the last is greatest, the above is the real order of importance.

The amendments to the Congress constitution actually passed differed fairly substantially from Mr. Gandhi's original and more drastic proposals. The chief changes made were that the number of delegates should be reduced from 6,000 to 2,000, that the delegates themselves should elect the president and the members of the All-India Congress Committee, and that various qualifications, including regular spinning and habitual wearing of hand-woven cloth, should be required of the latter. The All-India Congress Committee will in future consist of 166

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members. The effect of these changes, if they are applied, will be to inform the Congress with a degree of true regional representation that in latter years it had almost completely lost. As Mr. Gandhi himself pointed out with some pungency, anyone could become a delegate for anywhere at the cost of four annas. In future this should be impossible, and the whole organisation will be tightened up and set in a frame of genuine local representation. There seems to be behind all this the intention to bring Congress more into the shape of a power definitely competing with the constitutional Government, and perhaps here we can see another and more sinister parallel with Ireland and Sinn Fein. If a fully functioning system of local election and representation, along with regular and regularly conducted meetings, can be brought about, it may be developed as an attempt to furnish the constituent assembly contemplated in Congress pronouncements, but hitherto no more than an aspiration. It was clear from speeches, interviews and other utterances that the more far-seeing Congress leaders realised that if the Congress system was to offer any effective challenge to the legislatures of the new constitution, it must steal some of the latter's thunder and begin from local election and representation. Hence these changes. The proposals came first from Mr. Gandhi, but one is inclined to detect another and different brain and purpose behind them. The cover of the Mahatma's name and influence may have been secured, not for the first time, for policies conceived elsewhere.

IV. FEDERATION AND THE STATES

THE federation of India will clearly be unique. It is not unknown or even unusual for federations to comprise elements differing widely in religion, ethnic origin or social customs. Nor is it unknown for the component units not to share a common mother tongue, though

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the number and diversity of highly developed languages in the Indian federation is unapproached. But the presence of sovereign States along with non-sovereign units is a novelty as perplexing as it was inevitable. There has been some uneasy speculation on the precise part the States will play; this speculation is likely to increase and, at any rate from the States' side, will take positive form with the appearance of the Bill. British Indian opinion on the whole dislikes the mode of State participation proposed and, not unnaturally, suspicions have been expressed that the States' members of the legislature will replace in stronger form the present official bloc. Sir Tej Bahadur Sapru and some others, however, dismiss this last fear, pointing to the wide regional differences as likely to cause an increasing alignment of States with the portions of British India they adjoin or resemble, or whose interests they share.

A speech on the rôle of the States by Sir Malcolm Hailey, the late Governor of the United Provinces, at Benares in November, 1934, aroused considerable comment. His theme was that autocracy might still have a place in the Indian political scheme of the future. "Informed by wisdom, exercised in moderation, vitalised by the spirit of service . . . it may well prove that it can make an appeal in India as strong as that of representative and responsible institutions." The suggestion of autocracy as an alternative to the system in contemplation for British India did not pass without much comment, the chief line of attack being that Sir Malcolm's view leaves out of consideration the position of the States' peoples. The *Tribune* of Lahore was the chief voice of the protestors.

The people of India will never give to the Princes or their nominees their "due share in responsibility for the general management of India," if the Princes on their side will not permit them to have a similar voice in the management of their own affairs.

This virtual ultimatum is described as "the only self-respecting position for India." ". . . There is nothing

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sacred about autocracy." Indeed, says the *Tribune*, but for the protection afforded by the suzerain power, many of the States would have had to alter their system of government long ago. The paper concludes by saying that "the advent of real popular government in India is bound to accelerate the process; federation or no federation, things in the Indian States can no longer remain what they are." It was interesting to find in the mouth of the *Tribune* the words "real popular government" in apparent description of the White Paper scheme so violently attacked. There would be wide agreement with the journal's general conclusion that the process at work in British India is "silently at work in the States, and the establishment of popular institutions in British India is bound to expedite it."

India,

January 21, 1935.

POSTSCRIPT

Moving the second reading of the Government of India Bill on February 6, Sir Samuel Hoare, the Secretary of State, made an important declaration on the subject of "dominion status." The Government, he said,

stand firmly by the pledge contained in the 1919 preamble (which it is not part of their plan to repeal) and by the interpretation put by the Viceroy in 1929, on the authority of the Government of that day, on that preamble, that "the natural issue of India's progress as there contemplated is the attainment of dominion status" . . . This Bill is a definite step—indeed, a great stride forward—towards the achievement of that purpose.

The Government's policy, he continued, was to do all they could by sympathetic help and co-operation to enable India to overcome the difficulties in the way of full self-government, and ultimately to take her place among the fully self-governing members of the British Commonwealth of Nations.—*Editor*.

THE SOUTH AFRICAN PROTECTORATES

THE belief that on his forthcoming visit to London General Hertzog will renew the request, already made informally, for the transfer to the Union of the administration of the territories of Swaziland, the Bechuanaland Protectorate and Basutoland has awakened interest not unmixed with misgiving in the milieus of Parliament and of Whitehall, and in certain circles of public opinion in this country. Concern for the welfare of subject races is an honourable tradition of our public life, and it is a tradition which all parties in the State can claim to have inherited. No one, either in England or in South Africa, is likely to complain if Parliament and its constituents take their responsibilities in this matter of the protectorates seriously. A legitimate grievance could only arise if this decision of Parliament were taken on anything less than a full and impartial consideration of the questions at issue, or if it could be shown that undue weight had been given either to our obligations to the Union or to our obligations to the natives. THE ROUND TABLE holds the view that the time has come to negotiate the transfer of the administration of the protectorates by way of a binding agreement between the Governments and the Parliaments of Great Britain and of South Africa. In the hope that it may contribute to a clearer understanding of the issues, this article will set out, as briefly as may be, the reasons which have led THE ROUND TABLE to that view. In a previous article* on the

* See THE ROUND TABLE, No. 96, September 1934, pp. 785-802.

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subject the history of the territories and their present condition were examined at some length, and no attempt will here be made to cover the same ground.

The request for the transfer of the administration of the protectorates is in no sense a bolt out of the blue. The constitution of the Union—the South Africa Act of 1909, an Act of the British Parliament—contemplates the transfer, and through the Schedule to the Act prescribes the conditions on which the territories are thereafter to be governed. Section 151 reads as follows:—

The King, with the advice of the Privy Council, may, on addresses from the Houses of Parliament of the Union, transfer to the Union the government of any territories, other than the territories administered by the British South Africa Company, belonging to or under the protection of His Majesty, and inhabited wholly or in part by natives, and upon such transfer the Governor-General in Council may undertake the government of such territory upon the terms and conditions embodied in the Schedule to this Act.

The Schedule provides for the administration of the territories after transfer, not by the Union Parliament, but by the Governor-General in Council acting through a commission of three or more members. Certain guiding principles are established, such as free intercourse with the Union, no customs barrier, the prohibition of the sale of intoxicating liquor, and the maintenance of all native reserves. The King is empowered to disallow any proclamation of the Governor-General in Council relating to any of the territories, and any Bill to amend the provisions of the Schedule is to be in the technical sense "reserved."

These provisions were inserted 25 years ago in the South Africa Act because both this country and the Union recognised that transfer was inevitable and wished to determine in advance the conditions on which it should take place. The Union was too much preoccupied with its own urgent problems of consolidation to be willing to assume immediate responsibility for the protectorates. But from very early days the transfer of the administration

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of the protectorates was a subject of frequent informal discussion through the Governor-General, and negotiations for the transfer of Swaziland to the Union, as a first step, reached an advanced stage in the lifetime of General Botha, who died almost 16 years ago.

Since then the Statute of Westminster and its corollary in the Status Act of the Union have made nonsense of the Schedule and of section 151. The disallowance and the reservation of Union legislation are now meaningless terms, and it is technically within the power of the Union Parliament to amend or to repeal the Schedule. It is understood—and the view expressed in this article rests entirely on that understanding—that they make no claim to do anything of the kind, and that they are prepared to look behind the letter of all these enactments to their intention, recognising frankly that section 151 and the Schedule of the South Africa Act constitute an agreement between Great Britain and the Union and are therefore an instrument which can be modified by mutual consent and not otherwise. If this is so, and the Union is willing to implement the contract of 1909, nothing but a radical change since that date in the relative situations of the natives in the Union and in the protectorates would justify the other party to the contract in refusing to carry it out.

No such radical change can be discerned. Indeed the last twenty-five years have served only to underline the dependence of the protectorates on the Union. Consider, for example, these facts. In the first place, since the withdrawal of Imperial troops from South Africa in 1914 we have been in the position of having to rely on the South African Defence Force in the last resort for the maintenance of order in the protectorates. In the second place, the Union is the only market for the labour and for the products of the protectorates; if that market were withdrawn, nothing but the charity of Great Britain could save the protectorate natives from starvation or their governments from bankruptcy. And, finally, so long as the adult male

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population of the protectorates spends a substantial part of its life in the Union—as it does to-day and has always done—it will be exposed to the same influences, good or bad, from European civilisation as the natives of the Union, and the administrations of the protectorates will be as impotent as they have always been to apply a native policy of their own as distinct from a Union policy.

This complete economic and cultural dependence of the protectorates on the Union vitiates any comparison between the protectorates and native territories such as Tanganyika or the Gold Coast or the southern districts of the Sudan. It is also the answer to the suggestion of the Selborne Committee* that before Great Britain implements the contract of 1909 we should encourage the natives of the protectorates to await a definition of “the native policy of the Union.” For that suggestion surely invites the retort from the Union: “What is your own native policy for the protectorates? Can you have one, independently of ours, unless you are willing to prohibit the movement of your natives out of the protectorates and to devote your money and your energies to the creation of a Bantu Utopia in their reserves? Is that an alternative such as the British Parliament or even the protectorate natives themselves would welcome?”

Is it not time to ask ourselves what we mean by “native policy” and its definition, time, indeed, to recognise that neither we nor the Union can write a native policy or find a “solution of the native problem” by some formula like a medical prescription? Can we look for anything but the day to day adjustment of certain principles to changing conditions? In this sense there can be no real doubt what is the native policy of the Union. South Africans of whatever race or creed would claim that their attitude to the natives is governed by two main considerations—to maintain a paramount white race, as free from the mixture of blood as possible, and to afford the natives every oppor-

* See THE ROUND TABLE, No. 96, September 1934, p. 802.

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tunity, consistent with that aim, of working out their own future under European guidance. They have to meet great practical difficulties—such as the inadequacy of native reserves, the clash of white and native artisans, the devising of political institutions adapted to the native capacity—and it rests with European public opinion in South Africa whether those difficulties as they arise are met in a liberal or an illiberal spirit. There is good reason to believe that public opinion in the Union is better informed on native affairs and more liberal to-day than in 1909, and it is only necessary to compare, say, the working conditions in factories in England in 1913 and to-day to realise what an immense distance public opinion can travel, almost without knowing it, in twenty years. South Africa under the Union has not shown any lack of ability to find constructive solutions of great problems. Is it, then, either wise or generous for this country, by a refusal to transfer the protectorates or by a reluctant and grudging consent, to indicate its belief that we hold the secret of some superior wisdom in native administration, such as would enable us to provide a better government than the Union even in territories where we can never hope for any real freedom of action?

There remain the natives themselves. We are committed to consult them but in no way committed to be guided solely by their wishes. It is fair to assume that those wishes will depend mainly on the manner of the consultation and on the safeguards for their future that we have been able to devise in agreement with the Union. If we adopt the only honest course of putting the real alternatives plainly before them, it is unlikely that they would refuse to throw in their lot with the natives of the Union.

For these reasons, then, the ROUND TABLE is of opinion that in the interests of the natives themselves the proper course for this country to take is to negotiate an agreement in the nature of a treaty between Great Britain and the

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Union. The agreement would provide for the transfer of the administration of the protectorates on the terms of the Schedule to the Act of 1909 (or such amended terms as might seem desirable to all parties) and the Union would bind itself to make no departure from those terms except with the concurrence of Great Britain as the other party to the treaty. For administrative reasons it would be wise to follow the procedure that has always been contemplated and to transfer the territories not simultaneously but at stated intervals, first Swaziland, then the Bechuanaland Protectorate and finally Basutoland. It would be well, too, should any local changes in administration be agreed to be necessary, if they were made before rather than after transfer. In this way the ordinary native inhabitant would be less likely to connect the changes with the change of government.

NEW DEAL OR OLD MAHOGANY

(By a Correspondent in the United States)

IT would certainly be premature to attempt now to compose an authoritative work on the decline and fall of the Great American Republic. Students of history have observed that no one ever woke up in the morning to say, "Hullo, I see that Rome (Egypt, Babylon, Athens, etc.) has fallen." The cinema of history doesn't function in that clear-cut way. One can never be quite sure where one reel ends and another begins, and even when one can distinguish the end of a reel it is not always easy to tell whether the next reel is just another reel or another picture altogether. What we actually say on getting down to the morning paper is, "What a mess this is!" Then the work of appraisal and interpretation is passed on to posterity.

To-day it is premature even to determine whether the New Deal is worth a chapter in the work of America's future Gibbon. But certainly a complete account of that congeries of false hopes, false economics and false morals presented to our stricken people under the name and style of a New Deal should have a place in the library of every student of human affairs. In any compilation of cautionary tales for grown-ups it has an assured position. But to write about it now is not so easy. It will be simpler to start with the undoubted facts.

I

WHEN these words are in print Mr. Franklin D. Roosevelt will have passed the halfway mark of his first term. For more than two years he will have been, not merely the President of the United States, but the principal

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popular figure in the country, the most important of its political leaders and the Defender of its Faith in the New Deal. He has under the statutes more actual power than had any predecessor; and no President ever had a more eager following. The elections of November 1934 gave him a magnificent political and popular vindication. The Democrats received a popular vote of about 16½ million to about 13½ million for the Republicans. Indeed, one has heard widespread rumors to the effect that the Republican party is moribund, that it will never again play any serious part in national affairs. This rumor can certainly be overdone. The Republicans got something like 45 per cent. of all the votes cast at the last election. They retain their organization all over the country. Although their defeat was of historic proportions, it is no time for epitaphs. In the first place, the total vote of 29½ millions for both parties compares with a vote of 38½ millions in the presidential year 1932. In the second place, the Republican percentage of the total rose from 39½ in 1932 to 45½ in 1934.

There is bound to be organized political opposition to the New Deal, and the most natural supposition is that the Republican party will continue to conduct it. No one doubts that there will be new party alignments. With men like John W. Davis, Democratic candidate for President in 1924, and Al Smith, Democratic candidate for President in 1928, outspoken in their aversion to the New Deal, it is obvious that the new opposition party, if it is to be effective, must win the support of the conservatives in both parties. Also, Republicans impressed with the new slogans, with federal aid, or with the brave ostentation of the New Deal will bolt their party. There is already an important movement in the Republican party which would have it more "liberal." Senator Borah is for this, and Senator Nye and Senator Norris. The La Follette Brothers of Wisconsin and Senator Cutting of New Mexico have for a long time been only ambiguously Republican, and Senator Vandenberg of Michigan, one of the few Republican

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Senators to be returned to his seat in the Senate, condemned only some features of the New Deal, declaring himself desirous of preserving its more beneficent aspects.

A study of the election returns might suggest that the nation was now marching on to prosperity in a spirit of unanimity. This is certainly very far from the case. In fact the President himself is credibly reported as being somewhat disconcerted at the election returns. He is not the first political leader to be troubled by the number of his followers. Also, despite the popularity of his theories and abounding evidence of better business conditions, he is confronted by some ugly facts. For present purposes one can discard all the figures—some of them quite cheering—that the statisticians can bring in, and look at only two, the figure of unemployment and the figure of the national debt. There is nothing very comforting about either.

As to unemployment, the facts seem to be that, despite the National Recovery Act, or because of it, or for other reasons, employment in private industry has increased little if at all since March 4, 1933, the day of Mr. Roosevelt's inauguration. Federal projects have from time to time absorbed two or three million, but there are certainly ten or twelve million idle at present who are in no immediate likelihood of getting jobs. Of course, the burden of their support through public and private agencies is a cruelly heavy burden on the rest of us. The abiding question is how long it can or will be supported.

The size of the national debt bears a direct relation to the amount of national unemployment. Orthodox economists say that the mounting debt keeps money idle and men idle through want of confidence. The President evidently disbelieves this. If he goes on spending, the end is all too apparent, but he evidently feels that before he gets to the end the pump may be primed or some other miracle may have happened that will let him and his party out. On the other hand, if he stops spending now he might be deemed to be confessing his previous policy

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erroneous, and he then has to contemplate the awkward prospect of armies of men coming to Washington with banners inscribed "Work, not Doles."

The situation is the same as for some time past. Retail business is good. Christmas business was excellent, but heavy industries are sluggish because they depend on confidence and the willingness to invest and assume forward commitments—conditions which do not exist. This is true notwithstanding the comparative stability of our monetary policy. It is demonstrable that in the last six months the American dollar has been as stable as any currency in the world. But thoughtful people, knowing the consequences of permanently unbalanced budgets, doubt the indefinite continuance of this situation. It is credibly reported that the Administration is more concerned than heretofore at the international aspects of the monetary situation. The difficult position of the gold bloc is said to be causing some anxiety. The collapse of the franc is now admitted to be a development distasteful to us. Mr. Lewis Douglas, the able young man who has resigned as Director of the Budget, has not minced words in describing the dangers arising from our budgetary situation. Keeping the budget unbalanced means, he says, competitive devaluation of currencies, struggles of economic nationalism and ultimately war.

II

THE Congress convened on Friday, January 4, and was addressed by the President. Despite the evident failure of many of those mechanisms and devices most hopefully looked upon in 1933, there is no note of apology in the President's message. "We have undertaken a new order of things," he says boldly at the beginning. "Yet we progress towards it under the framework and in the spirit and intent of the American Constitution." This is a shot at his Republican and other adversaries who

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have steadily asserted and still continue to assert the contrary.

"We have proceeded throughout the nation," he continues, "a measurable distance on the road towards this new order. Of equal moment there is evident the restoration of that spirit of confidence and faith which marks the American character." Even Mr. Roosevelt would probably admit privately that the restoration of confidence and faith had not progressed as far as he might wish.

In most nations social justice, no longer a distant ideal, has become a definite goal and ancient Governments are beginning to heed the call. Thus the American people do not stand alone in their desire for change. We seek it through tested liberal traditions, through processes which retain all of the deep essentials of that republican form of representative government first given to a troubled world by the United States.

Historians of "social justice" may note that the idea was not invented in 1933. But conceptions of what may or may not constitute social justice at any particular moment have fluctuated considerably in the world's history and even now cannot be said to have become static. "The outlines of the new economic order, rising from the disintegration of the old, are apparent." This statement presents an alluring picture, but will not command universal assent. There still remain some millions of Americans who believe that the old "economic order" did not disintegrate but that the price and credit system did. They profess to perceive a distinction between the two. To them the necessity of an entirely new economic order is not apparent and its outlines are conspicuously less so.

The attempt (said the President) to make a distinction between recovery and reform is a narrowly conceived effort to substitute the appearance of reality for reality itself. When a man is convalescing from illness wisdom dictates not only cure of the symptoms but also removal of their cause.

So much for the inconsistency which critics of the

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President—even such friendly ones as Mr. Keynes—have professed to see between the endeavors to get out of this mess and the endeavors to prevent another. Some people are so harsh as to think we are doing neither.

The President then proceeds to expound the evangel of social justice. "In spite of our efforts and in spite of our talk we have not weeded out the over-privileged, and we have not effectively lifted up the under-privileged." Just who is over-privileged and who is under-privileged? For example, are individuals like the present writer on the list of those destined for "weeding out" or for "lifting up"? The President's lists may be as complicated as those of that humane Mikado immortalised by W. S. Gilbert. Furthermore, how is the weeding out going to be done and how the lifting up? In accordance, no doubt, with "tested liberal traditions," but specifically how? Presumably those scheduled for lifting up won't mind, but those on the weeding out list might.

"No wise man has any intention of destroying what is known as the profit motive, because by the profit motive we mean the right by work to earn a decent livelihood for ourselves and for our families." This is the clearest pronouncement yet made by the President for the capitalistic conception of profit. This is hailed as a "swing to the Right." It will doubtless disappoint thousands of New Dealers who have inveighed against the profit motive as the cause of all our woes.

"We have, however, a clear mandate from the people that Americans must forswear that conception of the acquisition of wealth which, through excessive profits, creates undue private power over private affairs and, to our misfortune, over public affairs as well." This is all very well, and the claim to a mandate is well founded, but when are profits "excessive" and when is "private power" undue? For example, was the Government's 40 per cent. profit on devalued gold excessive or undue? An inflationary policy invites speculation of all sorts. May we

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assume that America is now educated against all abuses of the profit motive ?

"We do not destroy ambition nor do we seek to divide our wealth into equal shares on stated occasions. We continue to recognize the greater ability of some to earn more than others." This is more to the Right. "But we do assert that the ambition of the individual to obtain for him and his a proper security, a reasonable leisure, and a decent living throughout life is an ambition to be preferred to the appetite for great wealth and great power." There will not be much dissent from this general principle. But what are "proper" security and "reasonable" leisure and a "decent" living ?

In discussing social security the President adverted to three types :—

- (1) Security of livelihood through the better use of natural resources ;
- (2) Security against the major hazards and vicissitudes of life, and
- (3) Security afforded by decent homes.

Since the opening of Congress the President has recommended more particularly measures of unemployment insurance and old age pensions, into the details of which space forbids a close examination.

Referring to the vast and unprecedented scale of expenditures on relief and public works, the President found himself compelled to recognize "the stark fact . . . that great numbers still remain unemployed." As a matter of fact, there has been no gain whatever in the battle against unemployment in the past year. The President admits that the burden "has grown with great rapidity." "The Federal Government must and shall quit this business of relief." The dole, he says, is a narcotic and he considers cutting grass and raking leaves is no solution. A million and a half unemployed now on relief rolls and formerly dependent upon states, cities, towns, churches and private

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welfare agencies he proposes to return to those who cared for them before.

For the other three and a half million the President proposes that all emergency public works shall be united in "a single new and greatly enlarged plan." In the characteristic lingo of national planning, he says : "With the establishment of this new system we can supersede the federal emergency relief administration, with a co-ordinated authority, which will be charged with the orderly liquidation of our present relief activities and the substitution of a national chart for the giving of work." Phrases like "co-ordinated authority," "orderly liquidation" and "national chart" send shivers of delight up the spine of any New Dealer.

This program for public works should be governed by seven practical considerations :—

1. The work should be permanently useful.
2. The pay should be better than the relief dole, but not high enough, as in the past, to encourage the rejection of opportunities for private employment.
3. The projects should permit the use of a large percentage of direct labor.
4. Preference should be given to self-liquidating projects. This is against the advice of a voluble but somewhat obscure group of economic thinkers.
5. "The projects undertaken should be selected and planned so as to compete as little as possible with private enterprises. This suggests that if it were not for the necessity of giving useful work to the unemployed now on relief these projects in most instances would not now be undertaken." This statement naturally helps to clarify the relation between public and private endeavor. The danger is that, like many political decisions, it may be modified overnight.
6. Public works should be planned to "taper off" in proportion with the speed with which workers are offered positions with private employers. If the past is any criterion, private employers will remain out of sight, scared half to death by wild talk.
7. Public works should be located where they will do the most good. But, generally speaking, the place where the finished work is likely to be of most value is not the place where the most people need jobs.

The President closed his message with a reference to

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international affairs, which he recognised to be unsatisfactory. He expressed the hope that "calm counsel and constructive leadership will provide the steadying influence and the time necessary for the coming of new and more practical forms of representative government throughout the world, wherein privilege will occupy a lesser place and welfare a greater."

Under normal conditions the message of a President to the convening Congress is little noticed and soon forgotten, but it is here quoted at length because in the present period of utter confusion and doubt it is turned to eagerly and closely scrutinized for intimations of the future—the only authoritative intimations of the future projected, if not of that to be attained.

III

TOTAL expenditure requirements for the fiscal year ending June 30, 1935, were estimated by the President in his special budget message of January 7 at \$8,581,000,000. Of this amount \$3,321,000,000 is for regular expenses and \$5,260,000,000 for recovery and relief. Of the latter figure \$788,000,000 is for the Agricultural Adjustment Administration and refunding of processing taxes. Thus far the Government has been spending about \$350,000,000 a month for recovery and relief, about \$50,000,000 less than Mr. Keynes has mentioned as indispensable.

The amounts expended for recovery from February 1, 1932, to November 30, 1934, exceeded eight billion dollars. Provisions for recovery and relief for this period came to just under 14½ billions, of which amount approximately 6¼ billions remain to be spent. Income is estimated at \$3,122,000,000 for the fiscal year ending June 30, 1935. This will not meet the ordinary running expenditure of the Government, to say nothing of expenditures designated "extraordinary" but unfortunately no longer uncommon. The yield from income taxes will be up nearly a quarter of

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a billion over the previous fiscal period. Other miscellaneous revenues will surpass 1934, but customs will be down, thanks to the Cuban sugar agreement and the foreign trade situation in general. The deficit for 1935 is estimated at \$4,869,000,000. Gross debt at the end of the period will be about 31 billion dollars. This is \$800,000,000 below previous estimates, but is still an all time high.

The President confesses that his hope of a balanced budget for 1936 is now gone. Expenses for that year will go higher. The last 5 per cent. of the 15 per cent. pay cut of federal employees is to be restored. There will be added charges for national defence, to make up for our delay in meeting the provisions of the naval treaties of 1922 and 1930. Interest charges on the national debt are mounting with the debt, though there is a saving here due to the reduction of the average rate of interest on the public debt from 3.43 per cent. to 3.22. It will probably go lower still.

The President recommends that four billion dollars "be appropriated by the Congress in one sum subject to allocation by the Executive, principally for giving work to those unemployed on the relief rolls." This would be a fairly handsome delegation of legislative power to the Executive, for which it would be difficult to encounter any precedent. The deficit for the year 1936 is 4½ billion dollars and the national debt on June 30, 1936, four months before the Presidential election, is expected to reach 34½ billions. This increase, the President says, "will be solely due to continued relief for unemployment."

For a short period following the reading of the budget message there was no bid for several issues of United States government bonds.

Hunting inconsistencies in the language of a political leader is an old and easy game, but to students of the primrose path of budgetary inflation it is not un instructive to look back over the near past. For example, there was Franklin D. Roosevelt, the Democratic candidate for

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President in October, 1932, crying out "The people of America demand a reduction of federal expenditure." "Let us have the courage to stop borrowing to meet continued deficits." "Muddled government finance creates a general uncertainty concerning the value of national currencies. This uncertainty has a way of spreading from country to country. The world is tormented with it now."

Before a week of his incumbency as President had passed he was saying: "For three long years the federal government has been on the road to bankruptcy. With the utmost seriousness I point out to Congress the profound effect of a five billion deficit upon our national economy. The very stability of our government itself is concerned." On October 2, 1933, after seven months of office, he was of the same mind: "Industry cannot be restored, people put back to work, banks kept open and human suffering cared for if the government itself is bankrupt." And a year ago: "We should plan to have a definitely balanced budget for the third year of recovery and from that time on seek a continuing reduction of the national debt."

Thus is hope deferred in the face of the obvious fact that we are not really recovering in any orthodox or traditional sense. It may be that we are approaching an inflationary boom. But that is cold comfort.

Two acute critics of the New Deal have recently pointed out that it has accomplished nothing that couldn't have been accomplished by an earthquake of sufficient magnitude. Like the New Deal, a ruinously destructive earthquake would have curtailed crops, promoted higher prices, a demand for new construction and an inflation of credit. An earthquake would not necessarily have initiated policies as questionable as dollar devaluation and the codification of industry.

The most important question is, what is the sequel to the New Deal after even the New Dealers confess its failure? Not immediately a change of party, it would

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seem. With four billion dollars allocated to the Executive "principally" for giving work to the unemployed, Democratic success at the polls in 1936 ought to be assured.

IV

EIGHTEEN months ago we were parading for the National Recovery Act. Now the National Recovery Administration is quietly being reorganized. This is another case of "orderly liquidation." The audacious and intrepid leader of the Recovery Administration in its heyday, General Hugh S. Johnson, is now writing a series of articles in a popular magazine on the Blue Eagle (symbol of the Recovery Administration) "from egg to ground." Mr. Donald Richberg has now become vested with the title of Co-ordinator and has threatened the General with a libel suit should the General become unkind. But the General is too wise to become the defendant in any libel suit, and is saying some very sensible things. It is surprising how much more sensible some men can be without the constriction of a public office or of any candidacy for the same. Meantime ordinary people, especially the little fellows, are forgetting about the N.R.A. and doing so with perfect impunity.

The P.W.A. (Public Works Administration) is now admitted by erstwhile friendly commentators like Mr. Lippmann to be "worse than a failure," and philosophers of the spending school like Mr. David Cushman Coyle are explaining the somewhat mystical reasons why the billions heretofore spent cannot be said to have been wasted. The President's own indictment of previous relief administration has been referred to. The A.A.A. (Agricultural Adjustment Administration) has changed its basic policy.

Meantime the Courts have not been inactive on New Deal legislation. A Federal District Court in Alabama has held that the Recovery Act is unconstitutional in delegating

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legislative powers to the President, and that the lumber code unlawfully encroaches on states rights and takes property without due process of law. In a New Jersey Court, the Attorney-General was denied an injunction against a price-cutting laundry. A Federal District Court in Indiana has denied an injunction to the Secretary of Agriculture against a corporation distributing milk in Indiana without a state license, saying that the defendants were entitled to the protection of the federal constitution "even though the granting of such protection might affect a planned program of an administrative body of the Government." A Federal District Court in Missouri has held unconstitutional price-fixing provisions in the retail lumber trade code. These decisions of inferior Courts have yet to stand the test of appeal. But in the so-called "hot oil" case* the United States Supreme Court has held, not five to four, but eight to one, that a complete delegation of legislative power from Congress to the President involves an infraction of the constitutional mandate of segregation of legislative and executive functions.

In mid-January the United States Supreme Court also heard arguments in what is likely to become the most celebrated litigation ever to come into its august hands. These are the so-called gold clause cases, involving the constitutional validity of devaluation and the real significance of a contractual obligation to pay "in gold of the present standard of weight and fineness." Two cases before the Court involve the duty of private corporate obligors—railways as it happens. One case involves rights under a United States gold certificate and a fourth involves the Government's right to repudiate its own obligation to pay in gold on a Liberty bond issued in 1918. It is obvious that the Court may find some distinction in law between a nation's right to modify the obligations of its nationals and its right to modify its own. Decisions are expected in another fortnight and will almost certainly have been

* *Amazon Petroleum Corporation v Ryan et al.*, decided January 7, 1935.

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rendered before this article is in print. Whatever they are they will be of the most far-reaching importance. The practical difficulties of a decision adverse to the Government are fully envisaged. Indeed, the argument of the Attorney-General was less an argument than a cry for judicial aid. On the other hand, the long-term consequences of telling a Government that its obligations may be repudiated at will might not be pleasant. There is such a thing as national credit, though the fact is now very generally ignored. Also there is a clause in the Fourteenth Amendment providing that "the validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties for services in suppressing insurrection and rebellion, shall not be questioned."

How long can we go on like this? Undoubtedly no country was ever more favorably situated. With magnificent natural resources, unrivalled physical equipment in plants and factories, abundance of willing and competent labor, vast hordes of impatient money in the banks, and immunity from the ancestral suspicions and animosities which beset so many European nations, we are now kept out of prosperity perhaps indefinitely by a clamorous demagoguery eager to exploit America's misfortune for some private cause. Only fascism can save us. Only communism can save us. Only bimetallism can save us. Only devaluation can save us. Only more government spending can save us. Only more codes can save us. Only social security can save us. Only the Townsend plan for distributing 50 per cent. of the national income in the form of pensions to those over sixty at the rate of \$2,400 a year can save us. Only crucifying bankers can save us. Only "soaking" the rich can save us. Only—one can go on forever. There is yawping and confusion everywhere. Those who have earned and saved a little money hesitate to invest it in a mad country with a mad fiscal system and madly divided counsels and no effective sane leadership. We have now

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staked our all on the victory of government credit in a mad race between it and the return of prosperity, and it looks as if we might conceivably lose.

More noise. Is it Father Coughlin excoriating the bankers? In the sub-basement of the Shrine of the Little Flower at Royal Oak, Michigan, more than fifty typewriters are rattling away for the National Union of Social Justice. Twenty thousand letters come in daily. Carpenters are enlarging the rooms. Still more noise. Is it Huey Long denouncing something—almost anything? Is it the Sound Money League denouncing sound money? Is it the American Legion denouncing those who oppose the cash payment of the bonus? Is it Upton Sinclair denouncing those who voted down his project for Ending Poverty in California? Is it that very popular gentleman in the White House denouncing everything that happened before March 4, 1933? Is it the astute Postmaster-General denouncing those who denounce the New Deal? One can't tell. It is just noise, fury, turbulence, mob excitement, animated by suspicion, greed, the yearning for publicity and power.

O dear, wouldn't it be pleasant if only we could have quiet just for a little while? Then perhaps someone could think. Surely there are people left in this country who can think? Or aren't there?

United States of America.

January 29, 1935.

THE WORKING OF FEDERALISM IN AUSTRALIA

THE Constitution of the Commonwealth is enacted in an Act of the Imperial Parliament, which begins with a recital to the effect that the people of New South Wales, Victoria, South Australia, Queensland and Tasmania have agreed to unite in one indissoluble federal Commonwealth, under the British Crown and under the Constitution thereby established. Before the Commonwealth had been inaugurated, the people of a sixth State, Western Australia, had become parties to the Agreement, so that the whole of the mainland of Australia, together with the island of Tasmania, was thus united under a federal system. Before discussing the working of this system it is necessary to state summarily the provisions of the Constitution and the conditions under which it has operated during the past thirty-three years. When these two factors are considered together—the Constitution and its material, including the geographic and economic conditions of the several States and the political attitude of the people—it will be seen how self-contained are the problems of Australian federalism and how little analogy can be found in those of Canada or the United States.

The six States were and are unequal in area and population. They differ widely in their resources, and these differences have become more marked during the past thirty-three years. Tasmania is separated from the mainland by sea; Western Australia is separated from its neighbours by a desert and, though it is now connected with the eastern States by rail, it is and always has been largely dependent for its communications on shipping.

The Working of Federalism in Australia

Queensland is characterised by special conditions of climate and production, and by an economic structure depending largely on Commonwealth policy.

I. CHANGES SINCE 1901

IN 1901, of a total Australian population of 3,824,913, New South Wales had 1,375,455, Victoria 1,209,900, Queensland 506,721, South Australia 359,330, Western Australia 193,601 and Tasmania 175,233. At the date of the last census, in June, 1933, of an Australian population of 6,630,600 New South Wales had 2,601,104, Victoria 1,820,360, Queensland 947,789, South Australia 580,987, Western Australia 438,948 and Tasmania 227,605. These figures demonstrate the inequality of the States; but of even greater significance in the working of the federation has been the growth of the population of the two largest capital cities. The population of Sydney in 1901 was 487,900, or 35 per cent. of the State; in 1911 it had grown to 669,112, in 1921 to 986,783, and in 1933 to 1,235,367, or 47.5 per cent. of the whole population of New South Wales; the population of Melbourne, which in 1901 was 496,079, or 43 per cent. of the State, had grown in 1911 to 588,971, in 1921 to 766,465, in 1933 to 992,048, or 54.5 per cent. of the whole State of Victoria.

Since the House of Representatives is elected on a population basis, the number of representatives of industrial and manufacturing centres has increased at the expense of the rural areas, so that at present Sydney and Melbourne have 24 representatives in a House of 75. Rural constituencies have been expanded to a size embarrassing to their representatives, and there has grown up in certain of the States a tendency to regard an increase in the power of the Commonwealth as identical with an increase in the influence of the large cities.

Throughout the same period there has been a continuous increase in the total value of the production of the different

Changes Since 1901

States. In this respect also there have been, and still are, great inequalities, the net value of production in either New South Wales or Victoria in 1933 being more than twice that of three States—South Australia, Western Australia and Tasmania—combined. Likewise, there have been great changes in the sources of wealth. In 1900, Western Australia produced not more than enough wheat for its own requirements. In recent years its total production has been in the region of 40,000,000 bushels, or little less than that of any one of the three eastern wheat-growing States—South Australia, Victoria and New South Wales. In each of these four States the wheat belt has been extended, partly by improvements in types of wheat, partly by extensions of the railway system, and partly by the use of marginal land. In Queensland the sugar industry, cultivated by black labour before 1901, has been fostered under a high tariff and under an embargo on imported raw sugar, with the object of maintaining white settlement on a tropical coastline, at a considerable cost to the consumer. In the three eastern States the dairy industry has developed to such an extent that less than one-half of its output can be absorbed by the local market and sold at a price above the cost of production. Hence there has been an increase in the number of people dependent on overseas markets and interested in keeping down the price of manufactured goods, and the States have become divided into those which depend on primary production and those which combine manufactures with grazing and agriculture.

One further geographical feature should be noted, since it differentiates the Australian federation from those of the United States and of Canada. There was no portion of Australia not already included in a self-governing community when the Commonwealth was inaugurated. Each State had its own history and traditions, and its own emblems of parliamentary sovereignty. There was no territory from which new States might be formed, owing

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their existence to the Constitution and subject to such conditions as the Commonwealth might impose.

New States may be formed out of existing States with the consent of the Commonwealth Parliament and of the States themselves, but this power has hitherto not been used and the concentration of people in the capital cities has made a satisfactory sub-division increasingly difficult.

II. THE CONSTITUTION

EACH of the six colonies exercised full powers of self-government over its own territory. Each was governed by a legislature which included two Houses of Parliament, the members of one of them being elected on a property qualification, or nominated for life, and being, therefore, credited with a conservative outlook. In each State the system of government was that of a Ministry responsible to Parliament. The Parliament of the Commonwealth also consisted of two Houses, but both were elected on an adult franchise. For the House of Representatives the basis was that of population, subject to the proviso that each original State should have a minimum representation of five members. The number of members in this popularly elected House was 74 in 1901, and is now 75 with the addition of one representative of a territory, who has no vote, while the number of members of the elected Houses of the States is 343.

In the Senate each original State has six members and no more. Each State votes as one constituency and elects its senators for a six-year term, whereas the term of the House of Representatives is three years.

A question discussed by the framers of the Constitution was whether a federal system with two Houses of approximately equal authority is compatible with the form of responsible government that is in operation in the Commonwealth as in the States of Australia. The event has proved

The Constitution

that by far the more powerful of the two Houses is the House of Representatives, which alone can unmake Ministries and can originate financial measures, and that the Senate, never having acted as a purely States' House, has seldom retained the importance originally assigned to it. The Senate, however, because its members are elected for six years, may have a majority representing a current of opinion different from that of the House of Representatives. When that happens, it may play an active part in the political life of the Commonwealth. It is entitled to reject or delay a Bill imposing taxation, and to reject, amend, or delay any other Bill. In a time of acute party feeling it may compel a Ministry to choose between abandoning part of its programme and asking for a simultaneous dissolution of both Houses, the method provided by the Constitution for resolving a deadlock of this character.

When the colonies became States they retained many of the most important powers of legislation—the power to legislate with respect to land settlement and development, transport, education, health, the administration of justice, the maintenance of order, charitable relief and the relief of unemployment, and a limited power of taxation. The Commonwealth assumed, among other powers, the exclusive right to impose duties of customs and excise, and to legislate with respect to trade and commerce with other countries and between the States, with respect to naval and military defence, posts and telegraphs, immigration, banking and currency, industrial arbitration to a limited extent, and external affairs, together with a power of taxation concurrent with that of the States. The Constitution also provided in vague but emphatic terms that trade, commerce and intercourse among the States should be absolutely free.

The Constitution gave to the Commonwealth no power of redressing inequalities among the States, except by making grants of money, but its powers were so restricted

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that laws imposing taxation or relating to trade and commerce must not differentiate between States or parts of States.

One consequence of the division of powers was that the Commonwealth took over the richest sources of revenue, while the States retained those functions which involved the heaviest expenditure. Another was that while the Commonwealth assumed control of the most effective means of encouraging industry the States retained the responsibility for fixing wages (except in so far as they were fixed by the Federal Arbitration Court), for developing their territories and for relieving the unemployed. Finally, the States retained powers which touched the individual most closely—powers which are described in *The Federalist* as the most powerful, most universal, and most attractive source of popular obedience and attachment, and those which in Australia have aroused the keenest political interest.

The method of dividing the revenue collected by the Commonwealth was at first provisional, and remained so until 1928, when the Financial Agreement received a place in the Constitution. From many points of view this was a sign of wisdom, but it had the inevitable result of uniting the States by a common interest in opposition to the Commonwealth, and of furnishing a practical basis for the extra-constitutional Conferences of State Premiers, which towards the end of each provisional period agitated on behalf of the States for a larger share of the national revenue.

III. THE DIVISION OF POWERS

FOR a complete discussion of the division of powers in Australia it would be necessary to trace the political history of the States as well as that of the Commonwealth. Although the main object of the federation was to give Australia unity in its relations with other

The Division of Powers

countries, and in the direction of its system of defence, every general election for the Commonwealth Parliament, with the exception of those held during and immediately after the war, has turned on industrial or financial issues, and in them the political problems of the Commonwealth and the States have overlapped.

In the early years of the industrial period, Labour aimed at holding the balance of power. In 1904 it held office for the first time, but only for three months. In 1908-1909 it held office for seven months, and from 1910-1913 it was in power for three years. In 1910 and again in 1911 and 1913 the Government of Mr. Fisher brought forward a series of proposals for the enlargement of the powers of the Commonwealth. At that time Labour aimed at giving the Commonwealth Parliament the control of trade and commerce generally, and of trusts and monopolies in particular, and empowering either Parliament or the Federal Industrial Courts to fix wages and hours of labour. The attractions of the Commonwealth Parliament for such a programme were that both its Houses were elected on an adult franchise, and that laws passed by it would be uniform throughout the continent. But by the Constitution the powers of the Commonwealth Parliament were limited to inter-State trade and commerce, and in a federation of large States and widely separated manufacturing centres inter-State commerce is likely to form only a small proportion of the commerce of the nation. With respect to industrial conditions, the Commonwealth had no power to legislate, and an award of the Federal Court could deal only with disputes, and then only with disputes extending beyond one State.

To alter the Constitution, however, it is necessary to obtain first an absolute majority in both Houses of the Commonwealth Parliament; and, secondly, majorities both of the electors and of the States voting on a referendum. This Mr. Fisher's Government failed to do. In 1911 the negative majority was large, and only one State—

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Western Australia—voted "Yes." In 1913 the negative majority was very small, and the States were evenly divided. In 1919, when proposals were made by Mr. Hughes for conferring power on the Commonwealth Parliament to legislate with respect to monopolies and industrial disputes, the negative majorities were again small and the States were again evenly divided.

The results of the pre-war policy, however, were not wholly negative. The Labour Government in the Commonwealth carried amongst other measures a graduated land tax and a Navigation Act. Among the objects of the land tax was to break up large estates and to encourage closer settlement—two State functions in which the tax has had some success. The Navigation Act was passed in 1912, but its most controversial chapter was not proclaimed until 1920. It imposed on ships trading between Australian States the obligation of conforming to Australian conditions, and in this way restricted the available shipping and increased freights. The Act has operated to the detriment of two States—Tasmania, which depends wholly, and Western Australia, which depends to a large extent, on communication by sea. It may also have been detrimental to South Australia. It is an outstanding example of the unequal operation of a Commonwealth law. During this same period the Commonwealth Arbitration Court, under Mr. Justice Higgins and with the aid of decisions of the High Court, amplified its jurisdiction, so that the fixation of wages and hours became to a much greater extent a Commonwealth function than had been anticipated when the Constitution was framed.

Of the referendum proposals, the one which has retained its interest is the proposal to enlarge the powers of the Commonwealth in relation to industry. The opinion that some readjustment is necessary is practically universal, but the electors have expressed themselves against a reduction in the powers of the Commonwealth as well as against an increase in those powers. The principal arguments

Unification or Co-operation

against uniformity are that legislation of this type is still in an experimental stage, that competition between States is some check on radical policies, and that there is a danger in giving to a possible parliamentary dictator the opportunity of remodelling the institutions of the whole continent by one Act of Parliament. Another source of opposition is to be found in the benefit which at present the manufacturers of one State derive from the burdens placed on the industry of their neighbouring competitors, a burden which can no longer be reduced by inter-State tariffs.

On the other side are two very powerful arguments which have gained in force during the depression. Without a power to legislate for industry generally, the Commonwealth, so it is said, cannot evolve any satisfactory scheme for the relief of unemployment, which is eminently a Commonwealth problem, and so long as the jurisdiction of the Courts is duplicated industry is subject to an unnecessary burden and industrial arbitration does not get a fair trial. This controversy, however, will not be finally settled by arguments relating solely to industrial matters, for a transfer of the full industrial powers to the Commonwealth would almost certainly bring about a change in the character of the federation. So much of the attention of the State Parliaments is devoted to industrial questions, and so much political controversy is aroused by them, that if they were to be brought under the exclusive jurisdiction of the Commonwealth, State politics would lose much of their importance and State political life half its bitterness.

IV. UNIFICATION OR CO-OPERATION

IN the war period federalism, for all practical purposes, gave way to unification. A liberal interpretation of the defence power enabled the Commonwealth Government to provide for the fixing of prices, the maintenance of order and the expropriation of goods, as well as for the enlistment

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and the despatch of troops. At the same time the Commonwealth became a borrower and a direct tax-gatherer on a large scale. The results of this development were hardly realised until the war was over. The States then found that their sources of income were diminished, while their expenses were increased by what was known as a vigorous public works policy. They did not consider what their position would have been if they themselves had been responsible for the cost of Australia's contribution to the war and of the repatriation of her troops.

The Bruce-Page Government sought to overcome some of the difficulties inherent in a division of powers by means of co-operation. Mr. Bruce brought into existence the Development and Migration Commission, which, by investigation of State and Commonwealth projects, saved the people of Australia from much wasteful expenditure. He enlarged the scope of the Council of Scientific and Industrial Research, so that in certain industries the central government placed the best scientific equipment available at the service of producers irrespective of State boundaries, following in some respects the example of the Bureau of Agriculture in the United States. Again, when excessive production in the dried fruits industry forced the States into schemes of marketing which were declared to be infringements of freedom of trade between the States, the Commonwealth came to the rescue with the object of establishing a home consumption price, a principle which has since been extended to dairy products and may, in the near future, be extended to wheat. The same Government established the Loan Council, at first as a voluntary body and after a referendum in 1928 on a constitutional basis.

In the crisis of the depression the means for concerted action were found in the Loan Council and in conferences of the State and Federal Governments. The Constitution did not provide the means of obtaining unity of command, which had been found in the defence power during the war.

Unification or Co-operation

When conferences of Governments had agreed on a plan, it was necessary that the plan should be carried out by the separate action of the States and the Commonwealth, subject to party criticism and the possibility of a change of Government. Here was demonstrated the weakness of the confederate or co-operative system. Its success depends on agreement on a common policy, or, if this be wanting, on acceptance of decisions once made. In the Australian crisis both of these essentials were lacking. The attitude of the most powerful of the States, where party feeling was most embittered, hampered and delayed the national policy, and, had the Commonwealth not acquired by the Financial Agreement Act* of 1928 a reserve power of coercion, might have frustrated it altogether.

Two provisions of the Constitution relate to the distribution of the national revenue. The main provision was that during the first ten years of the Commonwealth's existence three-fourths of the annual revenue from customs and excise should be returned to the States. Another section, in recognition of the unequal resources of the States, empowered the Commonwealth to make grants to them either with or without conditions. The language of this section is provisional, but it is still in force, and on its authority the Commonwealth has made grants to Tasmania and Western Australia over a number of years, and more recently to South Australia as well.

At the end of the provisional period in 1910, the Commonwealth, in order to obtain greater freedom in the exercise of its customs power, and to put the distribution of revenue on a permanent basis, sought to alter the Constitution so that each State should, for the future, receive 25s. per annum per head of its population, Western Australia receiving a special grant in addition. This proposal, though made after consultation with the States, was rejected by the electors. The Commonwealth Parliament, again in agreement with the States, then passed the Surplus

* See THE ROUND TABLE, No. 73, December 1928, p. 186.

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Revenue Act, which allotted to each State 25s. per head per annum, and was to remain in force for ten years or until the Parliament should otherwise provide.

V. THE FINANCIAL AGREEMENT

THE Surplus Revenue Act was in effect a treaty, but no Commonwealth Parliament has power to bind its successors, and the Act might have been repealed at any time. It remained in force until 1927, and was then superseded, first by a temporary States Grant Act and then by the Financial Agreement, which was accepted at a referendum and was placed beyond the reach of any Parliament. The objects of the Agreement were four: to control public borrowing by a Loan Council, to establish sinking funds for the liquidation of the public debt, to make the Commonwealth responsible for Australian credit, and to provide on a permanent basis for the distribution of the Commonwealth revenue. This arrangement was reached after a long series of proposals and counter-proposals, one of which was that the Commonwealth should agree to abandon certain of the sources of direct taxation. The Agreement provided that the Commonwealth should take over the then existing debts of the States, and in each year should pay to each State a portion of the interest on its public debt equivalent to the amount of 25s. per head payable at the date of the Agreement, and that both the States and the Commonwealth should contribute to sinking funds which would liquidate all debts within a period of 58 years.

The Financial Agreement illustrates very clearly that difference between the Australian and the American systems which has arisen from the manner in which public works have been carried out with money borrowed on the public credit. The Loan Council consists of representatives of the State and Commonwealth Governments, each State

The Financial Agreement

having one representative and the Commonwealth two, as well as the chairman. The Loan Council controls all borrowing except for temporary purposes or for defence. It follows that each State has a voice in the development of every other State, and that both the borrowing and the public works policies of the seven Governments are under the supervision of a body which is not responsible to any one Parliament. Except, perhaps, in the German Reichstag, there is no analogy to this branch of the Australian Constitution in any other federation.

The Financial Agreement cannot be varied except with the consent of all the parties to it—in other words, of the Parliaments of the six States and of the Commonwealth. It has been varied once, but only in recognition of the need of reducing the rate of interest on internal loans in a time of crisis. The amount which the Commonwealth is to pay to all the States has therefore been fixed with something more than the permanence of a section of the Constitution.

The power of coercion mentioned above was derived from a section added to the Constitution by amendment in 1928 in order that the Financial Agreement might be made binding on the States and on the Commonwealth. The new section provides that the Commonwealth may make agreements with the States with respect to the public debts of the States, and that Parliament may make laws for the carrying out by the parties thereto of any such agreement.

Under Mr. Lang's premiership New South Wales twice refused, in breach of the agreement, to pay the interest due to its overseas creditors, claiming that the money was needed for domestic purposes.* After the second refusal the Commonwealth Parliament passed an Act† by virtue of which the Commonwealth, having paid the overdue interest, seized the State revenues. The validity of the Act was upheld by the High Court, and the decision had

* See THE ROUND TABLE, No. 85, December 1931, pp. 178-186.

† See THE ROUND TABLE, No. 87, June 1932, pp. 631-642.

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the effect of bringing about a change of Government in New South Wales. There were few sympathisers with Mr. Lang's policy among the Governments of other States, but there were many critics of the action of the Commonwealth. The Act was passed for a limited time and for a special purpose, but it was regarded in some quarters as countenancing interference with the domestic policy of the States, a course which might alter the balance of the Constitution and produce a subordination of the States to the Commonwealth more real in substance than the provision in the Canadian Constitution submitting provincial legislation to the veto of the Dominion Government.

Notwithstanding the Financial Agreement there remain two methods whereby the financial position of the States may be improved—by grants made by the Commonwealth to individual States, and by the allocation to the States of sources of taxation over which the Commonwealth has now a concurrent power.

For a great number of years the Commonwealth has made grants to Western Australia and Tasmania, and recently to South Australia, the three States which depend most on unsheltered industry. In many instances these grants have been made after a preliminary investigation, but they have not been made on any consistent principle, and the possibility of their being the subject of party competition has been recognised as a danger. In order that some principles might be established, the Lyons Government appointed a Commonwealth Grants Commission, which has recently presented an interim report. The report does not make any final statement of principles, but does reach certain conclusions of great importance in the working of federalism. It acknowledges, for instance, that redistribution of revenue is common to all federations; it calls attention to the danger lest grants should undermine the sense of responsibility of State Governments; it acknowledges that every State is interested in preventing

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any State from lapsing into bankruptcy, and at the same time urges that, in so far as the financial position of a State has deteriorated through its own blunders, it should be penalised. Finally, it recommends grants which should enable the necessitous States to maintain a standard of administration approximately equal to the Australian average.

VI. THE BACKGROUND OF SECESSIONISM

SINCE the beginning of the depression, criticism of the Constitution has been mainly directed to the manner in which the revenue has been distributed, and the cost of production increased by tariffs. To appreciate this criticism it is necessary to recall the series of increases in customs duties imposed in 1921, 1922, 1926, 1928 and 1929 to 1931, and associated with the names of Messrs. Massy-Greene, Pratten and Scullin. It has been claimed that all primary producers have suffered, and that the three States mentioned in the last paragraph have suffered without the compensation which a home market has given the producers of New South Wales and Victoria, and without benefiting from the protection given to certain primary products—butter, sugar, tobacco and fruits. How much of the financial difficulties of these States is due to federal policy, and how much to natural resources or to geographical position, is a question beyond the scope of this article. It is recognised, however, to-day, as it was by the British Economic Mission* and by the Tariff Committee,† that the tariff and the Navigation Act have affected the States unequally and have operated to the disadvantage of Western Australia and Tasmania.

In the last three years all other proposals for the alteration of the Constitution have been overshadowed by

* See THE ROUND TABLE, No. 75, June 1929, pp. 626-636.

† See THE ROUND TABLE, No. 77, December 1929, pp. 161-169.

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questions of finance. When representatives of the several Governments met in a constitutional conference early in 1933, their whole attention was given to the claims of the necessitous States, and to proposals for the reservation of certain fields of taxation to the States exclusively. Proposals for a constitutional convention were made by Mr. Hughes in 1920 but came to nothing, mainly owing to the difficulty of agreeing on a basis of election. In 1927 the Bruce-Page Government, recognising that under the Constitution a convention could do no more than give advice to Parliament, appointed a Royal Commission* to enquire into the working of the Constitution, to recommend changes considered to be desirable and, in particular, to examine and report on ten subjects from a constitutional point of view, namely, aviation, company law, health, industrial powers, the interstate commission, judicial power, navigation, new States, taxation, and trade and commerce.

A majority of the Commission of seven recommended certain minor changes, while adhering to the federal system.† The minority was in favour of unification, and also recommended important additions to the Commonwealth powers. Within a few months of the presentation of the report, the Bruce-Page Government was defeated, and it was the minority report which was favoured by the Scullin Government. The latter, in its turn, however, went out of office before it could do more than foreshadow a proposal to place the power of amending the Constitution in the hands of the Commonwealth Parliament, and to give the Commonwealth Parliament control over trade and commerce and industrial conditions.

Unification, accompanied by a delegation of powers to a number of provincial councils, has for some years past been an item in the platform of the Labour party. The Country party proposes to strengthen the central government by the subdivision of existing States. The Labour

* See THE ROUND TABLE, No. 69, December 1927, p. 171.

† See THE ROUND TABLE, No. 78, March 1930, pp. 408-415.

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party has always supplied one element of unity throughout Australia similar to that which the Republican and Democratic organisations have supplied in the United States. But it is doubtful whether a referendum on unification at the present time would be supported by the whole Labour movement, in those States, at least, which at present consider themselves aggrieved by Commonwealth policy. The emergence of secessionism in Western Australia,* cutting through party lines, presents a further difficulty.

It seems clear that where distances are so great, and conditions so varied, as in Australia, decentralisation of both administrative and legislative functions is essential. Concentration of power at the seat of government may be expected to bring about the two dangers of "paralysis at the centre and anæmia at the circumference." It is hardly likely that any proposal for a drastic alteration of the Constitution would to-day be considered on its merits. The danger is that it would be judged in the light of the abnormal circumstances of the present time, just as other proposals have been judged by the purposes for which the increased powers were expected to be exercised by the Government then in office.

Australia, December 1934.

EDITOR'S NOTE.—An official delegation from Western Australia, headed by Sir Hal Colebatch, is at present in England for the purpose of presenting an Address to His Majesty and petitions to both Houses of the Imperial Parliament, seeking legislation necessary to effect the withdrawal of the State from the Commonwealth of Australia. The petition to the House of Commons was considered in due course by the Petitions Committee, which held, however, that it was not fully competent to decide whether it would be proper for the House to receive the petition, and recommended that a Select Committee be appointed to consider the question. Motions were thereupon introduced in both Houses, with Government support, for the appointment of a Joint Select Committee of Lords and Commons to consider this preliminary but critical issue.

* See THE ROUND TABLE, No. 96, September 1934, pp. 892-896.

GREAT BRITAIN : PROBLEMS OF THE GOVERNMENT

I. INDIA

BY far the most outstanding issue in British politics to-day is the future constitution of India. Before Christmas, Parliament was given an opportunity of debating the Joint Select Committee's report, on motions instructing the Government to frame a Bill on the lines recommended. The Government of India Bill was published on January 24, and on February 6 the debate on the second reading began. The Government's strength in the House had been subjected to a preliminary test on December 12, when 49 members voted for the Labour amendment demanding more far-reaching reforms, and 127 members (including the Labour party) against the main motion approving the Committee's report. The majority for the Government was 442 on the first vote and 283 on the second. Eighty Conservatives (including pairs) voted against the Government, a total encouraging to the diehards after the set-back they had received at the meeting of the Central Council of Conservative and Unionist Associations on December 4, when the majority for the report was 1,102 to 390. In the vote on the second reading, which was carried by 407 to 135 on February 11, eighty-two Conservatives went into the No lobby or were paired against the Bill.

The breach between the diehards and the Government on the India issue was widened further by the Wavertree by-election. Mr. Randolph Churchill, the 23-year-old son of Mr. Winston Churchill, contested this Liverpool seat

India

"in the Conservative cause," but in opposition to the official Conservative candidate. Mr. Churchill appealed "to every one in Lancashire who wished to strike a blow for the maintenance of what is Lancashire's only surviving market." The India Defence League put its weight behind the rebel, and he was publicly supported by no fewer than 18 members of Parliament. The Government, in reply, sent down several "big guns" to speak for the official Conservative candidate. The result was as most people expected, the Labour candidate appearing at the top of the poll with a minority vote. Mr. Churchill secured no fewer than 10,575 votes against his Conservative rival's 13,771. The Liberal candidate forfeited his deposit. Mr. Churchill's personality—his youth and good looks, his vigour and his inherited gift of telling phrase—must have appealed to a considerable section of the electorate, and it is in any case dangerous to draw conclusions from by-election results; but the Government must have found the strength of the diehard vote somewhat perturbing. On the other hand, to procure the election of Labour members by splitting the Conservative vote is hardly the best way for the diehards to obtain their objective of less self-government for India.

The only other by-election of the quarter was at Putney, a stronghold of the Conservatives. Though they held the seat in a straight fight with Labour, they did so only by the margin of 2,663 votes, their smallest previous majority having been 8,521 in 1929. As the *Daily Herald* pointed out, such a result could not have been achieved in a "dormitory" constituency of this kind had not the Labour candidate—a woman doctor—attracted a great many votes from salaried workers and the middle classes generally. The result was, therefore, as encouraging to the Labour party as would have been a thumping victory in a working-class district; for it is evident that without a large quota of middle-class votes Labour will never secure a majority over all parties in Parliament.

Great Britain: Problems of the Government

II. MR. LLOYD GEORGE'S NEW DEAL

THOUGH Mr. Lloyd George is 72 his energy is as great, it seems, as it was a quarter of a century ago. There had been a lull in his political activities while he was writing his war memoirs; with that task almost completed, he let it be known in mid-December that he was about to launch a new campaign for a national recovery programme. On January 17 the campaign began in earnest with a speech at Bangor, which he has since followed up and elaborated in speeches at Pwllheli, at Birmingham and elsewhere.

I am not here (he said at Bangor) to launch a party campaign. I am neither a party leader, nor have I any desire to become one. . . I propose to do my best as an old servant of the people to rouse them to the perils of delaying bold action in the face of our international and economic difficulties. I shall do my utmost to secure national unity—but only in and for action. If it becomes clear that we cannot expect any adequate response from men in authority, or that we cannot hope to secure energetic and courageous effort on the right lines, and in due measure, then a party struggle is the truest patriotism. In that event I shall do all I can to help those who mean to tackle the whole situation with vision and with vigour.

Mr. Lloyd George pointed to the “supreme paradox” of poverty in the midst of over-abundance, to the fact that for 14 years the volume of unemployment in this country has never been less than a million, and to the stagnation of international trade. All economic programmes must be founded upon world peace, and he believed that a “bold, decisive and firm lead” by Great Britain could improve the perilous international situation. Fruitful action, especially in the East, involved as a first condition of success a complete understanding with America. In a tantalising passage on trade relations Mr. Lloyd George said: “Now that we have got our tariffs set up I would

Mr. Lloyd George's New Deal

use them ruthlessly and to the full as a means of inducing a removal of, or at least a reduction in, the difficulties of trading with other countries.”

But even if the pre-war tariff position were restored in the world, he continued, there would clearly remain in Great Britain a considerable surplus of workers who could not be absorbed in industry without special measures. The keynote of his proposals was “work for the workless instead of doles.” A permanent body should be set up to think out and prepare schemes of reconstruction—“not relief works merely to give employment, but undertakings of real utility which will equip, improve and enrich our national assets.” Part of the duties of this “development council” would be to put forward proposals for the re-organisation of any important branch of industry, where the authority or the financial aid of the State might be needed. They would even make recommendations upon such matters as raising the school-leaving age or reducing the hours of work in industry. But the final responsibility, added Mr. Lloyd George, must rest with the Government of the day. Parliament would not waste time discussing details, but would legislate general conditions and would, of course, retain absolutely the right of voting ways and means. As to the Government, Mr. Lloyd George proposed to restore the principle of the War Cabinet, an inner group—not more than five—of the ablest men available, who would be free from the absorbing cares of departmental work.

Mr. Lloyd George then gave some particulars of the kind of reconstruction schemes that he had in mind. They included the rationalisation of staple industries, a large housing programme, the reconstruction of our road system, the development of railways, canals, telephones and the supply of electricity and of water, and the development of the land. In view of his past affection for this part of national policy, no one was surprised that Mr. Lloyd George should have laid stress upon the rehabilitation of

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agriculture in his recovery programme. Whereas, he said, we had two million agricultural workers in employment when we had about half our present population to feed, we have now only about one million on the soil, and their numbers are still going down.

On the question of financing these schemes, Mr. Lloyd George spoke largely about the "few hundreds of millions" necessary. His financial proposals, he said, would involve something in the nature of two budgets each year—one budget dealing with the ordinary annual revenue and expenditure, the other a budget for capital expenditure. The amount spent each year would be limited by the volume of capital that could be raised without injury to the ordinary operations of trade. When prosperity returned, then no doubt more capital would be required for the ordinary needs of business, and there would not be the same surplus available for reconstruction schemes. On the other hand, the problem of unemployment would have simultaneously diminished. Mr. Lloyd George proceeded to an attack upon the Bank of England, the other banks, and those who were responsible for the war debt settlement of 1923—a passage of his speech which was neither constructive nor well founded. While he was opposed to proposals for the nationalisation of the joint stock banks, he would revise the constitution of the Bank of England so as to make it independent of the City of London and bring it into closer contact with the industries and commerce of the nation.

Not the least interesting outcome of Mr. Lloyd George's pronouncement has been the differences in the views expressed upon it by newspapers and political leaders. From the press of Lord Rothermere and Lord Beaverbrook he won applause, amounting in the *Daily Mail* to enthusiasm. The chief Conservative organs treated him critically but nevertheless cautiously and with a recommendation to consider on its merits whatever was valuable in his plan. *The Times* went so far as to say that a re-casting of the

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Government was not inconceivable and would not be unwelcome. Whereas the Liberal press at once threw its weight behind Mr. Lloyd George, the least favourable comment of all came from the Labour side. Mr. Lloyd George, said the *Daily Herald*, showed a complete inability to understand either the real causes of the economic breakdown or the necessary remedies. The *Herald* charged his programme both with vagueness and with inadequacy—"a programme which is essentially small and unimportant in relation to the emergency." It was thus apparent that if Mr. Lloyd George's efforts were to have any practical results, it would be with the assistance, not of the Left Opposition, but of the central body of opinion in Parliament which at present for the most part supports the National Government, but chafes under what it considers the poverty and unimaginativeness of the Government's programme. Mr. Neville Chamberlain, Sir John Simon, and other Ministers referred to Mr. Lloyd George's programme in public speeches cautiously, but not antagonistically, and rumours at once started that a reorganisation of the Government was being contemplated, as part of which Mr. Lloyd George would find a place in the Cabinet without portfolio. This, however, would involve the disappearance from the Government not only of the Prime Minister and Mr. Walter Runciman, who have been so bitterly attacked by Mr. Lloyd George that they could never conceivably form members of the same Government, but of so many other antipathetic elements also that these rumours were soon discredited. The most that can be said with certainty at the moment is that Mr. Lloyd George's campaign has stimulated and strengthened those elements among the National Government's supporters who demand a more vigorous policy. In the debate on the Address several of the group of "young Tories" expressed their criticisms of the Government in no restrained terms, and they were active again in the debates on the vote for the Unemployment Assistance Board.

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III. UNEMPLOYMENT ASSISTANCE

ON January 7, the new Unemployment Assistance Board, under the chairmanship of Lord Rushcliffe (formerly Sir Henry Betterton), took over the administration of assistance to all the insured unemployed no longer having claims on the insurance fund, and on March 1 it was to assume the charge of all the remaining able-bodied unemployed now on poor relief. Before Christmas, Parliament had passed the regulations drafted by the Board governing the scale of assistance to be granted. The determination of such assistance, in accordance with the Act, would involve the balancing of the applicants' family needs against their family resources. The basic rates adopted were 24s. a week for a man and wife, and from 3s. to 8s. for each child according to age; the benefit for one child only would not be less than 4s. While the rate for a married couple was 2s. a week less than on the unemployment insurance scale, the latter provides only 2s. a week for each child, of whatever age; hence the Board's recommendation was taken by many as vindicating the view that the children's allowance from the insurance fund is inadequate. The benefit calculated on the basic scale would be adjusted according to two main factors, the rent paid by the applicant and the available resources of his household. If rent were more or less than the assumed standard of 7s. 6d. a week, the benefit would be varied upward or downward, but beyond certain particulars the variation would be at the discretion of the Board.

Complicated provisions were laid down for the reckoning of household resources. Account would be taken of the degree of relationship of those whose earnings would be computed, and of any necessity to spend more than the average on clothes (in "black-coated" jobs) or on travelling

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expenses. Certain resources would be disregarded—parts of the income from savings, for instance, or from sick pay, disability pension, or workmen's compensation. These provisions were roughly in accordance with existing "means test" practice, though they appeared to be somewhat more favourable to the applicant. Indeed the apparent intention and general interpretation of the new rules was that on the average they would raise the benefit payable, compared with former "transitional" unemployment benefit or public assistance. The Board reckoned that the cost to the State of transitional payments would be raised by £3,000,000 to roughly £44,000,000. The *Daily Herald*, the Labour journal, acknowledged that

a definite advance, on the average, in the standard of life of the million unemployed who will receive relief from the Unemployment Assistance Board is promised by the new scales. . . That is something to be thankful for.

Immediately the new system went into operation, however, there was a storm of protest from the unemployed and from Labour organisations all over the country. Mass demonstrations took place in South Wales and elsewhere, and feeling was obviously running high when Parliament reassembled on January 28 and was asked to approve a supplementary estimate for the purposes of the Unemployment Assistance Board. Mr. Stanley, the Minister of Labour, was on the defence from the start. The regulations, he suggested, would naturally be felt to be severe where administration had hitherto been lax or illegal. If there were shown to be anomalies or hardships the Board would submit amendments to redress them. Meanwhile he believed that to the great majority of the unemployed the regulations had brought not reductions but advantage. However, not merely Labour but Liberal and Conservative members rose one after another full of complaints of hardships and injustice. There was no doubt, said Mr. Boothby, Conservative member for Eastern Aberdeen,

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that under the new regulations the payments were definitely below the public assistance level.

The new administration is brutal (he said). I can use no other word. I ask the Government what is the economic justification. This country has made a great advance during the last two years. But is that a reason for cutting down the unemployment benefit of the worst-hit class in this country as compared with what they were getting two years ago?

Mr. Lansbury pleaded for the suspension of the regulations until there was time to get the whole machinery into working order and until the appeal tribunals were fully functioning. Mr. Baldwin, though conciliatory, replied that the course proposed would lead to chaos. The Minister of Labour announced at the conclusion of the debate that instructions were being given to the Board's officers with the aim of mitigating hardship in two special classes of cases where grievances had arisen. More and more use would be made of the officers' discretionary powers. There was a case, he admitted, for immediate inquiry into the rent rule, and the Board would make such inquiry at once. If there were hardships, they must be put right as soon as possible. In the course of the following week many M.P.s went down to their constituencies and examined cases of alleged hardship; the Minister sympathetically received a deputation from South Wales, Durham and Scotland (areas with high unemployment where the effect, good or bad, of any change in the administration of assistance would be particularly heavily felt); and formidable protest meetings were held in South Wales, where the Labour party accused the regulations of reducing the income of the unemployed by over a million pounds a year.

Mr. Stanley was impressed. He had become convinced, he said in the House on February 5, that there was widespread uneasiness, which was not confined to one political party, as to the way in which the regulations were working out in practice. He still believed them to be sound in principle, and if amendments were necessary they should

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only be made after careful investigation. Although the Board had the whole question under urgent consideration, they felt it impossible to deal promptly with the problem by detailed treatment within their ordinary duties. In these circumstances they had decided to issue instructions to their officers that all applicants were to be granted assistance at the rate of the former transitional benefit, or of the new assessments if the latter should be higher. Where reductions had already been made, retrospective payments would be granted. This course would naturally continue the very anomalies that the Board had been created to remove, and therefore the earliest steps must be taken to see how they could best be dealt with.

A courageous statement of a magnanimous decision was well received by all parties. "At the same time," as Sir Herbert Samuel said, "there would be a very general feeling that this situation ought never to have arisen." The consequences came close to Mr. Baldwin's forecast of chaos. Disturbances in Sheffield were followed by an official authorisation to city and county councils to pay out the "cuts" to the unemployed immediately. The councils had afterwards to be indemnified in the Bill, introduced on February 12, permitting the payment of allowances on the old or the new rates, whichever was the higher in each case. The extra cost was reckoned to be at the rate of £5,000,000 per annum. The Bill had also to postpone indefinitely the "appointed day" (formerly March 1) for the inclusion of the remaining able-bodied unemployed in the Unemployment Assistance scheme, and this in turn necessitated the grant of compensation to local authorities, whose burden of poor relief would be thus prolonged.

The heart of the immediate trouble, apart from previous lax administration, seems to be the operation of the rent-adjustment rules. The heaviest unemployment, broadly speaking, is not in high-rented areas like London, but in low-rented areas like the Welsh valleys and Durham mining

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villages. In Durham it is common for unemployed miners to occupy colliery cottages at very low rentals or even rent free. But these are transitory problems, which can be solved by ingenuity and administrative skill; the real difficulty of the Board and the Government is one of principle. It is clear that assistance to the unemployed who have exhausted their insurance rights should not normally exceed their former insurance benefit; for otherwise the latter might justifiably be denounced as inadequate. But not only might assistance on the basic scale exceed insurance benefit, it might even exceed normal rates of wages in poorly paid occupations. There is, indeed, a provision in the Board's regulations that assistance should in no case exceed or equal normal wages. This "wages stop," however, creates problems of its own; for it might result in the grant of different rates of assistance to neighbours in exactly similar circumstances for the sole reason that one, when employed, was rather more highly paid than the other. There seems to be no logical solution of the problem save in either of two courses, both of them dangerous—a universal statutory minimum wage, or family allowances from State resources for all wage-earners, whether employed or not. It is impossible to foretell how broad is the other end of the wedge that we are driving to-day.

IV. HOUSING

THE problem of housing continues to agitate politics—partly, of course, because it furnishes the Opposition parties with a serviceable opportunity of attacking the Government. The latter, it will be recalled,* abolished the "Wheatley" subsidy and concentrated their efforts upon slum clearance, with the aid of the "Greenwood" rebuilding subsidy. The slum clearance schemes that have been submitted by local authorities in pursuance of the Government's campaign include approaching 300,000 houses.

* See THE ROUND TABLE, No. 94, March 1934, p. 349.

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It has been widely held* that no such total would be reached in practice; for the current rate of building for rehousing appeared to be much too laggardly. However, in the month of January, so the Minister of Health has claimed, no fewer than 5,000 new houses were built for the rehousing of slum-dwellers, at which rate the programme could be completed in the scheduled period of five years.

Perhaps the chief criticism of the Government's programme has been that, however amply it dealt with the special problem of the slums, it did nothing to remedy the general evil of over-crowding, of which slums were virtually no more than a symptom. In other words, while it would substitute new houses for old in certain limited areas, it would make good none of the outstanding deficiency of houses. This gap the Government have now sought to fill by means of a new Housing Bill, which received its second reading on January 31. The Bill delivers a broadside assault upon over-crowding. A national standard of minimum house-room per family is to be established, and over-crowding beyond that standard is to be made an offence against the law. While the occupier is to be primarily liable, the landlord may also be convicted if he is a witting accessory. Proceedings can only be taken by the responsible local authority, and it shall be a good defence—unless other suitable accommodation has been offered and refused—that the over-crowding dates from before the commencement of the Act, or that it arises because children have grown up meanwhile.

Clearly it would be no use banning over-crowding unless vigorous efforts were to be made to provide the necessary additional accommodation. The latter part of the Bill requires local authorities to submit plans for the redevelopment of congested areas, and for the provision of flats or houses to relieve over-crowding in areas not demanding redevelopment on the site. Exchequer subsidies are to be granted at the rate of £6 a year for forty years on each

* See THE ROUND TABLE, No. 97, December 1934, p. 147.

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redeveloped flat, and of up to £5 a year for twenty years on each "resettlement" flat or house. Local authorities will have to provide subsidy at the rate of half the Exchequer grant in each case. Powers of compulsory acquisition will be given, compensation to be paid normally at market value.

Opposition critics of the Bill have complained that the standard of over-crowding is too low, that the subsidies are insufficient to enable houses or flats to be let at rents payable by the poorest classes, and that the rate of compensation is excessive. Under the Bill, a dwelling is over-crowded if more than two people have to occupy any one room (children under ten to count as half a person, and infants of less than one year not to count at all); further, the sexes must be separated, except husband and wife and children under ten. The number of persons allowed per room is reduced if rooms are below normal size. The standard is somewhat less stringent than those laid down by recent unofficial social surveys; but even if a higher standard ought to be aimed at later the Minister appeared to be justified in confining his task to practicable proportions as a first effort. The subsidies are less than the Wheatley and Greenwood scales; costs, however, have fallen heavily in the last few years, and it is probable that, as the Minister of Health assumes, the grants will allow houses to be built in urban areas to let at 10s. a week inclusive of rates. This is the standard usually adopted by housing experts for the cheapest grade of workmen's dwellings. Doubtless many of the very poor who now live in over-crowded conditions would find even 10s. a week too high; on the other hand, the provision of extra accommodation on a large scale is likely to bring down the rents of dwellings at present over-crowded. Comment on the details of the compensation proposals is impossible in a short résumé; but there is clearly considerable popular appeal in the Labour party's view that the very fact that property is over-crowded diminishes the owner's right to compensation from the public purse.

IRELAND: THE SHADOW OF A REPUBLIC

I. THE TRADE AGREEMENT WITH GREAT BRITAIN

THE New Year has at least begun well. For the first time since Mr. de Valera took office, a gleam of sanity has pierced the clouds of distrust and disagreement which darken the relations between the Free State and Great Britain. On January 3 it was officially announced that, as a result of discussions between the two Governments, the quota fixed last year for cattle imported into Great Britain from the Free State would in 1935 be increased by one-third in all categories, in return for increased purchases by the Free State of British coal to an equivalent value. This bargain, which is creditable to the common sense of both parties, means that the exports of our cattle to Great Britain may be increased by some 150,000 head during the coming year, while we will buy virtually no coal but British. On the other hand, the special duties on our cattle and on British coal will remain. In financial terms this will mean that Irish coal consumers will pay about a quarter of a million pounds in coal duties, since they can now buy nothing but British coal, and the British Government will receive nearly an additional million pounds in land annuity duties from the Free State farmers and taxpayers; in addition, about five thousand British miners will be re-employed and one and a quarter million tons of British coal will be sold to the Free State. Moreover, the British farmers and meat market will receive an extra supply of the best Irish stores and fat cattle, which will be by no means unwelcome. The Irish farmer, on the other hand, will be

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able to obtain a market for some of his now sadly superfluous cattle.

On the whole, therefore, Mr. Thomas would seem to have made an excellent bargain, and it is little consolation to know that but for the necessity of saving Mr. de Valera's political face and preserving his unchanging principles a comprehensive and satisfactory settlement of the whole sorry dispute could almost certainly have been obtained. Finally, the agreement is convincing proof, if proof were necessary, that there is no alternative market to Great Britain for our agricultural exports. It is now clear that the order issued by the Free State Government on December 24 last, establishing a coal quota as from February 1, was designed to implement this agreement and not to promote the importation of German coal, as was at first believed owing to the presence in Dublin of a German delegation, who have since negotiated a trade agreement with the Free State for the coming year, on the basis of taking one pound's worth of Free State farm produce for every three pounds' worth of German goods imported into the Free State.

No one, nevertheless, will be disposed to criticise too severely this recognition of reality, and there is some slender hope that negotiations for the complete settlement of the economic dispute may be resumed. Mr. de Valera has stated, however, that the arrangement is a business transaction based on the mutual interests of the two countries, and that opportunities for further similar understandings will, no doubt, present themselves from time to time, and will probably be taken by both sides in the same spirit. The emphasis, it will be observed, is on the business nature of the arrangement. It would, therefore, be extremely foolish to build a substantial edifice of hope on such slender foundations. The real political and economic difficulties remain, and whilst Mr. de Valera, with one political leg floundering in the bog of economic nationalism and the other precariously perched on Commonwealth *terra firma*,

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continues his obstinate march towards the "associated republic" of his dreams, there is little chance of a serious settlement; for that can only be obtained through a large and statesmanlike accommodation, such as neither side to this miserable controversy appears to contemplate or be capable of carrying out.

II. THE CITIZENSHIP BILL

A GOOD example of the difficulties yet to be overcome, and of the Free State Government's attitude towards the Commonwealth, is afforded by the Citizenship Bill they have recently introduced. The necessity for such a Bill was obvious. Under the Constitution,* Free State citizens are defined as persons domiciled in the Free State at the time of its enactment, of Irish birth or parentage, or persons who had been resident in the Free State area for the previous seven years. Although it was also provided that the conditions governing the future acquisition and termination of citizenship should be determined by law, nothing has since been done in the matter, with the result that those born since the Constitution was enacted are, apparently, British-born subjects without any special Free State citizenship; for from the earliest times it has been held that birth on British territory, wherever situate, carries with it the rights and duties of a British subject.† The new Bill, therefore, quite properly and legitimately, alters this state of affairs, providing that such persons shall become citizens of the Free State, as well as defining Free State nationals, and regulating the acquisition and loss of Free State citizenship for municipal and international purposes.

But the Government could not lose this heaven-sent opportunity for twisting the lion's tail, and so proceeded also to repeal the law relating to British nationality, and to

* Article 3.

† Calvin's Case (1608).

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abolish the status of British subjects so far as it exists in the Free State, quite regardless of their legal or moral right to do so. They were careful, however, to leave a means of escape from the full implications of this course, by providing for reciprocal arrangements for mutual citizenship rights between the Free State and "other countries," namely, Great Britain and the Dominions ; the restrictive legislation they have already enacted* makes it clear, however, that there is no intention whatever to confer the full benefits of citizenship on such persons.

Mr. de Valera, during the debates on the Bill, declared that whilst the Bill does not alter the principle of co-equality, and therefore does not deprive us of our rights and privileges as British subjects, nevertheless, when once it becomes law, common status will cease to exist, and there will be no more British subjects in the Free State. If a "republic for the whole of Ireland" was declared tomorrow, he announced, not a comma in the Bill need be altered. Moreover, he denied that allegiance to the Crown was the basis of the Free State's association with the other members of the Commonwealth. He apparently desires to obtain all the advantages of belonging to the Commonwealth without admitting the natural implications of such a relationship. He admitted grudgingly that there was a "certain association" (he must have found it difficult not to say "external association"), and expressed his gratitude for the way in which the British consular and diplomatic services had been placed at our disposal, but he was careful to add that in future our citizens would only make use of British diplomatic and consular assistance on the understanding that they were not British subjects. The word "subject" and the word "allegiance" were, he said, equally abhorrent to an Irish nationalist so far as they applied to an outside country or its representative. The only basis on which they were willing to found their relations with the Commonwealth was that they were pre-

* Control of Manufacturers Acts, 1932, 1934, and similar legislation.

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pared to give mutual privileges and accord mutual rights. They would not accept any common citizenship.

It is impossible to reconcile either the Bill or these statements with the admitted facts of common status, common citizenship and allegiance to the Crown embodied in the Treaty and the Constitution, from which his Government derives its authority and existence, and with which, incidentally, their Information Bureau declares the Bill to be in complete harmony. The Treaty of 1921 is still in force, and under that Treaty the Irish Free State has the same constitutional status in the Commonwealth as the other Dominions.* Under it the law, practice, and constitutional usage governing the relation of the Crown to the Dominion of Canada govern the relation of the Crown to the Irish Free State.† The Treaty has not been denounced or repudiated, nor the Constitution abrogated. Accordingly there is no doubt whatever that allegiance to the Crown is still the basis upon which our political system rests. Indeed, this fact is clearly recognised in many ways, and Mr. de Valera himself received his appointment as President of the Executive Council from the representative of the Crown.‡ Hence it follows that the Irish Free State cannot by ordinary statute cause its citizens to cease to be British subjects. The only method by which this can be effected is the formal denunciation of the Treaty, accompanied by the formal declaration of the Republic. Internally such citizens would thereupon cease to be British subjects ; but externally only in so far as that republic was internationally recognised.

The Government have not, therefore, the legal right to take the course proposed. Nor are they morally in better plight ; for the report of the Imperial Conference of 1930, which lays down that common allegiance to the Crown is the basis of the common status possessed by all the subjects of the King, was formally approved by resolution of both Dail and Senate in July 1931 ; and the Statute of West-

* Article 1.

† Article 2.

‡ *Dublin Gazette*, March 11, 1932.

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minster, embodying these decisions, was passed at the request and with the consent of our Government, as its preamble proves. Mr. de Valera relied on the status thus achieved to remove the oath, but he is now breaking the agreement reached by the Imperial Conference, that changes in the common status "should only be introduced after consultation and agreement among the several members of the Commonwealth." There is a leading principle in equity that one cannot approbate and reprobate, namely, one cannot accept a benefit and repudiate an obligation under the same instrument. But this is not merely an equitable principle; its observance is deeply rooted in ethics; accordingly it seems clear that the Free State Government have not the moral right to take the course proposed.

The question then arises: what will be the result of the passage of this Bill from the point of view of the common status? The answer is, as Mr. Thomas pointed out in the House of Commons on November 27, that anyone who is a British subject will remain a British subject, for the Bill cannot legally deprive a single Irishman of that status, or of any of its privileges inside or outside the Free State. It is, of course, true that the status of a British subject in the Free State differs from that of a British subject in Great Britain. The latter not only owes allegiance to the King as King of Great Britain, but is also bound to perform all the obligations arising from his allegiance to his own King, and to observe all the laws of his own country. The citizen of the Free State, however, owes allegiance to the King only in his capacity as sovereign head of the British Commonwealth, and is in no way bound to obey the laws of the British Parliament while outside Great Britain. The Commonwealth is, in fact, as Senator Browne, K.C., pointed out in the Senate debate on the Bill, a partnership at will in which all the partners have equal rights, and from which they have also the right to retire. But during the existence of the partnership none of the parties can break a vital

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condition of the partnership, in this case the common status of British subjects founded explicitly on common allegiance to the Crown.

An anomalous situation will, however, arise in another direction when the Bill becomes law. There is power under the Bill to issue certificates of naturalisation, and the persons to whom such certificates are duly issued will become Free State citizens. But if, prior to the issue of such certificates, such persons were not British subjects, they will not be made British subjects thereby. Accordingly, we shall have two classes of citizens, the great majority who are British subjects, and a few special persons who are not. To such persons passports cannot be issued in the name of "His Britannic Majesty," as our passports still are, and a new form will have to be devised for these peculiar individuals. The Bill purports to deal with "Irish nationality," but in fact only deals with Free State nationality; for it is mere academic nonsense to suggest, as was done in the Dail debates, that because Northern Ireland was technically a portion of the Free State for one day its citizens are therefore affected by this Bill, although our Government has no power whatever to enforce the obligations of citizenship upon them. But it is a useful indication of the methods by which Mr. de Valera probably imagines he can create the illusion of an all-Ireland republic.

These performances of the Free State Government have naturally provoked the usual outburst from the so-called Southern Irish loyalists, principally resident in England, and at a London meeting of this amorphous body Mr. J. H. Morgan, K.C., made their flesh creep with a description of "the strange and mysterious things" which were happening in Irish ports, where German steamers, he alleged, were unloading huge crates and cases with the greatest secrecy. Such statements are, of course, ridiculous nonsense, without any substance whatever, except in so far as the mysterious cases contained machinery for the new beet sugar factories. They only promote bad feeling

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between the two countries, and, like the subsequent debate in the House of Lords, where similar alarmist statements were made, give Mr. de Valera another excuse for chanting his now familiar theme-song, the Gaelic version of "Who's Afraid of the Big Bad Wolf?" But, although these ebullitions are both silly and harmful, it would be well if those responsible for British policy in relation to Ireland made up their minds upon the attitude they are going to adopt when Mr. de Valera denounces the Treaty, proclaims an Irish Republic for the whole of Ireland, and presents them with a *fait accompli*; for such a *dénouement* is eventually inevitable if he remains in power. An ostrich-like policy, such as is now being pursued, of talking about "the open door" and refusing to face these obvious facts or to anticipate them, can only have disastrous results.

III. THE OPPOSITION

MR. LEMASS, the Minister for Industry and Commerce, speaking at the Trinity College Philosophical Society on November 1, said that if the British Government would declare that it did not insist on the maintenance of partition, and that our internal relations and forms of government were our own concern with which they would not interfere, then nine-tenths of the trouble between Ireland and Great Britain would be removed. We could then reasonably hope to work out in due course a solution of our difficulties with the minority. Although there is a certain amount of truth in this statement, neither Mr. Lemass nor any member of the Government seems to realise that a solution of our national difficulties can only be found within the British Commonwealth, and that the republican road can only end in the permanent partition and national degradation of Ireland.

The United Ireland party, on the contrary, seems to have at last definitely decided that a full, frank and loyal acceptance of our Commonwealth status is the best and

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only solution of our problems. Speaking at Enniscorthy during December, Mr. James M. Dillon, T.D., one of the vice-presidents of the party, said that he stood unequivocally for membership of the Commonwealth. He was certain Ireland could be reunited within the Commonwealth. And Mr. Frank MacDermot, now happily restored to health, has also recently emphasised that the truest patriotism was to combine Irish independence with a free and equal place in the Commonwealth, and to destroy partition by destroying the racial feelings and prejudices which were its cause. The United Ireland party, although still shaken, has now recovered somewhat from the disturbance caused by the retirement of General O'Duffy, and has been strengthened by the expulsion of Mr. Patrick Belton, T.D., one of the stormy petrels of Irish politics, who was the first republican member to enter the Dail, and who has since belonged to several parties, but to none for long. He has now enrolled himself under the banner of General O'Duffy.

The general, who is practically an extinct political volcano, has attracted the support of a small portion of the Blue Shirt organisation, and continues to rumble at intervals. His speeches are somewhat incoherent, and disclose, amid considerable abuse of his late colleagues, no practical policy of any kind. The leaders of the United Ireland party have wisely extended to him the charity of their silence. There is little doubt that when the party convention takes place next month Mr. Cosgrave will be re-elected as leader, a position from which it is now painfully clear that he should never have been removed. He has recently described the social aim of his party as the inauguration of a corporate system based upon the principles enunciated by the present Pope in the encyclical *Quadragesimo Anno*, adapted to Irish conditions and operating with the full consent of all concerned; and Mr. MacDermot has said there must be no more flirtation with fascism.

The leaders of the party recently forwarded a memoran-

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dum to Mr. de Valera dealing with the farmers' economic plight, asking the Government to explore the possibilities of a trade agreement with Great Britain which would secure larger quotas for our exporters (as has since been done), and urging that farmers in arrear with annuity payments should be brought before the courts in the ordinary way, instead of having decrees issued against them without court proceedings on the foot of a mere Land Commission certificate, as is now done under the provisions of the 1933 Land Act.* They requested an interview, but Mr. de Valera refused to receive them on the ground that these matters had already been fully discussed in the Dail. A Bill, subsequently introduced by the Opposition, to alter this system of collecting annuities was summarily rejected on its introduction; so the farmers must continue to receive a not entirely undeserved castigation from the stick which they cut to beat themselves with when they first returned Mr. de Valera to power.

Fortunately, the attempt to resist collection of the land annuities by blocking roads and cutting telegraph wires and railway lines has abated and almost ceased. The Military Tribunal has encouraged this process by dealing mercifully but justly with the persons convicted of these offences. The Irish Republican Army continues, however, to furnish sufficient material for the exercise of the Tribunal's powers. Its most outstanding exploit during recent months, apart from assaults on unprotected Blue Shirts and members of the new Volunteer Force, has been the kidnapping of Mr. P. J. McEnery, B.L., who has been recently engaged in prosecuting its braves before the Military Tribunal. Mr. McEnery was seized in the approved fashion after dark near his home in the Dublin suburbs and conveyed by motor to a place outside Arbour Hill barracks, where the Tribunal sits, and there tied to a railing and covered with tar. The I.R.A. has also been responsible for interference with collectors on Poppy Day,

* See THE ROUND TABLE, No. 92, September, 1933, p. 872.

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and for a serious disturbance in a Dublin cinema, where a picture of the wedding of the Duke and Duchess of Kent was being shown. Organised rowdyism of this kind is in reality the best form of propaganda against republicanism and its boy friends.

Meanwhile the relations between the I.R.A. and the Government have not improved. Quite recently some members of the I.R.A. on trial before the Military Tribunal did not hesitate to describe Mr. de Valera as a renegade, and others created a hostile disturbance when he visited the Christmas Fair of the Gaelic League. Their newspaper, *An Phoblacht*, points out that the removal of the Oath makes no difference to the illegality of the Free State Parliament, that Mr. de Valera is continuing Mr. Cosgrave's policy of coercion, and that the recent trade agreement with Great Britain proves that his Government have definitely accepted the Treaty. It denounces them for having violated the trust they received from the people at the last election, and claims that Mr. de Valera's industrial policy is based on capitalism in alliance with British imperialism. The whole policy of the extreme republican element is, in fact, becoming more and more communistic and anti-capitalist, its aim being to outbid Mr. de Valera for the support of the working class and small farmers. The official Labour party has, however, refused to be captured by the communist element. At its annual conference in October it passed a resolution declaring that the aim of the movement must continue to be the establishment of a just social order based on Christian teaching, and expressing opposition to any attempt to introduce anti-Christian communistic doctrines into the movement.

The Catholic Bishop of Waterford, Dr. Kinnane, in an address on January 6 concerning the dismissal of a primary school teacher named Edwards, denounced the I.R.A. as a sinful and irreligious society which it was a mortal sin for a Catholic to belong to or co-operate with, and stated that the republic which it envisages was a socialist one on the

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Russian model. It was, he said, more dangerous than the communistic organisation called the Republican Congress, because there was a certain patriotic glamour attached to its name. To this condemnation the "Army Council" of the I.R.A. replied that through all the long struggle for freedom the Irish Catholic hierarchy had thrown the weight of their authority and influence on the side of the enemies of Ireland, and challenged him to state in what way the aims and constitution of the I.R.A. were sinful. The Bishop retorted by quoting from their official public pronouncements in proof of his assertions. Strange to say, he did not refer to the most important moral reason for condemning them, namely, that they are an armed organisation whose avowed object is the overthrow of the legitimate government of the country. It is time, however, that the Catholic hierarchy as a whole again defined their attitude to these organisations, as the hair-splitting casuists, with whom this country is cursed, maintain that the previous condemnation was the result of false information given them during the Cosgrave régime.

Even in the extreme republican ranks harmony is not, however, complete; for Miss Mary MacSwiney, with the consistency of a Casabianca, worthy of better things, has resigned from the Sinn Féin organisation, that rearguard of undiluted republicanism, because its annual conference sanctioned the acceptance by members of salaries and pensions from what she describes as "a usurping British Government in this country." It will be difficult, perhaps, for outsiders to recognise Mr. de Valera's Government under this disguise, but it may bring home to them the ramifications and absurdities of Irish politics. Anyhow, poor Miss MacSwiney, as a party of one, has now reached a complete *reductio ad absurdum*. Another amusing example of our political mentality is afforded by the conduct of the mayor and corporation of Drogheda, who have decided that they can no longer wear their few remaining official robes because their colour is "England's cruel red,"

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and are therefore about to supply themselves with new garments of pure unadulterated green at the ratepayers' expense! Comment would spoil this delightful incident.

IV. CONSTITUTIONAL DEVELOPMENTS

THE Supreme Court has now decided* by a majority that our Constitution, at least for the present, is elastic, and that our Parliament, or what remains of it, may alter it as it sees fit. The Constitution can therefore be amended, until 1938, without a referendum, and Parliament can extend that period if it so decides. It follows from this decision that the Military Tribunal, whose existence was impugned on the grounds that it was created by an Act amending the Constitution without a referendum, is a legally established body, and that the other alterations in the Constitution, such as the abolition of the oath of allegiance, which have been made since the time for altering the Constitution by Parliament alone was extended, are also valid.

Chief Justice Kennedy, who was one of the Government's legal advisers at the time the Constitution was originally drafted, held in a minority judgment that the Constitution (Amendment No. 16) Act of 1929, purporting to extend from eight to sixteen years the period during which the Constitution could be amended without a referendum, was *ultra vires*, and that therefore all amendments in the interval, including the setting up of the Military Tribunal, were *ultra vires*. In his view the only power of amendment of the Constitution, after the expiry of the term of eight years on December 6, 1931, was given by the constituent assembly to the two Houses of Parliament and the people together. He held, therefore, that the erection of the Military Tribunal was wrong in origin and inception, and that it was an

* State (Ryan and Others) v. Governor of Arbour Hill Barracks. See THE ROUND TABLE, No. 96, September, 1934, pp. 834 *et seq.*

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instrument that might conceivably be used against all principles of natural law. The extent of its powers in jurisdiction, and its capacity to inflict punishment, were staggering, and the title of the statute creating it, "the Public Safety Act," was misleading. The Act was counter to the accepted principles of law, was an exercise of judicial power by the Executive, and could be put in operation in times of peace when the ordinary courts of the land were unembarrassed.

Whatever be the legal merits of the matter, if the decision of the Court had been in accordance with the view taken by the Chief Justice a very serious constitutional situation would undeniably have arisen, a situation which might indeed have led the Government to override the legal position and ignore the decision of the Courts. Mr. Justice Fitzgibbon and Mr. Justice Murnaghan, who gave the majority decision in the matter, may thus be said to have tempered valour with a wise discretion, and to have applied the dictates of common sense to a dangerous situation by interpreting the Constitution liberally in accordance with its own terms.

As a result of this decision the Senate is bound to come to an end next November, unless Mr. de Valera changes his mind in the meantime. The recent election to that body resulted in the return of 10 Fianna Fail, or Government, nominees, 7 Independents, and 6 followers of United Ireland. This leaves the Opposition with the slender majority of two. The outgoing Chairman, Mr. Westropp Bennett, was only re-elected by the casting vote of the Chairman. Mr. Michael Comyn, K.C., a Fianna Fail member, was elected Vice-Chairman.

It is somewhat ironical to reflect that the actions for which the Senate incurred the wrath of Mr. de Valera, namely, the passage without amendment of the Act creating the Military Tribunal at the request of the Cosgrave Government, and the suspension of the Bills to abolish the oath of allegiance and the wearing of Blue

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Shirt uniforms, have all materially benefited his own Government. Nothing is more certain than that they could not govern the country for a month without the assistance of the Military Tribunal; for juries have repeatedly refused to convict in political cases of the clearest kind, and the powers conferred on the Tribunal are, in spite of the views expressed by the Chief Justice, essential for the proper government of this peculiar country. Again, by postponing the abolition of the oath of allegiance, the Senate accustomed English public opinion to a situation which might well have led to a more serious breach between the two Governments; and, by suspending the Bill for the suppression of the Blue Shirt uniform, they prevented that organisation from attaining the certain popularity that in Ireland always follows political suppression. If the Government had had its way in this respect, General O'Duffy, instead of now being a very discredited politician, would probably be a popular hero enjoying the amenities of the prison in Arbour Hill barracks.

Another important constitutional question affecting the Free State has been raised before the Judicial Committee of the Privy Council.* It concerns the validity and effect of the Constitution (Amendment No. 22) Act, 1933, which purports to abolish the right of appeal from the Supreme Court of the Free State to the Judicial Committee. In these proceedings the Free State Government has not appeared. Counsel for the appellants, who are the owners of a fishery in the tidal waters of the River Erne, argued that the Statute of Westminster did not extend the legislative powers conferred by the Free State Constitution; that the power to repeal an Act of Parliament did not entitle the Free State legislature, under the guise of merely altering the law of Ireland, to destroy the Treaty, which was special to Ireland; further, assuming the power to override the Treaty, and assuming that the Statute of Westminster

* Moore and Others v. Attorney-General of the Irish Free State and Others. See THE ROUND TABLE, No. 96, September, 1934, p. 838.

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did extend the legislative power, did it extend that power so far as to include a different subject matter—namely, the royal prerogative? The Judicial Committee decided to adjourn the hearing until a similar Canadian case comes up for argument, so that both sides of the question may be presented before them.

V. ECONOMIC PORTENTS AND PROBLEMS

THE trade returns for the twelve months ended December 31, 1934, furnish striking evidence of the need for the new trade agreement with Great Britain. In that period, imports were £39,065,849, and exports £18,604,531, leaving an adverse trade balance of £20,461,318, the highest ever recorded. Four years ago the adverse trade balance was only £11,000,000 on a total trade of £102,000,000. The absurdity of our attempts to trade with countries outside Great Britain is once more revealed. Imports from Germany amounted to £2,277,670, and exports to £135,387! The United States sent us £1,863,000 worth of goods, and took from us £122,073. No wonder Mr. de Valera's paper, *The Irish Press*, points out to foreign countries that they have only themselves to blame if we revert to our bad habits of purchasing English coal because England buys our produce. As compared with 1933, total imports from "other countries" increased by £2,236,214, and exports to them by £22,708! These figures, of course, take no account of invisible exports and imports, but, after taking these into consideration on the most liberal basis, there must be a real adverse balance of £5,000,000 at the very least, which Government apologists suggest is only temporary and is largely accounted for by the imports of machinery, plant, and equipment for the new factories. Meantime the creation of these factories is encouraged by a flood of tariffs, which seem to be enacted as quickly as the government printing press can print the necessary orders. The latest of them cover a multitude

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of sins, ranging from lipstick and face powder to copper tubing.

The net result of the Government's economic policy is made clear, however, by the fact that the Free State producers, taxpayers and consumers, through bounties, import duties, and British duties, have suffered losses of £11,652,354 in 1933-34, as compared with 1930-31, the last year under the Cosgrave Government. Nor can our falling trade be attributed to world depression, as is sometimes suggested, because the other four Dominions have steadily increased their exports to Great Britain during the same period. The aggregate value of their exports to the United Kingdom in 1933 exceeded the figure for 1931 by £17,019,849, whereas over the same period the value of Free State exports to the same destination declined by no less than £18,763,331. Moreover, in spite of the Government's determined attempts to develop industry, there has been a steady growth in unemployment, the total on the register in the middle of January being 135,131, compared with 88,789 a year ago. The stoppage of emigration, of course, is responsible for at least 15,000 of this increase.

Another interesting and, perhaps, inevitable result of the Government's economic policy is exposed in the report of the Prices Commission on the now practically self-contained and completely protected flour trade. On the facts examined the Commission were satisfied that three price-fixing groups of millers in Dublin, Cork, and Limerick represent a combination for interference with free competition, and that the price payable for imported wheat is capable of manipulation by suppliers, and is subject to influence by speculators. They recommended that the purchase of wheat should be controlled by the State, that the cost of wheat to the miller should be fixed by state authority, and that the large port mills earning big profits should be required to pay a levy on all profits above 1s. 4d. a sack, sufficient to raise the net profit of small country mills to that amount. The period of three months on

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which the Commission based their criticism was far too short to give accurate results in such a speculative industry ; moreover, the whole industry was in a state of flux owing to the Government's policy, and the new mills had not yet gone into production. This condition of things has now altered, and the millers calculate that when all the new mills are in operation the country will be over-milled, and that the natural competition which will then exist will materially reduce their profits. The Government are well aware of these obvious facts, and Mr. Lemass, the Minister for Industry and Commerce, has, in fact, announced that they will not carry out the Commission's recommendations.

The system of licences under which the cattle trade is now operating is another monopoly which has also led to considerable abuse. In a broadcast address last November, the Minister for Agriculture, Dr. Ryan, declared he was satisfied that the prices paid by shippers to farmers were much too low, and had resulted in abnormal profits, while the producers were not receiving anything approaching the proper value of their stock. He would, he said, have no hesitation in refusing to give licences to shippers who had failed to abide by their undertakings to pay the prices fixed under the Slaughter of Cattle Act* in respect of cattle for home consumption. A few days later Mr. Twomey, the Secretary to the Department of Agriculture, addressed a meeting of cattle exporters in Dublin in even stronger terms. He said that, as a result of the British tariffs, there was a large surplus of cattle in the country, and buyers had not hesitated to grasp their advantage. Not content with normal profits, or with double normal profits, they had been exacting from the trade such a profit that producers of cattle had been subjected to very serious losses and simply could not carry on. A large number of the cattle exporters had flagrantly broken their undertakings to pay the fixed price of 25s. a cwt. live weight. If necessary to stop such practices, the Minister was prepared to place

* See THE ROUND TABLE, No. 97, December, 1934, p. 164.

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the whole cattle export trade under a government trading body.

This extraordinary and almost hysterical confession of failure effectively to regulate or control the cattle trade exporters is another indication of the hard realities which the Government have to face, and which no amount of state interference can really remedy. The free beef scheme has been in operation since November 26, and is, of course, a great boon to many poor families, but the butchers are thoroughly displeased with the price of 5d. a lb. allowed them under the Act, and, by way of compensating themselves, have raised the prices paid by the ordinary consumer—who, in his capacity as taxpayer, will also have to pay for the Government's magnanimity.

The impoverished condition of the farmers is also reflected in the state of the collection of local rates. On September 30 last, only 3 per cent. of the total rates had been collected by the county councils, as compared with 12 per cent. in 1933, with 19 per cent. in 1932, and with 27 per cent. in 1931. As much as £1,142,718 was still uncollected at the end of the last rate year, in March, 1934.

But it would be foolish to argue from these facts that the Free State is on the point of economic collapse. The process is rather one of slow and steady degradation, and in the big cities, where trade was quite brisk at Christmas time, no very serious effects are yet felt. The Government, by locating some of the new factories in the country towns, is endeavouring to ease the situation its own folly has created, but this process has naturally led to jealousy and complaints, as there are not enough factories to go round. It is also well to remember that our national financial position is extremely sound, our public debt being one of the lowest in the world. The direct liabilities of the State at the end of the last financial year amounted to £44,523,000, but there are offsetting assets estimated at £27,495,000, so that the net direct public debt is only £17,027,000, a figure little more than half of one year's revenue, and representing a debt charge of only £5 12s. 11d. per head of

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population. Our banks are also in a very sound position, although their sterling assets have fallen during the last year from £92,000,000 to £77,000,000. This fall is due to the repatriation of large American deposits sent here for safe keeping during the American financial crisis, to the increased purchase of English industrial securities by the banks' customers, and to the necessity for financing the increased excess of imports over exports. But the foreign credits held by the Free State are substantial, and in no immediate danger of being exhausted.

The Minister for Finance has now appointed the long expected Commission* to inquire into currency and banking problems. It is an extremely large and heterogeneous body, consisting of one Catholic bishop, five university professors, including Professor Gregory, Professor of Banking in London University, four prominent government officials, two trades union officials, two farmers, two business men, Mr. Jacobsen, Economic Adviser to the Bank of International Settlements, and last but not least three Irish bankers. It has been somewhat unkindly suggested that the last ingredient is necessary because one cannot make omelettes without breaking eggs. Mr. Joseph Brennan, the extremely competent chairman of our Currency Commission, will preside over the inquiry. The Commission will have to deal with the present situation in the currency and banking sphere, and to consider the desirability of establishing a central bank to carry out an appropriate currency and credit policy for the Free State. The excellent reports made by the Banking Commission of 1926, and the subsequent carrying out of their recommendations, which, in effect, anchored our new currency to sterling, no doubt require re-examination in view of the altered conditions, but it is to be hoped that no serious departure will be made from the sound and conservative principles on which they were based.

The Irish Free State.

February, 1935.

* See THE ROUND TABLE, No. 96, September, 1934, p. 849.

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I. CAPITALISM UNDER FIRE

THE fate of the Conservative Government at the coming federal elections will largely depend upon the reception accorded to the measures it must put forward to deal with the abuses disclosed during its inquiry into Price Spreads. Until recently, public opinion has favoured the Opposition, Liberals having been returned with considerable majorities in provincial elections and in by-elections for federal seats. The man-in-the-street, on whom the burdens of the depression have fallen more heavily than upon the industrialist and the financier, seems to have blamed the Government for his distress, and to have felt that the tariff, and an inadequate control of "big business," were the causes of his sufferings. The Liberals offer to put things right by lowering the tariff. Mr. Bennett, leader of the Conservative party, promises to reform the economic system, and to subject business to regulation by government. The approaching election will probably be fought on these issues.

The Price Spreads inquiry was the immediate cause of the swing of the Conservative party to the Left. It arose out of complaints that monopolies or dictatorships in business used their power to depress prices of primary and other commodities to a very low level, and to push wages down until they afforded only the barest standard of subsistence. Mr. H. H. Stevens, formerly Minister of Trade and Commerce, took public notice of these complaints in a speech he delivered a year ago, in which he criticised in the most vigorous terms the corporations that were alleged to

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have misused their power. The Prime Minister seems to have been influenced by the protests he received from some of the corporations so indicted; for he took exception to the remarks of his Minister, who resigned on January 19, 1934. Further discussions, however, led to a withdrawal of the resignation, which was kept secret until October.

The outcome of Mr. Stevens' speech was the constitution of a Select Committee of the House of Commons to inquire into the effects of mass buying. It investigated the conditions under which business was carried on by departmental stores, meat packers, canners and tobacco manufacturers.* It sat until the end of the session, but as its work was not then finished arrangements were made for it to continue the inquiry at a later date as a Royal Commission.

A few weeks after the close of its sittings, the country was startled by the publication in pamphlet form of a speech made by Mr. Stevens to a study group of Conservative members of Parliament. It was brutally frank, and, in the opinion of some people, somewhat indiscreet and not wholly accurate. In it the Minister reviewed the evidence presented to the Committee. He castigated the investment bankers for the way in which they had re-financed and over-capitalised old and sound Canadian businesses; he declared some of the mergers they had brought about to be bankrupt, mentioning one or two by name; he spoke of the low wages paid to the workers, and gave details of the excessive salaries enjoyed by men in executive positions in the companies under investigation. The pamphlet was reprinted in full by daily newspapers in Winnipeg and Vancouver, but prompt action by the Prime Minister prevented further publicity. He remonstrated with Mr. Stevens, apparently with satisfactory results, as no further reprints appeared in the daily press, and nothing more was heard from either side until October, when the Minister said he had merely corrected the record made

* For further particulars of the work of the Committee see *THE ROUND TABLE*, No. 95, June 1934, p.630.

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of his address so that it could be mimeographed and circulated among the members of the study group.

As a result of the publication of the pamphlet further complaints were made to Mr. Bennett, and a constant stream of open and veiled criticism of Mr. Stevens and his actions appeared in the press. The feeling he had stirred up led to his resignation; for in the autumn, following Cabinet consideration of the situation, he was asked to make a statement at the opening meeting of the Royal Commission on Price Spreads, of which he was to be chairman, "indicating the circumstances under which the pamphlet came into being, and expressing regret for any injury that such mis-statements had caused to the reputation of any individual or business, and also indicating that the Commission would afford complainants every opportunity to refute such mis-statements." Mr. Stevens refused to do this and tendered his resignation, which, on this occasion, was accepted.

It was immediately apparent that the man-in-the-street viewed his resignation as a victory for the powerful industrial and financial interests, for a rousing welcome was given to the ex-Minister whenever he spoke in public. His audiences filled commodious halls, and loud speakers had to be provided for overflow meetings. Mr. Stevens still professes allegiance to the Conservative party, and, although he remains impenitent about his actions and pronouncements, rumour now has it that some important field of work will be found for him.

On October 30 the Royal Commission on Price Spreads began its sittings with Mr. Stevens as an ordinary member. The Commission has examined the practices of many trades—chain stores, millers, manufacturers of farm implements, the textile, canning, fish and livestock trades. The evidence tells of hardship and change; low wages to workers and low returns to small producers, high salaries and bonuses to officials of the large corporations, and, in many cases, good profits in spite of the depression. These

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conditions are ascribed in part to over-capitalisation, excessive productive capacity, mergers (there were 120 between 1922 and 1930, involving the merging of 550 concerns); to "the concentration of merchandising totalising annually vast millions of dollars in a relative handful of organisations"; and to the rapid growth in the past decade of chain stores, which now account for a quarter of the retail sales and are to be found in more than twenty trades. The Commission is hastening its examination because the Government is anxious to have a report and recommendation to lay before Parliament in the present session.

What the Commission will recommend is still a matter of conjecture. It will have to take account of the limitations imposed on federal action by the British North America Act, and it must profit by the experience of other countries in dealing with similar problems. But the Prime Minister has already indicated, in clear though general terms, his intention of putting an end to the abuses that the inquiry has disclosed.

His intention to do this has been stated in a series of five radio addresses delivered at the beginning of January, in which he declared for a reform of the economic system. This, he said, "means government intervention. It means government control and regulation. It means the end of *laissez-faire*." On this policy he stakes his political future. He claims that the Government has begun to reform economic conditions through legislation which it has already enacted, to enable the farmer to settle debts by voluntary agreement with his creditors or by arbitration, to assist him with long- and short-term credits, and to help him to market his products more profitably under the provisions of the Natural Products Marketing Act; and through the creation of the central bank. He promises to establish unemployment insurance, a new old age pension system, health, sickness and accident insurance, minimum wages and maximum hours of work for the whole Dominion, a Ministry of Communications and a National Economic

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Council. He spoke of the Price Spreads inquiry, and undertook, when the report is received by the Government, to invite Parliament to take action in accordance with the Commission's recommendations. He promised "to see fair play between producer and consumer, between industry and the public."

He made no mention of any intention to amend the British North America Act, although much of the legislation he proposed could not easily be made effective without constitutional change. If Mr. Bennett does not contemplate amendment, he will have to get the results he hopes for by circuitous means.

The country has been stirred by the Premier's programme of action and by the vigorous manner of its presentation, but many people are reserving judgment on it until more is known about the manner in which business is to be regulated. Surmise, of course, is prevalent. It has been suggested that the legislation contemplated will follow the lines of the Natural Products Marketing Act, which provides for the regulation of the time and place of marketing of natural products by a local board selected by a majority of the producers and working under the supervision of the Dominion Marketing Board—or, if no local board is voluntarily set up, by a board organised directly by the Dominion Board. This Act embodies two principles, one explicit, the other implicit. Despite the continued existence of anti-trust laws, it encourages and may even compel combination for the purpose of orderly marketing, which necessarily means the restriction of competition, the establishing of common prices, and regulation of the volume of supplies that may be put on the market. It represents the beginnings of self-government in economic life, a self-government by majority rule because, under the Act, a dissentient minority must conform to the orders of the local board. As, however, combination or self-government for the purposes stated may result in exploitation of the consumer, the Government must take steps to prevent

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it. There is no clear indication in the Act that this essential duty is recognised; for, although part II provides for investigation to determine whether "spreads" (*i.e.*, commissions, or charges for storage, processing, etc.) are unduly high, and imposes substantial penalties if they are, neither Government nor Board is given explicit authority to prevent the local boards from exacting excessive prices. No doubt a threat to dissolve the local board would act as a deterrent, but this indirect method is a poor substitute for a simple and immediate form of control.

If this Act is to be used as a model for the better ordering of industry and commerce, some other means than any that it provides must be found for preventing abuse of the power over prices that combination or self-government will bestow. With this consideration in mind, one may attempt to forecast the general character of any legislation that may be proposed. Regulation of industry may be conducted by a federal Board or Commission, having power, of its own initiative or upon petition by a specified number of persons, to inquire into the practices of any trade. If it should find monopoly, dictatorships, or combinations in existence, it might recommend either that they be allowed to continue under such conditions as it approves, or that they be dissolved and effective competition restored. If an industry or trade should desire to form an association or combination for the regulation of its practices, the Commission would inquire into the circumstances and recommend the approval, modification, or rejection of the proposals. And, in a limited number of cases, it might be desirable for the Commission to recommend compulsory association or combination in order to prevent ruinous competition or the wasteful duplication of services or plant. In the early stages of the experiment in industrial self-government, the responsibility for instituting it would probably rest with the Government or Parliament, and the powers of the Commission would no doubt be restricted to inquiry and recommendation.

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On the other hand, in recommending to the Government the approval and authorisation of monopolies, dictatorships, or combinations, and the non-enforcement of anti-trust laws against them, the Commission would have to propose means by which they could be prevented from exploiting the public. Price regulation would be out of the question, because no single body of men could deal effectively with the multifarious and varied prices of industry, as the experience of the United States under the N.R.A. has amply shown. Moreover, price regulation by the Federal Government would be unconstitutional unless the British North America Act were amended. Another means must therefore be sought. It may possibly be found in the power of the Federal Government to levy taxes of any kind. It has been suggested that monopolies, industrial dictatorships, and combinations which have been declared free from prosecution under the anti-trust laws should be subjected to excess profits taxation. The real investment in effective plant and capital should be valued; the earnings of the industry over a number of years should be examined; a rate of earnings and reserve based on this experience should be allowed to go free of taxation; and anything beyond should be made liable to heavily graduated excess profits taxation. It is argued that, as no one is anxious to pay taxes to Government, taxation of this sort would keep prices at a reasonable level,* and remove or reduce the incentive to beat down wages to a low level, because little or no advantage would accrue to the employer if this were done. It is also claimed that purchasing power for consumers' goods would be increased, and that over-expansion of plant induced by excessive profits during a boom would be checked.

Warrant for the conjecture that this may be the programme adopted by Mr. Bennett is to be found in the

* Of course this argument deals with the relations between specific prices and not with fluctuations in the general price level, which form a monetary problem.

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precedent of the Natural Products Marketing Act, and in his promise to regulate business. Regulation must include control of prices or profits. Without constitutional change the former is impossible, hence it seems valid to assume that the policy of the Government must include some means to regulate profits.

The business men of the country will regard a policy of this sort with mixed feelings. Like their fellows in the United States, they are anxious—as witnesses before the Price Spreads inquiry have urged—to secure a repeal of the laws against combination in order to put an end to ruinous competition and the building of surplus productive capacity, but they will not readily agree to a control of profits. If the Government insists upon this control, some business men may withdraw their support. On the other hand, if it should compromise and fail to make provision for adequate control, it will lose the votes of a large number of people who feel that their welfare has been already sacrificed for the advantage of vested interests.

As yet the Liberal party at Ottawa has taken no stand on the regulation of industry, although Liberal Governments of several provinces have shown themselves to be in favour of it. Some of them have passed Acts similar to the N.I.R.A.; the provinces of Ontario and Quebec regulate the conditions of sale and the price of milk; and Nova Scotia licenses dealers in gasoline and regulates its price. Nevertheless, it is believed that the attitude of Mr. Mackenzie King, the leader of the national Liberal party, will be unfavourable; for, to the disappointment of some of his followers, he has already denounced the Marketing Act. This assumption is supported by a press report of the annual meeting of the National Liberal Federation, which said:

On Price Spreads the discussion was not as clear. It is evident the Liberal party will not seek to invade provincial jurisdiction with respect to control of industry, wages, hours of labour and the like. There will be no government fair trade councils with arbitrary power to control Price Spreads.

The Maritime Provinces and the Tariff

Should this forecast prove correct, the party would have to meet the charge of inconsistency; for it may be argued that, if the Liberal Governments of the provinces find it wise to regulate local businesses in order to prevent the evils of ruinous competition or of exploitation by monopolies, it must also be wise to regulate economic activities that are national in scope in order to deal with the same evils.

If, as a consequence of the inquiry into Price Spreads, self-government in economic life, coupled with social control of profits or prices, becomes a major issue in Canadian politics, a re-alignment of party allegiance may ultimately be looked for. On one side will be found those who believe that the economic responsibilities of government should be mainly restricted to the encouragement of self-government in industry, and to the institution of forms of control that will ensure efficient management and equitable treatment for all; while on the other side will be those now represented by the C.C.F.,* a party still small in numbers, who think that Government should own and operate all means of production. It may be some time before this re-alignment comes about, for individualists and supporters of *laissez-faire* are still numerous; but if the integration of business in Canada proceeds at the pace it has followed in recent years, their philosophy may soon become antiquated and their numbers insignificant.

II. THE MARITIME PROVINCES AND THE TARIFF

THE report of the Royal Commission appointed by the Government of Nova Scotia, which was recently published, brings once again before the people of the Dominion the thorny problem of the economic and political position of the maritime provinces. The report, and its accompanying volume, which is a brief prepared for the province, provide a careful study of the historical relations

* Co-operative Commonwealth Federation.

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of the maritime provinces and the Dominion, together with a statistical analysis of the present situation.

The term "maritime provinces" has been restricted by Canadian usage to Nova Scotia, New Brunswick and Prince Edward Island, three neighbouring provinces on the eastern seaboard of Canada, whose inhabitants number slightly less than one-tenth of the total population of the Dominion. Both French and English settlement in what is now Canada had its beginning in Nova Scotia; and in the racial strains that have persisted in their population the maritime provinces present a mosaic of the history of the colonial rivalries and forced migrations of the eighteenth century. In spite of basic similarities, each of the three provinces has persistently retained its individuality and separate political existence. There have been frequent proposals to reunite them, but these have foundered always on the rock of traditionalism and of the sentimental associations that have gathered about their development as separate political entities.

The geographical position of the provinces has been a decisive factor in determining the strength and weakness of the economic and cultural ties that bind them to the Dominion. Before confederation their chief communication with Upper and Lower Canada was by sea, and this means of intercourse was only available during seven months of the year. As a consequence they enjoyed much closer and more continuous relations with the New England states and Great Britain than with the other provinces of British North America. Confederation brought railway communication with the provinces on the St. Lawrence but did not remove the less tangible barriers between the two communities. The project of federation aroused bitter opposition as well as considerable enthusiasm among the people of the maritime provinces. The opposition was shown in the vigorous repeal movement in Nova Scotia and the tardy entrance of Prince Edward Island into the Dominion.

The Maritime Provinces and the Tariff

At intermittent periods since confederation the maritime provinces have shown a marked disposition to reconsider their economic position and political influence within the constitutional and fiscal framework of the Dominion. This has been a natural reaction to their failure to march abreast of the other provinces in economic development and growth of population. The decline of wooden ship-building was not followed, as it was in other countries, by a diversion of labour and capital into the building of steel ships. Nor did manufacturing develop to any marked extent after the adoption in 1879 of the national policy of protection. Higher tariffs emphasised the advantages of the central provinces of Ontario and Quebec as manufacturing and distributing centres. At the same time the tariffs imposed handicaps upon the maritime provinces in respect of both internal and external trade. The one definite advantage conferred upon Nova Scotia was the duty on foreign coal, which gave the assurance of a Canadian market for coal mined in the province. With the completion of the Canadian Pacific Railway and the rapid expansion of population on the prairies a fresh impetus was given to the manufacturing industries of the east. The maritime provinces participated in this era of expansion only so long as the manufacturers of Ontario and Quebec were unable to meet the rapidly growing demand that had been induced by active colonisation and railway construction. The geography of the Dominion and the distribution of its population along a narrow corridor of settled territory running east and west, with the greatest density at the centre, made it inevitable that a fiscal policy designed to encourage production for the home market would accentuate the geographical advantages of the central portion of the Dominion in supplying the needs of eastern and western Canada. The result has been, since the turn of the present century, a progressive concentration of manufacturing activity in Ontario and Quebec, and a fairly steady decline of manufacturing in the maritime provinces.

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This would not have caused undue apprehension if there had been a compensating development in other directions which would absorb an expanding population. The primary industries, however, obliged to look very largely to export markets, were placed under serious handicaps by the protective tariff. As a result, agriculture, fishing and lumbering were unable to offer remunerative employment for even the natural increase of the native population. The consequence has been a persistent migration from the maritime provinces to the United States and to the more populous and industrialised sections of the Dominion. This failure to maintain a rate of increase of population comparable to that of the other provinces brought with it a diminution of influence in the Dominion Parliament. In 1875 the maritime provinces were represented by 43 members in a House of Commons which numbered 206. Under the last Redistribution Act their representation was reduced to 26 in a House of 245. An amendment of the British North America Act enacted in 1915 provides that under no circumstances shall the representation of a province in the House of Commons be reduced below its fixed representation in the Senate. Prince Edward Island and New Brunswick have now reached this minimum. It appears likely that Nova Scotia will do so after the next decennial census. The last census, that of 1931, showed an absolute loss of population in Nova Scotia and Prince Edward Island.

It was not unnatural that leaders of political thought in the maritime provinces should contrast their position in the Dominion with the position they had once held as separate colonies. It was at least plausible to argue that they would have enjoyed a greater prosperity had they not united with the larger provinces on the St. Lawrence to form the Dominion in 1867. The severe economic depression that followed the close of the war, and the failure of the maritime provinces to recover as quickly from this depression as other provinces, brought to a head a feeling

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of discontent that had never been wholly dissipated since confederation. Out of this discontent there arose a Maritime Rights movement and the appointment by the Dominion Government of a Royal Commission on Maritime Claims in 1926. The Commission was instructed to inquire into representations that the maritime provinces had suffered from the failure to use maritime ports for Canadian trade, that they had been handicapped by the schedules of freight rates on railways uniting the maritime provinces with other provinces of Canada, that their economic interests had been prejudiced by the effects of tariff, immigration, and other economic policies adopted by successive Administrations at Ottawa, and finally that the Dominion had failed to implement certain pledges to undertake such measures and policies as would insure for the maritime provinces a satisfactory economic position in the Dominion.

The Royal Commission on Maritime Claims was presided over by Sir Andrew Rae Duncan, its other members being Canadians who had enjoyed a close association with the maritime provinces. Unfortunately it conducted its investigations for the most part during the bitter election campaign of 1926. Tariff policy has always been a subject of controversy in Canadian elections. Possibly for this reason the Duncan Commission failed to make an extensive inquiry into the effects of Canadian tariff policy upon the economic interests of the maritime provinces. It is clear from the terms of reference that no restriction was imposed upon the freedom of the Commission to investigate any aspect of Dominion policy in its effects upon the maritime provinces. It can only be assumed, therefore, that the Commission determined that it would be unwise or impracticable in the existing circumstances to emphasise this feature of the problem. This omission has to be mentioned because of its connection with the more recent inquiry instituted by the province of Nova Scotia.

The report of the Duncan Commission, presented shortly

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after the general election of 1926, contained many important recommendations intended to remove long-standing economic disabilities of the maritime provinces. They include, *inter alia*, a substantial reduction on all freight rates charged on traffic originating and terminating at stations in the Atlantic Division of the Canadian National Railways, and a proportionate reduction of the through rates on traffic from stations in the Atlantic Division to points beyond the maritime provinces. This was intended to insure a wider market in central and western Canada for products of the maritime provinces. Other recommendations proposed an improvement in the transportation facilities from the mainland to Prince Edward Island, the more effective use of the winter ports of St. John and Halifax in the development of export trade, and additional assistance to the coal industry of Nova Scotia, through subventions on the transport of coal to central Canada and further subventions for coal used in the manufacture of coke. The Commission recommended that the Dominion should pay additional interim lump-sum subsidies of \$875,000 to Nova Scotia, \$600,000 to New Brunswick and \$125,000 to Prince Edward Island, pending a complete reassessment by the Dominion Government of its financial arrangements with those provinces.

On behalf of the maritime provinces, it had been submitted that subsidies previously paid under the terms of the British North America Act and subsequent amendments were wholly inadequate, in view of the expanding responsibilities of provincial governments for the maintenance of social services, and of the inability of the maritime provinces to raise larger revenues without imposing higher rates of taxation than prevailed in other provinces. It was pointed out that whereas other provinces had received an addition to their territories through an extension of boundaries, the geographical position of the maritime provinces denied them this accession of potential wealth and population. It is evident that the Duncan Commission

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did not base its recommendation for additional subsidies to the maritime provinces on a reckoning of specific claims made on their behalf, but that it made an arbitrary estimate of what they severally needed to balance their budgets upon the basis of their existing establishments. The crucial question of a revision of the principles upon which the financial relations between the Dominion and the provinces should be based was left to the Dominion to tackle at some later date.

The more important recommendations of the Duncan Commission were implemented without delay by the Dominion Parliament and there was for a time a distinct improvement in the economic position of the maritime provinces, accompanied by a cessation of political agitation against confederation. This period, however, was brief. The prolonged depression which began in 1930 focused attention once more upon the basic economic causes of the failure of the maritime provinces to secure an adequate industrial and commercial development within the structure of confederation. In the meantime, the Liberals had been succeeded by a Conservative Administration at Ottawa, but neither Government had undertaken the reassessment of financial arrangements between the Dominion and the maritime provinces. For these reasons two new inquiries by Royal Commission were instituted during the past year, designed to improve the position of the maritime provinces and to clarify their relations with the Dominion. As a result of united action by the Governments of Nova Scotia, New Brunswick and Prince Edward Island, the Dominion Government appointed a Royal Commission, under the chairmanship of Sir Thomas White, to carry out the belated financial reassessment. This Commission is now proceeding with its investigations, which doubtless will continue over some months before a final report can be presented. Before it was appointed, however, Nova Scotia decided to undertake on its own behalf an exhaustive inquiry into the causes that had contributed to the decline

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of industry and commerce in this province while it had been a member of confederation.

In announcing the appointment of the Royal Commission of Economic Inquiry in Nova Scotia, the Premier of that province directed special attention to the omission of the Duncan Commission to investigate the effect of Canadian tariff policy upon the maritime provinces. The new Royal Commission would, therefore, investigate and report upon (a) the effect of the fiscal and trade policies of the Dominion upon the economic life of the province; (b) the adequacy of present financial arrangements between the Dominion and the province in the light of their respective powers, obligations and responsibilities under the federal constitution; (c) any other matter affecting the economic welfare of Nova Scotia or its relation to the Dominion of Canada. Historically Nova Scotia had been foremost in the expression of misgivings regarding the effect of Dominion tariff policies upon its industry and commerce. These misgivings had indeed been the foundation of the repeal movement of 1868-69, in which John Bright had championed the cause of Nova Scotia at Westminster.

As a pledge of sincerity and good faith in the prosecution of this inquiry the Premier of Nova Scotia, Mr. Angus L. Macdonald, announced that the personnel of the Commission would be so selected as to secure an impartial and authoritative verdict upon questions so vital to the future status and welfare of the province. Not a single member of the Commission was a resident of Nova Scotia. Its chairman was Professor J. H. Jones, of Leeds University, and its other members were Dr. Alexander Johnston, a Nova Scotian by birth who had served for many years as Deputy Minister of Marine and Fisheries in the Dominion Government, and Dr. Harold A. Innes, Professor of Economic Geography at the University of Toronto. The Commission's report was published early in December. Upon the tariff question its answer was unequivocal. The tariff policy of Canada, it found, had tended to retard

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the growth of the exporting industries of the province without providing adequate compensation in other directions.

When, however, the advantages and disadvantages are set against each other we are definitely of the opinion that the fiscal policy pursued by successive governments has reacted injuriously upon the welfare of Nova Scotia.

Its findings upon the financial arrangements between the Dominion and the provinces were equally significant. The principles of the original financial settlement were described as unsound in conception and inequitable in their application. The time had arrived for a revision and restatement of the principles to be applied.

Professor H. A. Innes, one of the three Commissioners, wrote his own report. While he agreed with the recommendations of his colleagues, he viewed somewhat differently the causes of the present situation. It can scarcely be denied that the profound economic changes that have occurred in the world at large during the past sixty years would have affected the maritime provinces adversely in comparison with certain other parts of the American continent, no matter what had been their political affiliations.

It is too soon to say what developments will follow from the Commission's findings. On account of the political complexion of their governments, New Brunswick and Prince Edward Island did not participate in the inquiry, but their inhabitants are certain to be deeply interested in its major findings. If the protective tariff has been prejudicial to the economic welfare of Nova Scotia, it has obviously been opposed to the economic interests of New Brunswick and Prince Edward Island. There is no present disposition, however, to find in secession a solution of the ills of the maritime provinces. A secession movement is unlikely to develop except in the improbable event of the Dominion Government's adopting an attitude of complete indifference towards their economic difficulties. The Jones Commission expressed the view that secession would be folly for Nova Scotia, and it also repudiated proposals

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to create a "free zone" in that province within the political framework of the Dominion. It did recommend, however, that Canadian tariff policy should be so revised as to relieve the primary and export industries of the duties on instruments and materials of production that now press heavily upon them. This finding is likely to have repercussions in the prairie provinces and in British Columbia, whose economies are likewise founded on primary and export industries.

Indeed, with regard to the incidence of national tariff policy, the situation that is developing in Canada presents an interesting analogy to the difficulties of the Australian Commonwealth Government in its relations with Western Australia, South Australia and Tasmania. In Canada, as in Australia, attempts have been made to offset the adverse effect of a high tariff policy on primary industries by the payment of special subsidies to the provinces in which these industries are predominant. It is becoming apparent, however, that such a policy is an emollient and not a cure. Experience of the economic consequences of the Canadian federation on the smaller provinces has directed attention to the broader political implications of federalism. This is the significance of the recent economic inquiry in Nova Scotia. It has exposed the weakness of the present fiscal policy of the Dominion as an element of federal unity. Its recommendations must lead sooner or later to the development of national policies on the tariff, transportation, and federal public finance which will reconcile more adequately the conflicting economic interests of the constituent provinces. It is doubtful whether the necessary adjustments in federal public finance can be effected satisfactorily without the amendment of important sections of the British North America Act; hence the effect of the Commission's findings is to emphasise anew the imperative need for a broad scheme of constitutional revision.

Canada. January 1935.

AUSTRALIA

I. THE CENTENARY AND OTHER MATTERS

THE last three months have been vividly coloured by the centenary celebrations of Victoria. The celebrations began inauspiciously enough with a brief tramway strike in Melbourne at the very time of the Duke of Gloucester's arrival. They were attended by weather that would have turned into lament Mr. A. P. Herbert's longing—"Oh, to be in Australia now that November's there"—and with a plague of grasshoppers causing serious losses and anxiety both in New South Wales and Victoria; and they culminated at the beginning of December with storm and floods in Victoria, which, whether unprecedented or not, did damage on a scale beyond all experience to public and private property. Railways and roads, farms and buildings, suffered grievously; in town and country large numbers of persons were driven out of their homes; there was some loss of life. Restoration and relief throw a heavy burden upon government and individuals alike.

Fortunately for the centenary, the worst came when most of the great public functions were over. The celebration was a success in a different and better sense than was planned. The main reason for the selection of 1934 as the centennial year was the hope of a "fillip to business" from an influx of visitors and a less frugal spirit among the inhabitants. This hope was hardly fulfilled, though the "psychology" of the celebrations, as a way of escape from the drabness of a protracted

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economic convalescence, may be recognised. Lavish street decorations and illuminations are a matter of taste, and Melbourne gave occasion to many to grieve that cities must rejoice by disguising streets and buildings in fancy dress, and to wonder whether Princes are ever allowed really to see the cities they visit. But the vulgar and the trivial, the boosting and the exploitation of a "carnival spirit," were far less evident than at one time threatened. The events or ceremonies, official and unofficial, that drew the great crowds—the public appearances of the Duke of Gloucester, the arrival and procession of the competitors in the air race, the dedication of the Shrine as a war memorial, the marches of the band of the Grenadier Guards, and the services associated with the Eucharistic Congress—were spectacles or pageantry of varying and deep significance, with an appeal to the imagination or the emotion which reached not spectators only but all Australia; at no time has broadcasting played so important a part in our national life.

The visit of the Duke of Gloucester, the third of the King's sons to visit us since the war, was opportune; it was also something of a test. While Australia followed rather than led (save in the matter of the appointment of the Governor-General) the formal emphasis of Imperial Conferences on political independence, we have been accustomed to the new manifestations of that independence in the actual conduct of affairs; with no thought of separation, separateness rather than union has been a natural growth. Recent interpretations of national interest in the economic policy of Great Britain, and British reactions to our own policy, have excited alarm and imposed some strains. The presence of the King's son, his cheerful response to the exacting calls upon him, have evoked once more the sense of British unity, transcending both the forms and the policy of nationalism.

Our other visitors included men distinguished in Church or State, from Great Britain and other Dominions, some

The Centenary and Other Matters

of them, like Field Marshal Lord Milne and Sir Maurice Hankey, with family connections with Australia. Official and spectacular functions did not prevent great public interest in several of the non-official conferences held contemporaneously, among them the Empire Parliamentary Association's meeting and the congresses of prelates first of the Anglican and later of the Roman Catholic Churches. It may have been merely a happy accident, or it may mean that political and social change is showing its effects, but there seems to have been none of the self-consciousness and mutual rasping which to the chagrin and bewilderment of both often mars the contact of the Englishman and the Australian (or Canadian or South African). There will be no reserve in the esteem that has been won, or in the deep impression that has been made by so many men of different experience and outlook but alike in their distinction of character and attainment. And again we must remember broadcasting—its importance in giving a national impression of the distinguished visitor.

Mr. Masfield has made a place of his own which may lead some people, including many Australians, to revise their opinions of Australian characteristics. Public interest in him was spontaneous, and was merely recognised, not created, by press and wireless. With a generosity that won all hearts and an imperviousness to fatigue almost equal to that of the Duke of Gloucester, Mr. Masfield threw himself into the work of visiting schools and colleges, of talking to public audiences on life and letters, of reading to them verse and prose, and, in private as well as in public, helping and stimulating. His visit promises lasting results. Among other aspects of the centenary may be mentioned the awakening of a historical consciousness, among Victorians at any rate, fortunately untinged with any bitterness. The story of the pioneers, the social history of the colony, family history, embodied in dress, furniture, diaries, and letters, have become new interests among us.

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The Kisch Case

In another way and from other quarters literature has had unusual prominence. A Czechoslovakian subject, Mr. Egon Kisch, a "writer of international reputation," and a journalist of communist sympathies, was excluded by the Commonwealth Government under the Immigration Restriction Act. The technique of exclusion was mismanaged, Mr. Kisch forced a landing, and being taken into custody was released on *habeas corpus* by a judge of the High Court, after release had been refused by the Chief Justice of Victoria. He was then proceeded against with a view to his deportation under an application of the "dictation test"; he failed in Gaelic. Convicted as a "prohibited immigrant," he appealed to the High Court, which quashed the conviction on the ground that Gaelic was not a European language within the meaning of the Act.

If the action of the Government illustrates that the test is not a mere means of racial discrimination, and may thus allay some resentments, it excites uneasiness elsewhere. The Government has not been explicit in explanation of those "subversive tendencies" of Mr. Kisch's activities abroad which led to the conclusion that he was an undesirable immigrant, and dissatisfaction extends beyond the ranks of Mr. Kisch's political sympathisers. The case coincides in time with a growing resentment at the censorship exercised by the customs authorities over imported books, which places a ban upon such works as Stalin's *Foundations of Leninism* and Huxley's *Brave New World*, as well as upon many other books which circulate freely in Great Britain. There is, of course, another aspect of the Kisch case—it is a vindication of the "rule of law" and an illustration of the liberality of that law even towards the immigrant alien.

Economic Problems

II. ECONOMIC PROBLEMS

TWO major influences affect the rate of Australian recovery—export prices and the restoration of investment. Under the combined stimulus of a rise in export prices* in 1933–34, notably in wool, and a moderate expansion of investment both public and private, national income recovered from 66 to 77 per cent. of its level in 1928–29. If we take account of the fall in prices, real income in 1933–34 was little, if at all, below the pre-depression figure. Yet recorded unemployment was still 18 per cent. of registered trade unionists, compared with 30 per cent. at the worst phase of the depression and an average of about 10 per cent. in the post-war period.

Had export prices remained at less than 25 per cent. below the pre-depression level, as they were in 1933–34, the country could have anticipated with confidence a continued fall in the numbers unemployed, a further rise in national income, and an improvement in the budget position. An expansion of loan expenditure, as recorded in the last number of *THE ROUND TABLE*,† was to be expected; and private investment, mainly in the building industry, was increasing. There would still have been acute problems. The improvement in export prices was not uniform. Wheat and butter producers, in particular, were still suffering from very low prices, and in these industries the debt structure and the position of the marginal producer raised public issues of the first importance. A growing mechanisation of secondary industries left large numbers unemployed, despite the steady rise in output. The coal industry had a special unemployment problem of its own. State budgets were responding

* Unless otherwise stated, all prices and values are recorded in Australian currency.

† See *THE ROUND TABLE*, No. 97, December, 1934, pp. 161–174.

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unevenly to the improvement in economic conditions. In a word, it was becoming increasingly obvious that some fundamental changes in the economy of the country were necessary, even with an improvement in export prices and a restoration of investment.

Export prices for the first half of the present season have, unfortunately, shown a serious recession, and are now, even in Australian currency depreciated by over 50 per cent. against gold, more than 40 per cent. below their pre-depression level. Wool is back to less than 10d. per lb., compared with over 16d. for the 1933-34 season as a whole, and after a satisfactory rise in August and September wheat is now little more than 2s. 6d. per bushel at the seaboard. If these prices continue for the remainder of the season—and there is little prospect of a substantial improvement—the value of primary production will fall by some £30 million. This fall will in part be offset by an increase in investment, both public and private. The State loan programme is £6 million greater than in 1933-34, and the Commonwealth has embarked upon a £5 million special programme for the relief of unemployment. Private investment is still improving, but no precise measure is available. It is certain, however, that it will not rise sufficiently to make up the balance. We are, therefore, likely to experience some decline in national income this year. Consequently, the budget problems of the States will not admit of easy solution. Unemployment and the adjustment of rural debts will add to the difficulties of the Governments, both Commonwealth and State.

Since the elections, the Commonwealth Government, in consultation with the States, has been considering plans for relieving unemployment and easing the burden of rural debts. It has also had before it a supplementary report of the Royal Commission on the Wheat Industry* recommending the distribution of £4 million among wheat growers

* See THE ROUND TABLE, No. 97, December, 1934, pp. 174-176.

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in the present year. Part of this sum was to be obtained from a special home consumption price for flour. Taking 4s. 9d. per bushel as the price at which four-fifths of the wheat farmers could make a fair and reasonable living, the Commission recommended that an excise on flour should be levied, sufficient to raise the price to £12 per ton. This would be the price of flour if wheat were 4s. 6d. to 5s. per bushel. The excise was to be levied as a means of permanent assistance to the industry. With the excise operating only from January 1, 1935, the funds available from the excise would be about £1.5 million. The balance of the £4 million was to be a charge on Commonwealth consolidated revenue. Subject to one important change, the recommendations of the Commission were accepted by the Government. Instead of levying an excise duty on flour for a period of six months only, the Government decided to make the tax operate for twelve months at the rate of £2 12s. 6d. per ton, or a little more than half the rate that would have been required for six months as suggested in the Commission's report. The Commission also recommended a customs duty on flour to prevent evasions of the duty by importations. With wheat now among the primary commodities for which a home price has been fixed, wool remains the only large export industry not receiving such assistance.

The Wheat Commission was aware of the economic effects of this policy, and an appendix to the report by Professor L. F. Giblin shows that under our wage-fixing machinery, with adjustments according to changes in the cost of living, the cost of these schemes for special home prices falls mainly on the unsheltered export industries themselves. The Commission, it should be added, has yet to make a final report, and special significance attaches to its statement that the device of a home price will not suffice to solve the problems of the industry, and that "further contributions must come from other sources."

This bonus on wheat is doubtless to be regarded as a

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part of the Government's policy for assisting the rural industries. With the entry of Country party representatives into the Ministry, the vexed question of rural debts had been more actively under discussion. Both the Prime Minister and the Leader of the Country party announced in their policy speeches that they would take special measures to ease the burden of rural debts and to promote adjustments. The Commonwealth Government now proposes to supply funds to the States, free of interest, to enable their governments to proceed more expeditiously with debt adjustment and to buy at a discount the debts of producers whose creditors are willing to make a compromise. Details of the scheme have not yet been completed, but, in general, it is proposed to allow the States considerable flexibility in making their own plans, to encourage the maximum of voluntary compositions—a process that has been going on during the depression—and to make provision for the States to take over and assist the fringe of doubtful debtors. A sum of £12 million to £15 million over a period of three years is mentioned as the probable financial provision required.

III. PUBLIC FINANCE AND INTEREST RATES

THE conversion of the external debt to lower rates of interest as the debt matures has been taken a step further by the successful flotation in November of a conversion loan of £14.6 million sterling in London. This loan, redeemable between 1965 and 1975, bears interest at $3\frac{1}{4}$, and was issued at 99. It was raised to meet or convert a variety of State and Commonwealth loans falling due or payable at the option of Australia in 1935. The total amount of debt converted in London since 1932 is now £124 million sterling, and the effective rate of interest has steadily fallen from £4 1s. 8d. per cent. for the first

Public Finance and Interest Rates

conversion in October, 1932, to £3 6s. for the latest.* The saving effected by these conversions will be nearly £2.5 million (Australian currency) per annum for the Australian governments as a whole. Contemporaneously with the external loan, an internal loan of £15 million at 3 per cent. with an issue price of £99 15s. was successfully floated. The loan is required for State and Commonwealth public works, and for the funding of approximately £3 million of treasury bills, representing half the State deficits for the current year.

Though slightly over-subscribed in a few days, this loan did not evoke so splendid a response as the two preceding loans. Investors appear to be disinclined to accept 3 per cent. as a satisfactory bond rate, and in financial circles there is a considerable undercurrent of criticism of the increase in the general loan programme. The Loan Council in June agreed to £23 million as the State requirements for the year. To this must be added £6 million, representing the amount required, in accordance with the arrangements made with the Commonwealth Bank, to fund treasury bills issued to finance current deficits. Finally, there is now added £5 million as the first instalment of the Commonwealth Government's plan for works to relieve unemployment. The total is thus £34 million, and it will probably be larger next year if a rural debt scheme is embarked upon.

The Commonwealth and State Governments thus seem to have entered upon an "expansionist" policy involving considerable loan expenditure. Before the depression, Australian public loan expenditure reached £45 million per annum, but nearly two-thirds was financed from overseas loans. The question arises—can a programme of £35 million to £40 million be financed from domestic sources? Sinking fund contributions now amount to

* A further conversion was effected in January, £22,384,000 of $3\frac{1}{4}$ per cent. stock being issued at par. The saving in interest will be £407,000 sterling per annum.—EDITOR.

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£8 million, and this is available for re-investment, in so far as it is local debt that is redeemed. If funds are raised to buy rural debts a further portion of the loans expended will be returned to investors. Nevertheless the total internal funds required for the loan programme and the deficits are much greater than before the depression. Since the Commonwealth Bank is opposed to increasing the issue of treasury bills, the Government may experience difficulties in financing its programme at present rates of interest. Cheap money may be regarded as a condition of the success of the programme.

With low rates of interest much attention is now being given to housing construction and slum clearance under assistance from the governments. It is doubtful whether this can be done without subsidy at an interest rate of 3 per cent. Any tendency for interest rates to harden would diminish the attractiveness of housing as a suitable object of loan expenditure, and would in general check the Government in its present move towards an expansionist programme. If a new budget plan were adopted, based perhaps upon some changes in the financial relations of the States and the Commonwealth, and providing for reduced deficits in the next two years and their finance by treasury bills, the task of financing an enlarged loan programme would be much easier. If allowance be made for, say, £5 million of the sinking fund payments as being returned to Australian investors, the new money required would then be not more than £25 million. Moreover, the increase in treasury bills would add correspondingly to the funds available for investment. The Government could in these circumstances proceed with its plan in reasonable expectation that a 3 per cent. bond rate would be maintained.

The New Tariff

IV. THE NEW TARIFF

ON December 7 a new tariff schedule came into operation. In presenting the schedule the Minister for Customs stated that it gave effect to 63 reports of the Tariff Board. These provided for 11 increases in duty under the British preferential tariff and 15 under the general tariff, the number of decreases being respectively 104 and 101. The new British preferential rates are for the most part those recommended by the Tariff Board. In the general tariff (duties on foreign goods) the Board's recommendations have not been followed so closely, though the general fall in duties is in agreement with the Board's views.

It will be remembered that last year the Tariff Board was asked to report upon the effect of the exchange rate upon the tariff. The Board found that despite the depreciation of the currency there had been a substantial fall in costs in Australia. It recommended a general lowering of tariff rates by approximately one-fourth of the ruling rates, and this was embodied in legislation passed by the Commonwealth Parliament. Following on the report on the effect of exchange upon the tariff, the Board decided to change the basis of its recommendations, and in subsequent reports has recommended rates "which will prove reasonable and adequate under existing conditions of exchange."

In its last annual report the Board reports that owing to the fall in costs and the increasing efficiency of many Australian manufacturers "secondary industry is now imposing only relatively slight excess costs on the community." The Board, however, adds that "it would be very unwise at this juncture to risk allowing the spiral of increasing costs and prices to begin again." The Board therefore accepts the basic principle that every effort should be continued "towards taking up such excess protection as the conditions of the present costs afford."

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Bearing in mind the possibility of an appreciation of the Australian pound, the Board now recommends an alternative rate of duty, rising proportionately to an appreciation of the Australian pound in terms of sterling.

The Government's acceptance of the Board's recommendations as regards the British preferential tariff carried substantial reductions in duties on British goods, but there is provision that the rate shall rise proportionately as, and when, the currency appreciates. A fair number of items which were previously dutiable are now importable free from Great Britain. Steel wire has been reduced to a duty of 5 per cent. and other important iron and steel products are charged at 10 per cent. and 15 per cent. Duties on more highly manufactured goods range generally from 20 per cent. to 30 per cent. It is satisfactory to note that these rates are now considered adequate for efficient industry, indicating the very considerable adjustments that have been made. With regard to duties on foreign products, the Government has reduced the duties by about half the amount suggested by the Board, in order to leave a margin for bargaining with foreign countries when trade treaties may be under discussion.

The Tariff Board continues its careful survey of industry. A noteworthy feature of its reports is its emphasis upon the excess costs of protection. The effort of the Board is to prevent the establishment of industries which would impose new excess costs, and to bring the excess costs of industries now protected to a minimum. There can be no doubt that the excess costs of protected secondary industry in Australia have fallen greatly in the last four years. On the other hand the excess costs of protecting primary industries have increased greatly, and there is no provision in our administrative machinery for the same careful review of the effects of this protection as the Tariff Board provides with regard to secondary industry.

Australia,

January, 1935.

SOUTH AFRICA: NATIONALISM, NAZISM AND NEIGHBOURLINESS

I. PARTIES AND THE COMMONWEALTH

THE third session of the Union's seventh Parliament was opened by the Governor-General, the Earl of Clarendon, with customary ceremonial on Friday, January 11. The date was somewhat earlier than usual, one reason being the contemplated departure of the Prime Minister, General Hertzog, towards the middle of April to attend the King's jubilee celebrations in London. Very appropriately, the Governor-General's speech in opening Parliament commenced with a happily phrased expression of satisfaction that His Majesty had been spared to celebrate, during the present year, the twenty-fifth anniversary of his accession. There can be no doubt that the esteem and reverence in which King George is held in South Africa will be fittingly marked in the Union's commemoration of the glad event, consistently with His Majesty's expressed desire that the celebrations should be simple and primarily local in character.

The session has begun amid favourable economic circumstances. The upward trend of the past year has been maintained. Johannesburg is probably the most active, certainly the most prosperous, city of its size in the world to-day. The gold mining boom has stimulated recovery throughout the Union, good rains have fallen, and the prospects for the next harvest are encouraging. The forthcoming budget should again disclose a substantial surplus. There is only one urgent cause of anxiety.

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The Union is infested with locusts, both from within and from beyond its borders, on an unprecedented scale. One of Parliament's first tasks will be to increase the financial provision for dealing with this scourge to close on a million-and-a-half pounds for the present year. If the anti-locust campaign fails, the consequences may well be very serious.

The new session marks a considerable return to normal party warfare. The tendencies towards fusion and fission which have been remarked upon in recent issues have, for the time being at least, run their course, and the party situation has reached a measure of stability. The fusion between the Nationalist and South African parties has been consummated; at a congress held in Bloemfontein in December the United South African National Party came into being, with General Hertzog as leader and General Smuts as deputy leader. The congress happily marked the burial of old feuds, and General Smuts received a hearty welcome on his return from Great Britain with an enhanced prestige, and with an achievement to his credit which had won the unanimous approbation of his fellow-countrymen. The United party (it will in practice be known by this less compendious name) replaces the old South African and Nationalist parties—but there has been a hiving-off on both sides. Dr. Malan and his die-hards aspire to the retention of the old name of their party, and obviously seek to derive their strength from the isolationist anti-British complex which the early history of that name connotes. The South African party has, however, disappeared, its dissident faction having founded what is called the Dominion party. The latter stands for the conception of a British Empire functioning as nearly as possible as an organic unit, in opposition to the ideas embodied in the Statute of Westminster and South Africa's own Status Act, and it therefore makes its appeal almost exclusively to South Africans of British descent.

Besides these two parties there are in opposition to the

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Government the Labour party and the Central party founded by Mr. Tielman Roos two years ago. There was also until recently a Devolution party, a relic of the Natal secession agitation of a few years back; it has, however, ceased to exist, and its two members in the House have gone over, one to Labour, and the other to the Dominion party. The Central party is to-day negligible. The Dominion party has four members and Labour five. Dr. Malan's party, the strength of which is not yet fully disclosed, will number not more than twenty. The Government is in the comfortable position of being able to count on some 120 votes in a House of 150.

It would seem, moreover, that this not unfairly reflects its strength in the constituencies. The results of recent by-elections suggest that a general election held at this moment would tend to increase rather than weaken the Government's representation. The "Malanite" Nationalist party tried its strength in a typical rural Free State constituency, Heilbron. Its candidate could poll only sixty per cent. of the votes cast for the successful Government candidate. The figures indicate that the Malanites to-day could hold at most one or two of their present seats in the Free State, and would be hard put to it to maintain their present representation in the Cape Province, where they are strongest. Then at Queenstown, in the eastern districts of the Cape, the Dominion party girded itself to the fight. It was a favourable battle-ground. There is a large native vote, and the native with his traditional reverence for the Crown has been disturbed by the Status Act, which records—if it does no more—the limitation of the personal authority of Queen Victoria's grandson in relation to South Africa. Moreover, Queenstown is primarily an English-speaking area, and is served by a strongly pro-Dominion party press. But again the cause represented by Generals Hertzog and Smuts triumphed substantially, and since there are not many constituencies where the Dominion party could expect to do very much

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better than at Queenstown, it too is possibly over-represented in the House.

The Labour party, however, can derive more satisfaction from the by-elections. It certainly did badly in the rural constituency of Heilbron, showing that it is not yet able to appeal to the "poor white" rural voter. But in a straight fight in the urban constituency of Uitenhage—a railway centre—it did surprisingly well and gave the Government nominee a very hard run. To-day Labour would probably win seats in the towns, though that would depend on the extent to which the other Opposition parties allowed it a clear field against the Government.

The Government's present position is therefore a strong one, both in the House and in the country. It is, of course, destined in any case to experience the fate of all Governments in gradually losing support in the country. Labour will inevitably win new adherents in the constituencies—so too will the Malanite Nationalists, if only by virtue of their sentimental appeal. The future of the Dominion party is less certain. On the opening day of the session the Opposition parties gave notice of motions launching their respective attacks. The Labour attack will be economic, and will proceed on orthodox lines. Dr. Malan has given notice of a bare no-confidence motion, and will no doubt explore all possible lines of assault, sentimental as well as economic. The Dominion party will concentrate primarily on questions affecting Commonwealth relations, having chosen to raise the issues of neutrality and nationality.

It is, indeed, in respect of constitutional questions with a sentimental content that the Government's position is most vulnerable. They are questions on which present colleagues in the Government were at variance in the past—and on some of them they have openly declared that they are still agreeing to differ. No doubt the resources of parliamentary ingenuity will be fully applied to exploit the possibilities thus presented. On the issue, for instance, of neutrality—the specific question whether South Africa

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would be *de jure* at war if Great Britain were at war—Generals Hertzog and Smuts have indicated that they are not at one. They are, however, at one concerning the *de facto* position, namely, that in any case it would be for South Africa alone to determine the extent of its participation in such a war. It is doubtful if much impression will be made on the Government's strength over what would be described by them as an academic matter. On the nationality question, too, the Government's position would seem to be secure. It takes its stand there on the Imperial Conference exposition of that question. The citizens of South Africa are in the first instance nationals of the Union, but they also have the common status of British citizenship by virtue of their participation in the common allegiance to the King. In respect of common status it was agreed at the 1930 Imperial Conference that no change would be made, save after discussion at a subsequent conference. The Government has clearly affirmed that it stands by that agreement, and, despite rumours to the contrary, it has given no indication of any immediate intention to introduce legislation dealing with nationality.

A matter which might be represented as less academic and more urgent is that of appeals to the Privy Council. It has been recognised time and again, as for instance at the 1926 Imperial Conference, that the abolition of these appeals is not a question of constitutional import in relation to the Commonwealth, but is entirely one of expediency to be determined by South Africa alone as may best suit her interests. While the Haldane dictum (which implied that leave to appeal from the South African Appellate Division would be granted rarely, if ever) was followed, the matter was not regarded as pressing. Recently, however, the Judicial Committee have abandoned that dictum in their judgments, and have created the impression that leave to appeal will be given freely. With regard to this matter, which may be forced to an issue at any time in the Union Parliament, it is by no means clear where the Government

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stands. It has not evinced, however, any present intention of raising the question on its own account.

Indeed the Governor-General's speech at the opening of Parliament suggested that the Government, being concerned rather with economic than with sentimental issues, had no desire to introduce measures affecting Commonwealth relations. It does, however, propose to deal with one matter affecting the constitutional relations of the Union's own constituent parts. Another stage has been reached in the evolution of the Union's provincial problem. That problem became acute once again, partly because of the financial difficulties of the provinces caused by the depression, partly because of the enunciation by the Nationalist Government of an abolition policy, which evoked in Natal a reaction towards secession from the Union or at least the amendment of the constitution in the direction of federalism. The declared policy of the present Government is that, while the unitary basis of the constitution is to be maintained, the provinces should be given a fair chance of functioning satisfactorily, and favourable consideration is to be given to the extension of their powers. To this end a Commission was appointed, and has now reported. Its report is conservative in the matter of extended powers, but in general it is sympathetic towards the maintenance of the provinces as an essential part of the constitution, and it favours generous treatment on the financial side. At the same time it points the way to closer co-ordination of Union and provincial administrative activities, the lack of which is a serious weakness to-day. The Government has indicated that it will submit proposals to Parliament for dealing with the provincial question this session, and as a preliminary has summoned a conference of the four Provincial Executive Committees. It has not yet disclosed its policy. If, however, it is able to reassure the provinces regarding their future, financial and otherwise, and at the same time lay the foundations of closer co-ordination and co-operation, it will have made a substantial

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contribution towards the improvement of constitutional and administrative relations in South Africa.

II. NAZISM IN SOUTH-WEST AFRICA

THERE have been two important developments in the mandated territory of South-West Africa since its affairs were last recorded in *THE ROUND TABLE*.^{*} The Administrator of the territory (Dr. Conradie) at the end of October declared the Nazi organisations throughout the territory to be illegal; and at the beginning of November the twice-deferred general election was held, with results that may lead to considerable constitutional changes in the administration of the territory.

Nazi activities in South-West Africa began in 1929, but the real growth of Nazi influence followed soon upon the triumph of Herr Hitler in Germany in January 1933. Up to that time, political cleavage in the territory had followed economic rather than racial lines. Negotiations between General Smuts and the German Government in 1923 had resulted in a declaration by the latter that for the future the German population of South-West Africa must cease to look to Germany in a political sense and must accept their position as British nationals under the government of the Union. For about ten years this declaration found fairly general acceptance: the Weimar Republic gave little encouragement to propaganda for recovery of Germany's lost colonies, and the Germans of South-West Africa began to resign themselves to a somewhat unpromising future. The *Deutsche Bund*, which was originally a cultural organisation, served to express and maintain their racial identity; but politically the German and non-German sections tended to merge and re-divide on economic lines. Hence came the Assembly's resolution of April 1932, which, in requesting that German be made an official language,

^{*} See *THE ROUND TABLE*, No 97, December 1934, pp. 195-198.

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that Germans should be naturalised in the territory on the same terms as Union nationals, and that the Assembly should be given greater constitutional powers with a view to control of customs policy, showed a definite trend of feeling in the direction of racial co-operation and wider autonomy. It signified, in fact, a move away from the Union.

But with the beginning of 1933 there came a change. The Union left the gold standard, and the consequent increase in revenue from the Rand mines opened up the prospect of a considerable increase in government support for the Union farming community. The hope of a share in this life-giving stream of gold naturally made a strong appeal to the hard-hit farmers of South-West Africa. To share the burden of financial embarrassment with broader shoulders than their own, and to restore agricultural prosperity by sharing in the largesse of the Union Government, seemed a better prospect than that of seeking, by means of greater autonomy and the control of customs, to free the territory from the high cost of living imposed by the Union's customs policy. Thus there grew up the "fifth province" policy, to which, other things being equal, the non-Germans of the territory were naturally inclined.

At the same time the advent of Nazism to power in Germany resurrected the political nationalism of the German section. The pan-Germanism of the Nazi party claims the allegiance of German communities beyond the present frontiers of the Reich. Further, the return of the lost colonies forms an integral part of the Nazi programme. It was not to be expected that this combination of racial and colonial ambitions would leave untouched a territory like South-West Africa, upon which, it is said, the German government had spent before the war some £30,000,000. From 1933 onwards the Nazi organisations in South-West Africa were in close connection with the Nazi party in Germany. The explanatory statement issued last November from the office of the Prime Minister of the Union

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subsequent to the banning of Nazism in South-West Africa remarked that

the Nazi organisation in South-West Africa is a branch of the so-called *Landesgruppe* of the National Socialist Labour party in Germany. The party is, since the Act of December 1, 1933, identical with the German State and Government. The territorial leader of the group of the N.S.D.A.P. in South-West Africa is appointed by the external division of the party in Germany, the head of which stands directly under the leader-in-chief. For Major Weigel, the local leader of the group, and for his predecessor, Herr Wandke, South-West Africa is a bit of German territory. The struggle for the freedom of Germany, therefore, comprises for them the return of the territory to Germany.

Such was the organisation and such were the aims which from 1933 onwards began to secure an increasing hold upon the German section in the territory; it was only among the older members of the German community that they failed to find a response.

The alarm of the non-German section at the rapid spread of Nazism in the territory expressed itself in a motion before the Assembly calling upon the Administrator to suppress the Nazi organisations. This was quickly followed by the passing of the Criminal Law Amendment Ordinance, providing for the prevention of racial propaganda and empowering the Administrator to declare any political organisation to be detrimental to the peace, order, and good government of the territory. This ordinance was not immediately promulgated. Owing to its importance the decision regarding its promulgation was left to the Union Government. It was not till February, 1934, after a considerable interval had been allowed to elapse in the hope that postponement of promulgation might allay racial animosity, that the ordinance became effective. In July, after prolonged investigation of Nazi activities, the headquarters of the Nazi and Hitler Youth movements in Windhoek were raided and much documentary evidence seized. The Hitler Youth movement was

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promptly banned, and its leader, Captain von Lossmitzer, expelled from the territory. After an interval, during which the Nazis maintained their propaganda, a further raid took place early in October, and after consultation with the Union Government the Administrator declared the Nazi movement to be an illegal organisation. Major Weigel, territorial leader of the movement, was requested to leave the territory within three weeks.

The ban was accepted fairly quietly, and the temporary excitement it provoked was overshadowed by the general election then imminent. The evidence upon which the Administrator's action was based has not been made public; but the explanatory statement quoted above makes it plain that the Union Government fully endorses the attitude taken up by the Assembly and Administration of South-West Africa. The ban thus imposed upon Nazi activities was not designed to muzzle the German section in the impending elections. The *Deutsche Bund* remained, as it had been for some time, the official expression of German political opinion in the territory; and though a great number of its supporters were no doubt also members of the Nazi organisation or sympathetic towards Nazi aims, there was nothing in its character or activities to bring it within the scope of the ordinance of 1933. Indeed a raid upon the headquarters of the *Deutsche Bund* on October 9 last year was generally admitted to have been a blunder, and the documents then seized were returned with apologies. The effect upon German opinion, however, was unfortunate.

The elections for the Assembly took place on November 1. Four parties or groups were involved, and there are twelve constituencies. The United party, representing the bulk of the Union section vote and the fifth province policy, had candidates for eleven of these, and in three secured unopposed returns. In two constituencies, Windhoek Central and Lüderitzbucht, the *Deutsche Bund* put up its own candidates: elsewhere Germans were encouraged

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to vote for Independents or for candidates of General de Jäger's Economic League. This latter party is a group that broke away from the United party last year. Its programme and principles are vague in the extreme. Whilst rejecting the fifth province proposals, it proclaims its desire for abolition of the mandate and for closer association with the Union. How any kind of working agreement was reached between this group and the *Deutsche Bund* remains something of a mystery. Common opposition to the United party seems to furnish the only bond between them. Four seats were contested by the Economic League and four by Independents, and to all these, except the Independent candidate at Swakopmund, who was known to support the United party, German voters were instructed by the *Fuehrer* of the *Deutsche Bund* to give their support.

The results of the election, however, were disappointing to the Pact parties. The United party won eight out of twelve seats and can count on the support of the Independent member for Swakopmund, who defeated the League candidate by a narrow margin. The victory of the United party candidate at Windhoek Central, a German stronghold, was especially surprising. The three remaining seats went one each to the *Deutsche Bund*, the Economic League, and an Independent. Subsequently the appointment by the Administrator of the six nominated members of the Assembly gave the United party another three supporters. Thus, with twelve out of eighteen seats, the United party found itself possessed of the two-thirds majority required for an amendment of the constitution.

The party lost little time in pushing forward with its proposals. A resolution in favour of fifth province administration passed the Assembly at the end of November, and General Hertzog signified his willingness to meet a deputation before the Union Parliament assembled. At the time of writing (January 1935) this deputation is in Cape Town. Some of its members came also to represent

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the cattle farmers of the territory in presenting a plea that the Union embargo on the export of cattle from South-West Africa should be lifted. Their interview with the new Minister of Agriculture, Colonel Reitz, in securing the lifting of the embargo in favour of the southern districts of the territory, has been only partially successful. The matter of the "fifth province" proposals is not likely to be settled this session or this year; for they will need the closest investigation and at least three other points of view than that of the United party will have to be considered.

First, the German population of the territory will urge, as has indeed already been urged, that the elections, though giving a sweeping victory to the United party, gave victory in most cases by narrow margins. The United party claims that including the three unopposed returns their majority amounts to 1,700 out of a total electorate of rather more than 6,000. This estimate, however, is based on the possibly over-generous assumption that if these three seats had been contested nearly all the votes would have gone to the United party. In the nine constituencies where contests took place the United party had a total majority of only slightly over 200 out of some 4,800 votes cast. This, it will no doubt be urged by the Opposition, shows no very convincing mandate for so drastic a change as is contemplated, especially when it is remembered that a considerable number of German residents are without the vote, through lack of the five years' qualification required for naturalisation of Germans in the territory.

The Union Government itself is unlikely to welcome the fifth province without prolonged consideration. South-West Africa is already in debt to the Union to the extent of £2,250,000; the market for diamonds, the territory's chief asset, is depressed to an unprecedented degree, and the Union has already its Kimberley to cope with; and the inevitable claim of the new province to its due

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share in farming subsidies would be a fresh tax upon Union recovery. The argument of the deputation, that the territory is from the economic point of view fundamentally sound and that its great potential resources need only a clean sheet and a good start, may be correct, but it demands heavy speculative expenditure by the Union at a time when the bankrupt Free State is a sufficient burden. Finally, in view of the outlook and aims of the present Government of Germany, the direct administration by the Union of a province containing a large minority of disgruntled Germans might well prove a source of embarrassment to Union diplomacy in its dealings with Germany, whose goodwill is not unimportant, especially to the woolgrowers of South Africa. Such are a few of the considerations which the Union Government will have to weigh with the most careful deliberation before South-West Africa receives its answer.

Last, there is the League of Nations. The mandate under which South-West Africa is administered empowers the mandatory Power to administer the territory if necessary as an integral portion of its own territory, subject to the terms of the mandate. The Mandates Commission, however, is evidently inquisitive about the Union's intentions with regard to South-West Africa, and is possibly suspicious that fifth province administration may be a prelude to absorption. In his recent interview with the Commission at Geneva, Mr. Eric Louw, the Union representative, declined to be drawn by questions outside the scope of his report on the mandated territory for 1933. In its report of the sessions of October and November last, however, the Commission refers to the fifth province proposal, and states that it reserves its opinion on the compatibility of this proposal with the mandates system until it has been informed of the point of view of the mandatory Power and of all the factors of the problem.

The fifth province policy is thus likely to find its course slow and difficult. The big German minority in the

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territory is likely to make all its weight felt against a constitutional amendment that will seem a further severance from what Nazism has taught many of them to regard once more as their Fatherland. The Union will think long and earnestly before assuming direct responsibility for a territory that at least for some years to come is likely to be a liability rather than an asset. The Mandates Commission, rightly jealous of its responsibilities, must move warily in handling a proposition which may indeed be within the terms of the mandate but which might be used or be interpreted as the first breach in the mandates system.

III. THE MOZAMBIQUE CONVENTION

MENTION was made in the last number of THE ROUND TABLE* of the negotiations between the Union Government and the Government of Portugal for a revision of the 1928 Convention dealing with the recruiting of native labour, the division of through railway traffic, and the interchange of products between the Union and the colony of Mozambique. Those negotiations terminated in the conclusion of an agreement which was signed at Lourenço Marques on November 17 last.

As regards the recruiting of native labour for the gold mines of the Transvaal, the new agreement makes little change. The maximum number to be recruited remains at 80,000, at which it was fixed by the Convention of 1928, but this number is subject to alteration, after consultation between the two Governments, according as the number of available natives in Mozambique exceeds or falls below local labour requirements. A new provision, however, is that the Union Government will allow the mines, if they so desire, to employ a minimum of 65,000 Mozambique natives, which number again is similarly subject to alteration, if it should be necessary for the Union Government

* THE ROUND TABLE, No. 97, December 1934, p. 190.

The Mozambique Convention

to provide for unemployment among Union natives. In order to put these figures in their proper perspective it may be mentioned that the total number of coloured and native employees on the gold mines of the Witwatersrand is at present approximately 250,000. The only other alteration of importance is in regard to the fees, wages and other payments in connection with the employment of these natives, which are now to be paid in Union currency instead of in gold.

The most important change contained in the agreement is in connection with the division of traffic from overseas to the mining area, as between the Portuguese port of Lourenço Marques and the Union ports. Lourenço Marques is the nearest port to the mining area of the Transvaal, being distant by rail from Johannesburg 394 miles, of which 55 miles is within Portuguese territory. Durban, the nearest Union port, is distant 482 miles. The new agreement leaves the Union Administration free to treat the port of Lourenço Marques and its railway connection with the competitive area on the same lines as the various Union ports and their connecting railway lines are treated. The through rates on seaborne traffic from these ports are not fixed on a mileage basis, but are so differentiated between the various ports, in relation to distance, sea freights and other considerations, as to produce what is considered to be a reasonable share for each. Lourenço Marques will now be treated similarly, except that a definite undertaking has been given that it will be secured not less than 47½ per cent. of the total tonnage of seaborne commercial traffic to the competitive area. Subject to this undertaking, the Union railway administration is now free to deal with rates and charges on its own system. In respect of the export of fruit and other products of northern and eastern Transvaal, the port of Lourenço Marques should be in a position to compete on very favourable terms with the Union ports, and it is hoped that this traffic may develop to a greater extent than hitherto.

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The Convention of 1928 dealt also with the interchange of products of the soil and industry of the two countries. In respect of certain articles specified in schedules to the Convention, free interchange was provided. Under the new agreement these schedules are deleted, and trade between the two countries is now subject to most-favoured-nation conditions.

It is hoped and believed that the conclusion of this agreement will tend to perpetuate and strengthen the relations of friendly co-operation which have hitherto existed between the two countries.

South Africa,
January 1935.

NEW ZEALAND

I. THE "BRAINS TRUST"

THE Government's legislative programme was interrupted on November 10, when Parliament adjourned until February 13 in order to enable the Government to prepare the legislation left over from the royal commissions and select committees which have been busy during the early part of the year, and also to make the necessary preparations for the visit of H.R.H. the Duke of Gloucester in December.

The session was noteworthy for a pronounced change in the method of government. During the past few years, government by royal commission or by select committees has been the bugbear of the political critics, who for the most part seem equally afraid of the growth of power in the hands of the bureaucracy and the imminence of government by committees of experts. It seems that one or the other is inevitable in these days of difficult economic problems. The civil service of New Zealand has not been very successful in producing within its own ranks officials with the requisite training for dealing with such matters. Our governments rarely include any Ministers who have had training in economics and political science. Mr. Downie Stewart (who was in the Massey and Coates Ministries from 1921 to 1928 and the Coalition of 1931-33) was a conspicuous exception. Consequently they have had to muddle through by the old rule-of-thumb methods or to turn in desperation to commission after commission of "business men" to solve their problems.

When they suddenly realised that the Government was

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beginning to act on its own sources of advice on economic matters, certain critics indulged in facetious remarks about what they called the Brains Trust, obviously a new feature in New Zealand politics. For the past two or three years the Minister of Finance (Mr. Coates) has had on his staff a young member of the New Zealand civil service (Dr. R. M. Campbell) who spent four years studying economics and political science in London and the United States and who accompanied Mr. Coates to Ottawa in 1932. Since resuming the portfolio of finance Mr. Coates has increased this side of his staff, and there is ample evidence that this is a step in the right direction. Normally a civil service should train officers for such duties, but the New Zealand civil service has rigidly recruited its officers at the door of the secondary schools, at the age of 17 or 18, so that their only means of widening their knowledge thereafter is by attending as night students at the nearest university college. The number of officers who have risen superior to this system and equipped themselves for the solution of the higher problems of public administration obviously could not be great.

Mr. Coates, who must be given credit for taking his political responsibilities with great seriousness, has seen the advantage of attaching to himself men who have given special study, in schools of standing abroad, to the problems that are troubling the country, and are at any rate equipped with some understanding of economic theory, which is so repugnant to many well-meaning business men. The surprisingly competent manner in which Mr. Coates piloted the Reserve Bank Bill through Parliament last year was the first fruits of this policy. In the present session he has exhibited the same competent grasp of various intricate economic measures which have come forward, clearly showing evidence of a preparation which would have been impossible without such help.

Critics of his policy have hurled taunts at him on his "brains trust," which one paper (the *Sun*, Christchurch,

The "Brains Trust"

October 29) describes as "a coterie of economic theorists whose knowledge of finance and commerce is of a purely academic character." The *Sun* was able to identify the miscreants by quotations from papers read by Dr. Campbell at the Conference of Agricultural Economists in 1930 and by Mr. D. O. Williams (agrostologist at Massey College) at Palmerston North in February, 1933. The *Evening Post* is less captious. While criticising many of the measures that the Government is putting forward, the *Post* sees reason to congratulate Mr. Coates on his new methods, and it adds:

This principle goes deeper than the occasional and usually jocular references to the Government's "Brains Trust." It involves important issues in public service staffing. . . . We think that the public service should be so staffed that it can, save on exceptional occasions, give the expert guidance the Government needs. . . . There is yet another side to the question. No matter how much expert advice the Government may take, it will always run the risk of committing grave mistakes unless there is in the Cabinet a capacity to check up the theories. Ministers must be so equipped that they are not simply mouthpieces for those who advise them.

About the middle of the year there were still four royal commissions or parliamentary committees at work. The least important of these, on the licensing of films, made recommendations which have been partly carried out in the Cinematograph Films Amendment Act. Then there was the Royal Commission on company promotion.* Beset at the start with obstruction and even litigation to test its competency, this Commission eventually unearthed a curious financial network involving many interlocked companies in New Zealand and Australia. After a hurried visit to Australia by the chairman of the Commission and the secretary to the Treasury, on August 8 Parliament passed at one sitting as a matter of urgency the Companies (Special Investigations) Act, to strengthen the powers of the Commission and enable it to appoint inspectors to make a

* See THE ROUND TABLE, No. 96, September, 1934, pp. 923-924.

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simultaneous audit of the accounts of all the suspected companies. By previous arrangement the Commonwealth of Australia and the States of New South Wales, Victoria and South Australia took similar and simultaneous action—a unique example of Empire co-operation in an emergency. Following on the disclosures made by this Commission the Companies (Bondholders Incorporation) Bill was introduced on November 9 and will be considered when Parliament resumes.

A third tribunal—a parliamentary committee which was specially authorised to sit during the recess—considered the currency question at large. Its proceedings were noteworthy for the appearance in the flesh of Major Douglas, the prophet of social credit, and for the lack of unanimity in the committee's findings. Out of eleven members, only six signed the majority report. Mr. W. Downie Stewart entered an explanatory statement of his own, and the other four members delivered a memorandum of dissent. This investigation lost some of its point from the fact that Parliament had already, by statute passed on November 27, 1933, provided for the establishment of a reserve bank, and the bank had actually opened its doors on August 1, some weeks before the report was tabled. The committee in any case gave the new institution its approval.

II. THE DAIRY COMMISSION REPORT

THE report of the Royal Commission which was set up to investigate the steps necessary to rehabilitate the dairy industry in New Zealand* was awaited with widespread interest; a section of the public far wider than the embarrassed dairy farmers had come to realise that the recovery they had expected was not likely to occur and that drastic measures of economic reorganisation would probably be necessary to put the country on a firmer basis. The

* See THE ROUND TABLE, No. 96, September, 1934, pp. 912-914.

The Dairy Commission Report

Commission consisted of the judge of the Arbitration Court, a dairy company secretary, a company director, a member of the Dairy Control Board, and the lecturer in economics previously referred to. The report was received by the Government on September 9. There were indications in the recent session that the Government, having realised early in the year the impossibility of carrying on vast trading negotiations by a system of recommendation from the industries concerned, was going to take a more dominant rôle; that it would no longer merely register and pass on the wishes of the various producing organisations, but would act more on its own considered advice. Signs of agitation were noticeable from different interested quarters. As explained in THE ROUND TABLE,* the dairy industry in the past has been the care of divided authorities. The Dairy Control Board was responsible for marketing, until this function almost foundered on the rocks of divided opinion. The Dairy Division of the Department of Agriculture has ostensibly had responsibility—without the requisite authority—for controlling conditions on the farm in order to maintain quality in the produce. The action of the Government in taking over the marketing negotiations with the British Government involved the setting up of machinery for the purpose; but few fully realised what was entailed. At a luncheon at the Reform Club, on October 10, Mr. Coates warned the producers that if economic laws were allowed to take their course in these days the producers would be “ground to pieces”:

May I ask you to accept this thought—how can we in New Zealand stand still in a changing world? We are definitely trying to plan a way through our difficulties. . . . It is said that you cannot tell what this Government is going to do next, but we have found that it is necessary for the Government to formulate policies which break entirely new ground. . . . The Government will not hesitate to promote and to pass legislation which may be considered reactionary on the part of some people but which in our opinion is in the interests of the country as a whole.

* No. 96, September, 1934, pp. 906-913.

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On the following day the Dominion Executive of the Farmers' Union recommended a liaison between the Dairy Control Board and the Meat Control Board by the appointment to each of one member representing the other industry. Though too late to be of any avail, this decision was an interesting indication of the farmers' recognition that matters would have to be looked at from a broader viewpoint in future.

The Commission's report, which was tabled in the House of Representatives on October 17, was a document of over 200 pages. After stating with great clearness the situation of the producers in New Zealand at the present day, it declared that at a price of 9d. a pound for butterfat the number of dairy farmers who would be able to pay wages and living expenses and any interest at all would be negligible, and that unless early measures were taken there would be a general breakdown of the relations between mortgagors and mortgagees. This critical position had been brought about by the flooding of the United Kingdom market with produce from the northern hemisphere and from Australia, together with an increase in our own production. There were no other markets of importance and no relief could be expected from diversified and supplementary production. The Government was advised to come to an early understanding with the British Government as a basis for future negotiations, and to take immediate action to stabilise the financial position of the farmers by setting up a national mortgage corporation to provide them with long-term credit at the lowest possible rates. Early steps should be taken to improve the quality of New Zealand produce, modernise factories and attack animal diseases.

It was proposed that the Dairy Control Board should also control the local market so as to cut out wasteful competition, and that a permanent executive council of agriculture should be set up to advise the Government and co-ordinate the work of the existing produce

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boards. Should other trade negotiations fail, this council would be an appropriate body to assist in negotiating barter agreements with other countries. The Government was advised to ascertain from the Government of the United Kingdom the extent to which it is desired to expand production in the United Kingdom, and that then the British Government should be asked to call a conference of the dairy exporting countries to decide on a common course of action for the future. The council of production and trade (which the Commission urged should be set up without delay) should consist of three members appointed by the Government and devoting their whole time to the task. It should have overriding powers, on issues of national interest, over all existing produce boards (meat, dairy produce, honey, fruit, etc.) and should advise the Government on such matters as trading agreements. It should have at its disposal the resources of such departments as agriculture and commerce. Its access to the Government should be through the Prime Minister, and its salaries and administrative expenses should be charged on the consolidated fund.

The Commission scouted as shadowy and unsubstantial the hopes of producers and others regarding the probable recovery of world markets or the breakdown of economic nationalism abroad, which might reopen markets now closed against imported foodstuffs. It proposed rationalising the local market, but opposed any exploitation with the object of providing a subsidy on export sales, since this would be objectionable to local consumers and "would be regarded by the Government of the United Kingdom as a hostile or retaliatory measure." Moreover, the volume of butter locally consumed was so small in comparison with exports that local prices would require to be very heavily loaded in order to produce a subsidy that would be of any value to the producers.

The Government's main Bill, which was entitled the Agriculture (Emergency Powers) Bill, was introduced on

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October 25. Following fairly closely the report of the Commission, it provided for the setting up of "The Executive Commission of Agriculture," consisting of three members appointed by the Government for five years, two having been actively engaged in the production or in the marketing or manufacture of primary products. They were all to give their whole time to the task but were not to be considered as officers of the public service. Their functions would be to co-ordinate the work of the various authorities exercising powers with respect to any of the primary products of New Zealand; and to make recommendations to the Government concerning the regulation of the production, handling, marketing and export of primary produce. The Governor-General was to have power to transfer to the Commission any of the powers of the existing control boards. For constructing, equipping and improving dairy factories, improving factory conditions, eradicating herd diseases and any other purposes for which grants and loans might be found necessary, the Commission was to receive from the Public Works Fund a sum not exceeding £500,000 for the current financial year. Section 28 laid down that,

Generally for the purpose of securing the effective conduct of any of the industries in respect of which the Executive Commission of Agriculture has for the time being any statutory or other functions, and otherwise for the purpose of giving effect to this Act, the Governor General may, from time to time, by Order-in-Council, make all such regulations as he may consider necessary for the welfare of New Zealand.

This wide authority was reinforced by the proviso that "no regulation made under the authority of this section shall be invalid because it deals with any matter provided for by any Act in that behalf, or because of repugnancy to any such Act." The only check on this power of making regulations was embodied in sub-section 5, which provided that all regulations made under this authority must be

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laid before Parliament and confirmed by Act before the end of the session in which they are issued.

The constitution of the Dairy Control Board is to be altered. Instead of 12 members elected by an elaborate and clumsy system of voting by suppliers in nine wards, the board is henceforth to consist of three members appointed by the Governor-General; one elected by dairy factory owners in each of the three wards that are to replace the nine; and one appointed by the New Zealand Co-operative Dairy Co., Ltd. (an important group of producers in the Auckland district).

Though radical proposals were expected, Parliament was astounded at the Prime Minister's announcement that he wished the Bill to be treated as a matter of urgency and to be passed through all its stages in the following week. The astonishment and dissent voiced in Parliament and the press became concentrated before long upon the council of three, who were soon termed "supermen." Even staid newspapers like the *Auckland Star* expressed the quaint conviction that New Zealand could not possibly produce three men equal to the task. "Only exceptionally able men," it said, "are fit for such a position, and where is the Government going to find such men?" The *Star* thought it would be wiser to make this an advisory body, assuming, no doubt, that in the Government (which could override their decisions) there would as a matter of course be more wisdom and safer counsels. From all shades of opinion came a cry of consternation at the demand for urgency and "the blank cheque given to three unknown dictators without knowing whether the industry vitally affected approves or otherwise of the Bill."

This remark of the *Christchurch Sun* touches on a vital departure from precedent taken by the Government in this legislation. In the past, such measures have generally been submitted to the industry affected, either in draft form or by previous discussion of the terms. On this occasion the Government decided, apparently, that it knew

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better what was wanted than the particular industry, or possibly that the matter was one affecting the country at large and not merely the industry. In this they undoubtedly took a sound course. They had the advice of a very competent Royal Commission, whereas previously, from the industry mainly concerned, they had been unable to obtain a unanimous voice. Mr. Coates told the House that they agreed with their critics that

there had been quite long enough delay in tackling the whole of the new economic position. . . . The same old bogey was raised that it was socialistic legislation which would be dangerous in the hands of a Labour Government. As a result of the reorganisation of British agriculture the individual no longer existed; in his place there was complete co-operation. The policy of this country is to work in with Great Britain as far as we can. . . . Either New Zealand should make the best arrangements she can or she should adopt the policy of *laissez-faire* and let things slide along in opposition to the policy of Great Britain.

While the Government had no intention of delaying the passage of the Bill, they would be glad to hear the views of the dairy industry when they were formulated, and, if necessary, amendments could be made when Parliament resumed its session early next year.

Attention next centred for a while on the wide powers granted to the Government under section 28.* On this point Mr. Coates gave an assurance to the wool producers, who were afraid that the marketing of wool would come under the provisions of the Act, that any producers who were not already affected by existing boards of control would be excluded from the Act unless they made a definite request to come in.

The Labour amendment, which was moved on October 30 and treated as a want-of-confidence motion, called for a guaranteed price of butterfat; security of tenure for competent farmers; the readjustment of mortgages; and agreements with Great Britain and other countries. During this

* See above.

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debate Mr. Coates brushed aside the suggestion that a Minister of the Crown should be resident in London, with the explanation that a Minister became suspect as soon as he was detached from duty in New Zealand. The object of the co-ordinating council was to eliminate the political factor as effectively as possible. Defending the clauses which delegated wide powers of making regulations, Mr. Coates said that Parliament could not possibly handle from day to day the problems that were constantly cropping up, and in any case the powers given were not so wide as in Great Britain. Every Order-in-Council would have to be submitted to Parliament for ratification.

The Labour amendment was defeated on November 1 by 37 votes to 29. For the next few days the attention of the House was distracted by the native affairs debate. When the Agriculture Bill entered upon its committee stage the Government proposed certain amendments to meet what they regarded as the strongest points of criticism. In particular they moderated the bitterness of the dictatorship of three by increasing the number to four, adding the Minister of Agriculture as chairman. The final majority for the Bill was 37 to 26, and it became law on November 13.

The Government announced that the question of a national mortgage corporation would be considered when Parliament resumed in February. Dr. R. M. Campbell, who has been private secretary to Mr. Coates, and is believed to have had a leading part in framing this legislation, is to go to London as economic adviser to the High Commissioner to assist in the negotiations with the British Government. In his place Mr. Coates will have the services, as economist, of Professor H. Belshaw, of Auckland University College.

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III. THE NATIVE AFFAIRS INVESTIGATION

GREAT public interest centred in the proceedings of the Royal Commission that had been charged with investigating the administration of the land settlement schemes of the Minister of Native Affairs (Sir Apirana Ngata) and of the Native Department as a whole. For the past two or three years the Auditor-General has refused to certify the correctness of the accounts on the ground that the expenditure had not been subject to the usual safeguards required in other departments. Although at first the Government either disregarded or pooh-poohed the charges, they had eventually to take notice of them, and the Royal Commission was the result. The Commission was presided over by Mr. Justice Smith, a judge of exceptionally wide sympathies and some experience of native affairs. The Commission found that all of the eighty complaints by the Controller and Auditor-General were proved. The report showed clearly that there had been maladministration of moneys in connection with the Maori settlement schemes and breaches by the Minister of his administrative duties. They found that he had been at fault in such matters as the issue of grass seed to Maori farmers in his own district and not for the relief of Maori unemployed who needed it; the authorisation of expenditure and the use of public stores on private properties outside the development schemes; the employment of schoolboys (including his own son and grandson) in cutting thistles on the roads and paying them out of unemployment funds; the inclusion of a sum for a private motor car trip in the public accounts. It was found that a sum of £42,000 collected by the sacrifices of the Maori people for their returned soldiers had been substantially lost (with the exception of £500) in the purchase of three sheep stations.

There was no evidence which would justify the Com-

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mission in imputing fraud to the Minister, but he had permitted himself to be placed in a position in which his interest conflicted with his duty. Moreover, as a member of the Maori Purposes Board, which administered a fund for the educational benefit of the Maori people, he had misused his position by making a quorum to pass resolutions under which his children took substantial benefits whereby he was relieved of financial responsibility. In the same capacity he had been a party to excessive expenditure in the interests of people resident on the east coast and in Hawkes Bay, and in the interests of a few families there and in Rotorua, whereas the money was for the general benefit of the Maori people.

The inquiry was anxiously watched by both races. The Maori felt that they were on trial and that their capacity for working out their own salvation was at stake. The *pakeha** showed a praiseworthy desire to give the Maori a fair deal, and were not quite free of anxiety about the psychological effects upon the native race of any setback to their ambitions. The Maori people in New Zealand, though they have been on the increase for the last decade or two, to-day number only 77,000, or, say, 4.5 per cent. of the total population. At the end of the Maori wars (in 1870), the remnant of the Maori people was suffering from despondency, disorganisation and disease, the outcome of their struggle for existence with the invading whites. That they survived at all was due partly to provisions of the Treaty of Waitangi (1840), and partly to their bravery in the field. Several of the tribes had been despoiled of their lands by statutory confiscation in the 'sixties, but the race as a whole still possessed a considerable area, which it became more and more difficult for them to lose by alienation. They had representation in Parliament—four members of their own in a House of 80—and generally one of their own race in the Ministry. As a matter of policy—the wisdom of which is again apparent to-day—no member of the

* European people.

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native race ever held office as Native Minister until the appointment of Sir Apirana Ngata in 1928. (Sir James Carroll, a half-caste, was for a short time Native Minister, but he was then representing a *pakeha* constituency.)

During the wars the old Maori social system suffered gravely, and the chiefs lost their influence or *mana* over their people. The *pakeha* have since shown increasing solicitude for the welfare of the remnant of the people; but it is clear that with all the good will in the world the Maori could never have survived in the strenuous individualistic life of to-day without capable leadership from within their own ranks. Such leadership has not been plentiful. There have been many able men, but unless the leaders were also *rangatira* (or chiefs) they lacked the *mana* which is essential to impress their people and command their respect. During the last fifty years capable leaders of the Maori people can be counted on the fingers of one hand—Heke, Buck, Pomare and Ngata are the outstanding leaders of the Maori renaissance. All but Heke were pupils of the Maori secondary school at Te Aute. All were in turn members of Parliament. Heke, a scion of the family of the great Heke and of the loyal Ngapuhi tribe, died young, thirty years ago. Sir Maui Pomare, as native health officer and afterwards Minister of Health, formed a valuable political association with the long disaffected tribes of the Maori "King" Country. Dr. Buck (Te Rangihiroa) did valuable work in native hygiene, but his high scholarship called him away to academic posts of importance in the United States.

Sir Apirana Ngata, who is about sixty years of age, is a member of the enlightened and loyal tribe of Ngatiporou (on the east coast), and, like the others, has a slight infusion of European blood. He had a brilliant scholastic career at Te Aute, at Canterbury University College, and at Auckland University College; graduated M.A. with honours in political science; proceeded to his LL.B. and gained legal experience in Auckland. Turning aside

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from the certainty of a lucrative practice, Ngata devoted the whole of his great talents and energy to the renaissance of his people. Convinced that this was bound up with the use of their lands, he applied his great ability, tact and patience to adapting the traditional communal organisation of the Maori to the farming of their lands on the east coast. Besides this striking success he organised the Maori Councils provided for by legislation thirty years ago; acted on several royal commissions on Maori affairs, and eventually became a member of Parliament. Sir Apirana was a member of the Ward Government in 1909-12, and when the Liberals came back to power in 1928 his long parliamentary experience and his high standing with both races gave him unique authority in the counsels of the party. He has always been treated with great deference by his colleagues, who had no qualms in departing from precedent and entrusting him with the Native portfolio.

In the years that followed, Sir Apirana entered wholeheartedly into the development of his schemes for settling the Maori on their own lands. Parliament in 1929 and later gave him a freer hand in carrying out his policy, even dispensing with certain safeguards that are rigidly applied in other government departments. Sir Apirana was determined not to be hampered by departmental restrictions. In a memorandum issued at the inception of his policy he wrote:—

I should hate to see the policy hampered or wrecked by red tape in matters within the scope and under the control of the department . . . I am determined not to brook red tape from the department or delays from the boards or fancy stuff from the supervisors.

The Royal Commission considered that the schemes under review, numbering 76 and spread over a large part of the North Island, were

a very substantial part of a movement to create a new life and culture for the members of the Maori race . . . the administration

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must be patient, sympathetic and friendly . . . In relation to the native land problem, the tribes, divisions of tribes, and religious sects among the tribes have held, and hold, diverse views. The Minister's approach to the problem of securing the general acceptance of a policy of native land development subject to a charge was therefore one of difficulty and delicacy . . . The psychological factors in the situation, which he recognised, were the result of tribal habits of thought and feeling to which he was himself subject. These habits involved a care of his own tribe and the support of those of other tribes who assisted him . . . Influenced by his own success in the field and by his enthusiasm he launched scheme upon scheme without any reasonable regard, as a Minister of the Crown, to the need for properly accounting for State funds.

In the early days, Sir Apirana showed unswerving loyalty to the native leaders and held their co-operation, but his personal position made it difficult to fulfil his duties as a Minister of the Crown. In fact, he could not entirely throw off the old tribal feeling. While he tended later to support the native point of view every time as against the white overseer, he also unconsciously favoured his own and kindred tribes to the disadvantage of others. His disregard of the usual departmental channels naturally led to loose methods of accounting for money and stores. In the administration of unemployment relief Sir Apirana was able to claim some superiority over the *pakeha* on the ground of economy, though it was held that here again the members of certain tribes were helped at the expense of others.

The tabling of the report led naturally to a debate in the House. On November 7 the Leader of the Opposition (Mr. M. J. Savage, Labour) moved the following motion of censure :—

That this House expresses grave alarm at the irresponsible methods adopted in the administration of the Native Department as disclosed in the report of the Native Affairs Commission, and is of opinion that the Cabinet failed in its duty by not immediately accepting its collective responsibility to safeguard public funds and the welfare of the native race when advised of the position by responsible officers of the Crown.

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The Deputy-Leader of the Opposition (Mr. P. Fraser) declared that it was overwhelmingly clear that for over two years the Government had known that things were not as they should be, that they had been urged to take action, but failed to do anything effective—with this miserable result. The Prime Minister having declared the motion one of no-confidence, the voting proceeded on the usual party lines, the motion being defeated by 36 votes to 22.

Though it was admitted that in view of the revelations the Minister must resign his portfolio—which he did when the report was tabled—yet the resignation was received with genuine regret. It is recognised that there is no other leader in sight who can take up the task with anything like the influence that Sir Apirana exercises, and that though he is no longer in office his *mana* is necessary to carry on a policy which, with all its faults of administration, is of vital importance to the future of the Maori people. In his statement in the House Sir Apirana justified his efforts to keep the Maori on the land and tide them over their economic and social depression. The old tribal psychology of the Maori came out in a spirited defence of his own tribe :—

If there is any section of the Maori people that has a grouch in regard to the tone of this report it is the tribe of which I am born and proud. They don't deserve that; they deserve the commendation of New Zealand for the part they have played in the reformation of the Maori race . . . The Ngatiporou was one of the tribes that did not sponge on the Government. Its first contribution from the civil list was after the earthquake and when the potato crops failed through drought . . . I will continue to do my best for the Maori. But let no *pakeha* throw mud at my tribe! . . . I want to ask members of this House . . . how many of them during the last three or four years have been doing their best and using their personal influence to keep men on the land and the mortgagee off the land? . . . If there is any credit to be obtained from the fact that every one was doing this thing, then a little credit must be given to the Native Minister in regard to the land of his own people.

It was reassuring to learn from the Prime Minister that

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Sir Apirana's influence and energy would still be devoted to the furtherance of the work. Mr. Forbes told the House that he himself would assume the Native portfolio, and added :—

Sir Apirana has promised to do his best to co-operate with us in bringing to fruition the great work he was not able to conclude. He is still leader of the Maori people, and they still look to him for guidance. Without him our native policy must fail, and I am glad he is going to work with me.

The feeling in the press was almost unanimously one of regretful disappointment. The retiring Minister, as the *Auckland Star* says, "is liked, respected and admired by Europeans as well as by Maori." The *Christchurch Star* remarks on his known integrity and says that "he seems to have exercised an overlordship which in view of the homage rightly paid him by his people was exactly the thing needed to inspire them with the new ideal." And the *Otago Daily Times* says :—

At the time when he retires under a cloud from Ministerial office it is only just that the great service which he has rendered to the country in inculcating in the Maori youth a sense of the value of self-reliance and industry should be fully recognised. His leadership has been a valuable factor in the creation among the natives of an attachment to agricultural pursuits and of a spirit of genuine hopefulness where otherwise a despairing helplessness might have existed.

A pleasing outcome of the whole unhappy episode is the realisation of the unswerving will of the *pakeha* people to base the Maori firmly on their own land, and the sympathetic good will that is shown to exist between the two races.

IV. THE LIFE OF PARLIAMENT

EARLY in the session Parliament carried out the known determination of the Government to increase the normal life of Parliament from three to four years. By section 5 of the Finance Act of 1932 the term of the present

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Parliament was extended from the end of 1934 to the end of 1935. The opinion was then expressed that the normal term should be four years, but the suggestion always met with strong opposition from Labour and a few Independents. The general criticism was that, the present Parliament having extended its term, it might well leave the general question until the public had had an opportunity of saying yea or nay at the elections next year. The Electoral Amendment Bill (No. 2) was, however, passed on October 4 by the stereotyped majority of 36 to 25.

The usual pre-election rumours of an early dissolution have been rampant for the last year or so. The only comment that is apt is that the New Zealand House for almost fifty years has never been dissolved except at the normal date on effluxion of its term ; and there is certainly no obvious reason why there should be a departure from precedent this year. There is every indication, too, that the coalition of the Reform and United parties, which has subsisted since September, 1931, will continue, the parties going to the country at the end of 1935 as a coalition.

V. EMPIRE DEFENCE

CONSIDERABLE interest was taken in the visit to the Dominion of Sir Maurice Hankey, Secretary of the Committee of Imperial Defence, who was accompanied by Sir George Pearce, Australian Minister of External Affairs and Territories. During the week that he spent in New Zealand Sir Maurice had important conferences with the Government and the defence authorities. In the unsettled state of Pacific relations at the moment this visit was welcomed, and the public learned with satisfaction that steps are being taken to improve our defences, especially the air arm.

New Zealand.

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GERMANY REARMED

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SINCE the last number of THE ROUND TABLE appeared, dealing at some length with Germany and her neighbours and with British Commonwealth policy, events have moved with great speed. The period began with the Anglo-French declaration of February 3, which attempted to find a new approach to European pacification by proposing certain matters for discussion with Germany—the Eastern pact for mutual assistance, a treaty of non-interference in Austria, a pact between the Western Powers for mutual assistance against an aggressor in the air, and Germany's return to the League of Nations. The contemplated general settlement, to be “freely negotiated between Germany and the other Powers,” would include new agreements for the limitation of armaments which, as far as Germany was concerned, would replace Part V of the Treaty of Versailles—the part which provides for German disarmament. It was announced immediately afterwards that Sir John Simon and Mr. Eden would visit Berlin to explore the ground with Herr Hitler.

A week or so before the arranged date a British White Paper was issued asking Parliament for a not very large addition to British expenditure on armaments—£10,000,000—on the grounds that the armaments of almost all other countries were going up and that the League of Nations could not be relied upon for security. This document, largely because it seemed to throw over the League, aroused great indignation in Liberal and Labour circles in Great Britain. But coming in conjunction with the

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announcement that the Russian army now numbered 1,000,000 men and possessed a large and efficient air force, and the French Chamber's acceptance of a Bill to keep conscripts with the colours for two years in order to maintain the army's strength during the lean period of the "war-babies," the White Paper caused far greater effect in Germany. It produced Herr Hitler's diplomatic "cold" which led him to ask Sir John Simon to postpone his visit, and, with the other factors mentioned, it led to the dramatic decision, taken (so it is said) on the Führer's own initiative without prior consultation with the generals, openly to defy the disarmament clauses of the Treaty of Versailles by restoring conscription in Germany, as the basis for an army of 36 divisions of some 550,000 men. Herr Hitler had decided that he was not going to enter the negotiations with tied hands while everybody else had taken up their positions, and that he would solve the problem of "equality" for Germany by taking it unilaterally without further discussion.

This act, which was shortly followed by Signor Mussolini's announcement that the 1911 class of reservists would be called up, making about 800,000 soldiers under arms in Italy, produced an immense sensation in Europe, especially among Germany's neighbours. They had been well aware, of course, that German rearmament had been proceeding for some time, but here was a proclamation, not only that Germany had escaped from the disarmament cage of Versailles, but that she intended to possess what would probably be the most powerful army in Europe. Herr Hitler's speech caused less shock in Great Britain. Public opinion was surprised, after Herr Hitler's earlier moderation, at the size of the army demanded, but it had long been convinced that Germany's neighbours, and especially France, could never be induced to bring about German "equality" by disarmament; and it considered that the negotiations for an all-round European settlement might be simplified if they started from the basis of arms equality

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instead of being concerned about the terms on which equality should be granted. Accordingly the British Government, with the full approval of Parliament though somewhat to the alarm of France, Italy, Russia and the Little Entente, decided that Sir John Simon should proceed with the visit to Berlin.

His visit disclosed that the Führer's ideas of a new European settlement were more ambitious than had been fully realised. He would have nothing to do with the proposed Eastern Pact, partly on the ground that Russia and Germany did not possess common frontiers, partly because he was determined not to commit Germany to defend a communist Russia which he distrusted or to give Russia the right to move troops or aeroplanes to the German frontier in the name of mutual assistance. But he was willing to sign with all his eastern neighbours (except Lithuania until the Memel affair was cleared up) pacts of non-aggression and of consultation in the event of aggression by third parties, to agree to a pact of non-interference in Austria, if a practical definition of the word "interference" could be contrived, to abolish any offensive armaments that all the other Powers would abolish, to be content with equality in the air with France and Great Britain, and with 35 per cent. of the British navy, and to join in the proposed "air Locarno." On these conditions, and provided the disqualification of Germany to hold a colonial mandate was removed, he would return to the League.

Mr. Eden then went on to Moscow, Warsaw and Prague. In Moscow, speeches and regal hospitality showed how anxious Russia was about attack from Germany; she saw security, her spokesmen explained, only in the formula "peace is indivisible"—that is, in an all-round treaty of mutual assistance against an aggressor, under the ægis of the League of Nations. Poland, on the other hand, would have nothing to do with the Eastern Pact. She was determined not to quarrel with either

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Germany or Russia or to allow her country to be made a battlefield. She clearly preferred specific arrangements with Germany and Russia separately to the uncertainty of "collective security." Czecho-Slovakia, on the other hand, was anxious in every way to strengthen the collective system of the League by treaties of mutual assistance. All were agreed that it was essential to bring Germany back to the League if it were possible to do so.

After this "exploration" came the Anglo-French-Italian Conference at Stresa. Here the Prime Minister and Sir John Simon were met with a demand that Germany's unilateral violation of the Treaty of Versailles should be sternly rebuked by the League of Nations. They promised to support a resolution to this effect to be moved by M. Laval at Geneva, and agreed that a committee should be appointed to consider what steps could be taken to prevent further unilateral infraction of treaties; they also agreed that a conference should be held in Rome later in the year, to which Germany should be invited, to discuss the proposed pact of non-interference in Austria. A few days later, after a good deal of hesitation among the smaller European Powers, especially the Scandinavians, the French resolution condemning the violation of Part V of the Treaty of Versailles was carried in the Council of the League at Geneva. This was followed by a storm of abuse in the official press of Germany at the hypocrisy of those who, after refusing for fifteen years to honour their own pledges of disarmament, were now condemning Germany for taking an equality that she had been promised in 1932 but had never been given in practice.

Thus the hopes of a new approach to agreement that had been raised by the Anglo-French declaration of February 3 had been rudely dispelled two months later. Though the question of arms "equality" had been settled by the unilateral act of Germany, the manner in which Herr Hitler recovered equality, and still more the size of the army he demanded and the reaction of Germany's

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continental neighbours to these events, made it doubtful whether a basis for an all-round settlement still existed, or whether it would be possible to induce Germany to return to the League before her resignation became effective in November next. The general anxiety at the turn of events was shown in important debates in the House of Commons and the House of Lords early in May. There was widespread recognition of the fact that the only basis of lasting peace in Europe was that Germany should be accorded the position in Europe and the world to which her size and history entitled her. But it was realised how difficult it was, especially in present conditions, to secure a reasonable revision of treaties by voluntary agreement; and speaker after speaker expressed doubts whether it was not Germany's real intention, now that she was becoming heavily armed, to refuse to collaborate in a collective system, which she tends to regard as a combination of her enemies for the maintenance of the *status quo*, but rather to remain in an isolated position in which she would take advantage of the difficulties of other Powers to obtain advantages for herself by power diplomacy or, in the last resort, by war.

These anxieties were greatly increased by the revelation that the figures of the relative air strength of Germany and Great Britain given to the House of Commons by Mr. Baldwin before Christmas had proved to be entirely wrong. Instead of our still having an advantage in first line machines by November of this year, as Mr. Baldwin had said, it was asserted by Mr. Churchill without contradiction that by that time the German air force would be three or four times as strong as the British air force in Great Britain itself, that the German machines were faster and of later design, and that the capacity of Germany to manufacture aircraft and train pilots was many times that of Great Britain. The immediate response to this disclosure was support by all three parties for the policy of raising the British air force to equality with Germany

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as quickly as possible, and of maintaining air parity at all costs. At the same time, the Prime Minister announced that renewed attempts would be made to resume negotiations for an all-round European settlement and for the limitation of armaments, especially of air armaments, on the lines proposed by Herr Hitler to Sir John Simon in Berlin, and on the basis of the tripartite air pact mooted on February 3. He added that the discussion of mutual assistance pacts would continue, and that it was not the intention of Great Britain to enter into commitments beyond those already assumed, namely, the Covenant of the League of Nations and the Locarno treaties. A few days later the Franco-Russian Pact of Mutual Assistance was signed and published. Under it France and Russia agreed to "come immediately to one another's aid and assistance" in the event of unprovoked aggression by any European State, as determined under Articles 10, 12, 13, 15, 16 and 17 of the Covenant of the League of Nations. The obligation was to arise even if the Council of the League did not come to a unanimous decision.

II. A NEW WORLD SITUATION

IT is quite clear that the relative "peace" of the last fifteen years is rapidly passing away. Not only has a highly armed Japan abandoned the League of Nations, denounced the Washington treaties and resumed the method of power diplomacy in the Far East, but Germany is on the point of recovering her position as the greatest armed Power in Europe, and it is uncertain whether she will play her part in the European concert of nations or return to the old method of *Machtpolitik*. The decision is likely to be taken during the months that intervene between now and November, when Germany's resignation from the League of Nations becomes effective.

The issue at stake, as we see it, falls into three main

A New World Situation

parts. The first: does Germany merely desire a reasonable revision of the Treaty of Versailles, or does she seek to upset the fundamentals of the settlement made in 1919; and does Japan want a reasonable revision of the Washington treaties or to establish a sole hegemony in the Far East? The second: if the desire of Germany and Japan is for reasonable revision, can the rest of the world bring about the necessary changes of the *status quo* by peaceful means through the machinery of the League of Nations? The third: if they are not content with reasonable revision, but intend to reject the collective system and to revert to power diplomacy in order to modify the *status quo* by force, what action should other nations take in order to prevent war? And what in particular should be the attitude of the British Commonwealth to these tremendous issues? It is clearly too soon to come to final decisions on these matters. In this article we propose simply to set forth some considerations that must influence us in our search for conclusions.

There is no doubt that the Treaty of Versailles was a severe treaty. Like most other treaties at the end of a war, it was an imposed peace, but it was imposed on Germany after far less discussion with her representatives than had been usual at earlier peace conferences, or was likely to produce permanently acceptable results. That the Treaty of Versailles should have been one-sided was almost inevitable. It was made after the peoples of the belligerent countries had been deluged for four years with war-time propaganda designed to keep up their courage and stiffen their will. A balanced view was impossible in the conditions of the time. Even so the fundamental basis of the treaty—the principle of national self-determination—was entirely sound, and the League of Nations was set up, partly to bring order into the anarchy of national sovereignties by a collective system for the maintenance of peace, and partly, under Article 19 of the Covenant, to remedy defects in the treaties when tempers had cooled and facts

Germany Rearmed

were better understood. Time, too, has already eroded many of the more severe clauses. Reparations have disappeared. The military occupation of Germany was abandoned five years before the appointed time. And now the unilateral disarmament of Germany has vanished through the unilateral act of Germany herself.

So far as Germany is concerned there can only be said to be four questions of substance left. There is the question how long the unilateral demilitarisation of the Rhineland is to continue. There is the question whether Austria is to be allowed, under really free conditions, to decide whether she wishes to enter Germany, and if so on what terms, or to remain an independent State, or to join a Danubian federation. There is the question of the future of Danzig and the so-called Polish Corridor—an issue now fortunately taken out of general European controversy for the time being by the German-Polish treaty. And there is the question of the colonies—a question which is mainly one of national honour and of wiping out the Versailles stigma that Germany is unworthy to exercise a mandate, though once raised it would inevitably become merged in the larger issue of how the industrial countries are to be relieved from the economic tension that besets them all by being given reasonable access to world markets and world raw material supplies. If, in the course of the next five years or so, these questions could be amicably adjusted, and if Germany were to retain her permanent seat on the Council of the League—the steering committee of the world—she would have the equality and the “place in the sun” for which she can reasonably ask. Some minor frontier adjustments—mainly affecting Hungary and perhaps Bulgaria—would also have to be made in order to stabilise the Balkans.

In the Far East there are analogous questions. The problem caused by the co-existence of two sovereignties in Manchuria has been solved for the time being by the creation of the puppet State of Manchukuo under Japanese

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control. The outstanding Far Eastern problems are the future of Manchukuo and its form of government, the safeguarding of the integrity of China proper, reconciliation of Japan's need for overseas trade with the maintenance of the integrity of China and respect for the principle of equal opportunity for the trade of other nations with her, and agreement as to how Japan, the United States and the British Empire are to be given “equal security” in the Pacific.

If there is a reasonable spirit on all sides there is no reason why all these questions, in Europe and in the Far East, should not be amicably adjusted in the next few years, and an all-round agreement for the limitation of armaments reached which would preserve world peace for a generation. As always, policy must come first. Agreement on policy must precede agreement about armaments. But if there is to be agreement about policy two simultaneous conditions must be fulfilled. The satisfied Powers must be prepared to make reasonable revision by voluntary agreement. And Germany and Japan, if reasonable revision can be arranged, must be prepared to abandon power politics and war as an instrument of national policy, and to return to the League, as the focus and symbol of settling international disputes by pacific means. If the Powers victorious in 1918 have been slow to emerge from what the Germans call the spirit of Versailles, and have themselves been partly responsible for the Hitler régime, grave doubts now unquestionably exist all over the world whether the ultimate purpose, both of the military party now dominant in Japan and of the highly disciplined, brutally repressive, totalitarian National Socialist dictatorship in Germany, is not to bring about, by methods of force, far larger international changes than are comprehended by the word revision. Lasting peace depends upon the display of good will and common sense on both sides.

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III. SANCTIONS AND TREATY REVISION

THE next few years are going to reveal whether the League system can be restored in Europe or not. There is no doubt that no one to-day wants war in Europe. The mass of the German people are far more concerned with internal economic reorganisation and recovery and with real equality of status than with dreams of expansion. The root difficulty is that of arresting the increase of suspicion and misunderstanding, and therefore of armaments, which characterises such periods of transition and which may restore the system of rival alliances and the military time-table that led to the war. The next move is with Herr Hitler, whose speech on the events and discussions of the last three months is to be delivered shortly after this review goes to press.

But recent events show that an entirely new set of questions are gradually being presented to the peoples of the British Commonwealth. Since the war the policy of the Commonwealth has been support of the League of Nations. The nations of the Empire have been acutely aware of the necessary limitations of a League of which the United States has never been a member and from which, at the moment, Germany and Japan have retired. None the less, they have felt that the principles underlying the League are the only ones that can save mankind from chronic war and lead towards a peaceful and ordered world. The League—or rather a League emasculated by abstentions and withdrawals—is now going to be put to a new test. Can its members now make Articles 19 and 16 effective? Article 19 is the Article that provides for the revision of out-of-date treaties. Article 16 is the Article that binds its signatories to use “sanctions” against a nation that resorts to war or violates the Covenant.

No peace system can succeed in the modern changing

Sanctions and Treaty Revision

world that does not make possible the modification of treaties and other conditions that are out of date. A League that can only maintain the *status quo* will lead to war as inevitably as a legislature that fails to remedy grievances will lead to revolution. The League has no means of compelling a revision of treaties. Article 19 only permits it to advise. That, perhaps, is why the Covenant does not forbid war altogether. The Covenant only requires parties to submit their disputes to the international court, to arbitration or to investigation for not more than six months by the Council or the Assembly of the League, and to desist from war until three months after a report has been given. It was the Kellogg Pact in 1928 that “outlawed war,” pledging its signatories to abandon war altogether as an instrument of national policy and to employ only pacific means for the settlement of their disputes. The Covenant left the ultimate possibility of war as the driving force making for revision by pacific procedure. The “gap in the Covenant” was, so to speak, the sanction behind Article 19. This sanction having been removed by the Kellogg Pact, there is now no legal means whereby any member of the League can be made to remedy an international injustice or modify an out-of-date treaty if it refuses the advice of the Assembly. The Covenant, therefore, taken in conjunction with the Kellogg Pact, now tends to become, even more than in its earlier days, an instrument for maintaining the *status quo*.

It is this growing inability to obtain revision of treaties by pacific means under Article 19 which tends to make so dangerous the stress increasingly laid on Article 16—the sanctions Article—as the indispensable basis for “collective security.” The operative paragraph reads as follows:

Should any member of the League resort to war in disregard of its covenants under Article 12, 13, or 15, it shall *ipso facto* be deemed to have committed an act of war against all other members of the League, which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all

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intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a member of the League or not.

In considering this Article 16 it is important to realise two things. The first is that sanctions, economic sanctions no less than military sanctions, inevitably entail the risk of war. To use sanctions is, in effect, to attempt to coerce a sovereign State against its will. Unless the power in the hands of the States bringing sanctions to bear is irresistible there is likely to be resistance or counter-attack, and that means war. Mr. Baldwin, about a year ago, stated this truth in the House of Commons in the following terms :

'There is no such thing as a sanction that will work that does not mean war ; or, in other words, if you are going to adopt a sanction you must be prepared for war.

Unless sanctions therefore are irresistible, by reason of the preparedness for war of those who use them, of the unity with which they act, and of their overwhelming collective superiority in the event of war, their use is likely not to lessen but to spread war. That is the inherent weakness in all co-operative systems : they have to use war as a method of trying to prevent war. Those pacifists who have been arguing in the last few months that it is Great Britain's duty both to disarm and to apply sanctions in any part of the world against any aggressor State, however well armed and powerful, are only urging that every minor conflict should be turned into a world war. The real test of a successful sanctions policy is that the power mobilised against an aggressor should be so overwhelming that, as with the domestic policeman, the would-be aggressor will desist from aggression rather than court inevitable defeat.

The second important thing about Article 16 is that partly owing to the Kellogg Pact the meaning of "collec-

Power or Commonwealth ?

tive security" is liable to become very much extended beyond what was contemplated in the Covenant itself. Collective sanctions have come to be regarded as the proper answer to any form of aggression, to a violation of the Kellogg Pact no less than of the Covenant. And, by the resolution of the Council of the League on April 17 condemning Germany's unilateral violation of the treaty of Versailles, a committee was appointed

to define in particular the economic and financial measures which might be applied should, in the future, a State, whether a member of the League of Nations or not, endanger peace by the unilateral repudiation of its international obligations.

This, as was pointed out in the House of Lords, is liable to turn Article 16, which called for sanctions only against a nation that had gone to war in violation of the Covenant, into a system of coercing nations to observe their treaties under threat of war—a very formidable and dangerous extension of the idea contained in Article 16.

IV. POWER OR COMMONWEALTH ?

THE world is passing out of the period of exhaustion after the war into a new period of political readjustment, in which two great and heavily armed Powers, Germany and Japan, are clearly dissatisfied with the *status quo*. It is this fact which gives vital importance to the considerations urged in the preceding paragraphs. All the nations of the Commonwealth are pledged to support the collective system. What do the collective system and collective security mean in terms of the present situation ? They do not mean, and no member-nation of the British Commonwealth would hold them to mean, readiness to use sanctions—that is, in the last resort to go to war—merely to maintain the treaty *status quo*. On the other hand, they do mean that members of the League ought to stand together to prevent or defeat certain kinds of military aggression.

Germany Rearmed

The difficulty is to decide where the line is to be drawn. On the one hand, if the League threatens to apply sanctions over every minor European controversy it will inevitably end in turning some local issue into a world war. Lasting peace cannot be preserved by constantly threatening war even for collective instead of national purposes. On the other hand, unless a powerful would-be aggressor knows that resort to war instead of to pacific procedure is going to unite the world against him in taking action that he cannot withstand, he will deal with his weaker neighbours one by one until he establishes an ascendancy over all.

The question of the policy to be pursued in present circumstances is therefore an extremely difficult one. The greatest evil would be to run the risk of provoking another world war. If another general war broke out it would not be about frontiers or revision; it would be either for empire or for something much stronger and more organic than the League of Nations. For if war does break out again it will prove that the idea represented by the League—the attempt to base peace on co-operation between 60 sovereign States—had failed to end war because it had been an attempt to organise anarchy. The next war would be fought to establish a permanent ascendancy by one group or another in order that peace might come by empire or by federation. For if civilization is to survive, the supreme need is that war should be ended. It cannot go on with the ever-mounting tariffs and armaments of economic and political anarchy.

It is far too early to consider what the consequences for the policy of the British Commonwealth would be if the present negotiations failed to produce an agreement. The immediate necessity is to press them as vigorously as possible to an equitable solution and so to an all-round limitation of armaments. Only one conclusion stands out clearly to-day. Whether the influence of the British Commonwealth is to be used to make Article 19 or Article 16 effective, to intervene in Europe or to keep out of it,

Power or Commonwealth?

adequate strength to make an independent British policy possible is essential. We should maintain an air force at a level no lower than that of our neighbours, a navy capable of guarding our trade, and an army sufficient for home and Empire defence. For the collective system depends as much as did the old pre-war system of defence on the possession by the pacific Powers of adequate strength to deter other nations from aggression, and to bring about revision of treaties by enabling nations to feel that, to some extent at any rate, they can rely upon collective security.

COMMERCIAL AVIATION IN GREAT BRITAIN

I. THE IMPORTANCE OF AIR POWER

IT is becoming a commonplace that the future of our national and imperial strength lies in the share that we take in the command of the air and in the exploitation of its potentialities. Traditionally, the greatness of the British Empire, in a world of nationalism and conflict, rests upon sea power. But if we are to draw from this the true lesson to apply to a future in which air power will undoubtedly play a vital part, we must remember that our naval power arose out of, and as a necessary adjunct to, our mercantile power on the sea. In the words of Admiral Mahan, "the necessity of a navy, in the restricted sense of the word, springs from the existence of a peaceful shipping, and disappears with it, except in the case of a nation which has aggressive tendencies, and keeps up a navy merely as a branch of the military establishment."* Admiral Sir Herbert Richmond has recently expressed the obverse aspect of this same thought. "A state," he says, "which possesses a navy will not necessarily possess sea power—power, that is to say, consisting in the ability to exercise control over the maritime routes to the markets of the world, and thereby of influencing the course of world events."† To-day, sea power remains a necessary foundation for our imperial strength. But while it is not superseded, it is vitally affected, by the development of air power. There was a time in the world's history when the command of the great trading routes of the Near and Middle East constituted the mastery of the world's economic and

* "The Influence of Sea Power upon History," p. 26.

† "Sea Power in the Modern World," p. 30.

The Importance of Air Power

therefore its political life. To-day, because ocean transport has superseded land transport as the commercial blood stream, the command of such land arteries is of minor importance. It may well be an exaggeration, but it is not altogether impossible that in days to come the control of sea routes will not in itself raise a nation or an empire above the status that is to-day occupied, say, by the people of Turkey or Iran.

Whatever the future of war and commerce may have in store, a great Power in the decades to come must needs be a great Power in the air. It is here that we must apply the lesson of the origin of sea power, and realise that commercial air strength is and will be the source and necessary adjunct of military air strength. The argument that civil aeroplanes cannot be used for war purposes owing to differences in technical design, which grow wider as engineering and commercial progress proceed, would be beside the point even if it were in itself true without qualification. For it is equally true that ships of the mercantile marine are unsuitable for naval purposes. The essence of the matter is that a military air force can be created rapidly from a small nucleus if the air-mindedness of the people, and the technique of air navigation and aeronautical engineering, have been strongly developed in the country by civil aviation, and if the ground equipment and the skilled personnel are ready. The example of Germany in the last three or four years is sufficient proof of this proposition.

The contrary is certainly not true. Specialisation on military types and the dominance of a military outlook can only hinder commercial air progress; for military standards are essentially uneconomic for commerce. It is possible to debase the economic type into the uneconomic for purposes of war, but it is impossible to refine the uneconomic type into the economic type for civil purposes. The ploughshare to the sword but not the sword to the ploughshare.

Commercial Aviation in Great Britain

II. SPEED VERSUS DISTANCE

WHAT, then, are we doing to keep ourselves in the forefront of the Powers commanding civil air strength? We are in the habit of deploring our dilatoriness in this field, and indeed there are many points at which greater initiative, courage and farsightedness seem to be called for; but in one respect at least Great Britain is ahead of the rest of the world. That is in the cheap carriage of air mails.

To India, the Dominions, the colonies and mandated territories we have already instituted low flat-rate postal charges of three-pence, sixpence and one shilling and three-pence respectively to Middle Eastern, Indian and African, and Australian areas. These rates compare favourably with anything that is being done by foreign countries. Still more important, looking to the future, the Post Office has in active preparation plans to send by air at the ordinary postage rate of 1½d. all letter mail to any Empire destination served by British air lines. These plans it is hoped to put into operation by 1937. In furtherance of them, consultations have recently taken place both in London and in the Dominions between the home and oversea governments concerned. As for inland air mails, we have been ahead of other countries in instituting the principle of sending by air without any extra charge all letters that can be accelerated by this means of transportation—in so far as it is available—in Great Britain and Northern Ireland. If there were a regular system of night flying still more remarkable prospects would be opened up. As one result of the low rates already instituted, the air mails despatched have risen by leaps and bounds; in the first quarter of 1935 they amounted to 25 tons on the Empire routes and nearly 60 tons on inland routes.

Those responsible for pushing forward these air mail

* See Appendix.

Speed versus Distance

developments have at the back of their minds the vision of an Empire effectively reduced to the size of these islands. It is not the distance on the map but the distance in the mind that counts, not the thousands of miles that divide the countries of the Empire but the few hours that will separate them if aerial progress continues at its present pace for only a few years more. What differences this will make, not merely to commercial and personal, but also to political communications the imagination can be left to depict. Many of the old troubles that have forced upon the British Commonwealth a sometimes dangerous devolution and have inhibited its growth as an organic unit will disappear when the dreams of those visionaries come true who foretell that the span between any two of the self-governing members of the Commonwealth will shortly be reduced to little more than the span between the capitals of Scotland and England in an age of roads and railways.

Speed—the power to diminish long distances to short intervals of time—is the first asset of air transport, and upon its exploitation the success of commercial aviation will depend. It is here that Great Britain lags behind.

It is difficult, if not impossible, to give accurate figures of the comparative speeds of British and foreign air lines; certainly it would be unfair to compare the fastest of the scheduled foreign air routes with those of Imperial Airways, since speed regardless of cost has often been the objective of the former, while the latter have, perhaps in too great a measure, subordinated speed to economic considerations. The ambition of making profits, on the basis of a subsidy appreciably lower in relation to commercial turnover than those paid by most foreign governments, is a laudable one, and the blame for any consequent shortcomings is certainly not to be borne entirely by Imperial Airways, whose policy this is. Yet the fact remains that cruising speeds approaching 200 miles per hour are aimed at and in many cases achieved in America, while Imperial Airways appear content, for the most part, with only half that. Among our

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European rivals, too, the value of higher speeds is being increasingly appreciated and acted on; for they realise that increased speed can be attained by improved aerodynamic design without greatly increased operating costs. In fact, to a certain extent economy may be achieved with faster aircraft by dint of the greater distances that can be covered in the same time, with a consequent increase in pay-load per hour flown. The longer an aeroplane is in the air between two points the more it is costing its owners, proportionately, in overhead charges, in wages, indeed in almost every direction except in interest on capital outlay for the machine and direct running costs. There is one other way in which higher speeds benefit an air line and enhance its reputation with the public, and that is in the ability of the faster machine to maintain a more regular time schedule when encountering head winds or other adverse weather conditions. It is obvious that the land speed of a hundred-mile-per-hour machine faced with a 50-mile-per-hour head wind is reduced by one-half, compared with one-quarter in the case of a machine capable of 200 miles per hour; the latter's flying time is increased by one-third, the former's is doubled.

In view of these considerations the tendency of this country to ignore the value of speed in commercial air line operations is making us fall further and further behind our foreign rivals, and from such a handicap it will be difficult to recover in future years.

III. SUBSIDIES

DOES the method of subsidies to civil aviation that we have adopted in this country discourage the attainment of higher commercial speeds, as is often suggested?

The problem of subsidies is a delicate one, and it raises in relation to commercial aviation many of the same general issues as it raises in the industrial, agricultural and social fields. Should subsidies be given to a private profit-

Subsidies

making concern—especially to a quasi-monopoly—without strict and direct governmental control? Should the subsidy be paid directly, or indirectly in the form of mail-freight contracted for at artificially high rates? Should aviation be encouraged to develop and expand rapidly by means of lavish subsidies, with the risk of its becoming an unhealthy and unstable growth, as undoubtedly it is in America; or should it be encouraged to progress more slowly but soundly—to become, if possible, self-supporting—by means of small and diminishing subsidies, at the risk of its so falling behind in world competition for air commerce that it loses all international prestige? The latter course is apparently the settled policy of this country.

It is quite impracticable to give a detailed comparison between the subsidies paid to commercial aviation by Great Britain and those paid by other countries. For one thing, the method of subsidy varies, and it is often disguised, not always deliberately; on its Empire routes, for instance, Imperial Airways has benefited enormously from the fact that the survey work and initial ground preparation were performed at government expense, largely for defensive reasons. Another difficulty is that of obtaining reliable figures; those available for Germany, with whom a comparison would be specially useful, are certainly untrustworthy as an index of total government assistance to commercial flying. Nevertheless, one set of figures may be quoted as throwing some light on the frequent assertion that the American superiority in commercial air development has been achieved at a cost of subsidies proportionately far in excess of our own. The United States subsidy, including that embodied in the mail contracts, works out at approximately twenty-one pence per machine-mile flown, while the subsidy paid by this country to the only subsidised company—Imperial Airways—would appear to be approximately thirty-eight pence per machine-mile flown. These figures, of course, are not conclusive, since the varying sizes of the machines operating and the loads carried affect

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the comparison; and it will not be forgotten that the United States has great natural advantages. Nevertheless, they are evidence, so far as they go, that the United States Government is obtaining at least as good value for its money as we are for ours, in spite of the waste of subsidy in America that was revealed by the air mail contract scandal of last year.

Whatever the conclusions that may be drawn, one thing is certain: where subsidies are given, whether direct or indirect, they should be given subject only to compliance with very clearly defined conditions governing efficiency of operation in respect of speed, regularity, safety, etc., the standard of which should be constantly reviewed in the light of current aeronautical development.

Not only is a powerful development of commercial aviation, especially in the direction of higher speeds, demanded by general national policy; it is very important from the point of view of our place in world export trade. In the exploitation of world markets for motor cars we were for years left behind by the United States, and there is grave danger lest our relative position in the aeroplane industry should be still worse. Planes like the Dutch "Fokker" and the American "Douglas" are gaining a hold on world markets which it will be very difficult to dislodge; indeed we have no aeroplane of a similar high-speed type to compete with them, though the De Havilland "Comet," of the type that won the London-Melbourne air race, may develop into something that can compete with the fastest commercial aeroplanes in the world on their own terms. So far our export business in non-military aircraft has been largely confined to small, private aeroplanes, rather than commercial "ships of the air." Possibly it may be thought that the world trade in aeroplanes is a game not worth the expensive candle that may have to be burned to gain it; but the stakes to be won are potentially high, for the demand for aeroplanes and air travel will certainly go on increasing very rapidly,

Opportunities of the Future

especially in the less-developed countries of the world. Even in 1930 the manufacture of aircraft in this country absorbed 21,500 workers, a total which is estimated to have risen now to about 30,000. The annual turnover of the industry is in the neighbourhood of £10 million, but this includes £6 million to £7 million of Air Ministry orders, and approximately £2 million of export business, also mostly in military types. Only about a million pounds is therefore ascribable to home demand for civil machines.

IV. OPPORTUNITIES OF THE FUTURE

IT is also argued that these islands are geographically and climatically unsuited to the development of civil flying. By comparison with countries like the United States or Australia or Canada this handicap is beyond question, but it is not one that cannot be overcome. The climatic difficulties are even now being conquered by technical developments in the direction of fog navigation, safer flying and slower landing speeds. As for the geographical limits, they are only relative; for if the breadth of North America can be reduced to a day the length and breadth of these islands can be reduced to two or three hours.

Within the narrow limits of these shores there are almost endless possibilities of commercial air development, even on the basis of our present restricted technique. Night mails by air could make it possible for letters posted in any town in Great Britain in time to catch the usual outgoing evening mail to be delivered in any other town as far north as Aberdeen by the first post the next morning. Thus in this respect Great Britain would be reduced to the present size of London and the home counties. In a country so densely populated one of the great advantages of air transport is that it can eliminate the "cross country journey," which has always been a bugbear of travellers

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by rail. The business man to whom time is money will take an aeroplane to save him an hour or two; but he will only be encouraged to do so if the aeroplane service is frequent and reliable enough for the time that he saves on the actual journey not to be eaten into by the average time that he would have to wait for the next scheduled aeroplane. Thus, if there is a two-hourly service of trains taking four hours to reach another city and the aeroplane takes in all only two hours (including time spent getting to and from the aerodrome) then the advantage of the aeroplane will be lost if it leaves only at five- or six-hourly intervals; for even if he has average good luck in fitting in with the schedule the potential traveller must then set aside $4\frac{1}{2}$ to 5 hours effective time for the journey compared with the average of five hours for the train. This applies no less to parcels than to persons. There are many classes of small parcels for which an hour or two's saving of time is worth paying for—for instance, commercial samples, proofs and other printed matter, replacement parts for motor cars or engineering equipment.

It is obvious, too, that the shorter the journey the greater is the importance of cutting down the time lost between terminal airports and the centres of the towns they serve. On a 2,000 mile journey an extra hour or so is not, perhaps, a serious consideration, but on a 300-mile journey it may undo the whole advantage of the aeroplane's superior speed. In a country like ours, therefore, it is vital for the future of commercial aviation that unless airports can be constructed near the hearts of our cities the road communications with the suburban airports should be specially improved. These factors will be prominent in the investigation now being conducted by the Air Ministry into the probable future of internal air communications in this country.

Undoubtedly Great Britain is faced with handicaps to the rapid development of civil aviation. Nevertheless, our position as a great mercantile nation on the fringe of

Appendix

a highly populated continent, and above all as the heart of a great and wealthy Empire, at once underlines our need for air power and creates our opportunity of attaining it. No one can say that we have yet fully explored the potentialities of our world situation and especially of our commercial connections. We have at present no air communication of our own with South America, where we have already been forestalled by American, German and French air routes. The Dutch route to Singapore and the East Indies preceded our own and in certain respects is a model to it. West Africa, and the ports of China (with a link to Singapore via Bangkok), are other areas where opportunity awaits initiative. It has not been the purpose of this article to consider at any length the special problems of our external air routes, but rather to stress the permanent factors that affect the general progress of commercial aviation in and by this country. The picture that can be drawn certainly does not encourage complacency, but it may serve to stir to life the latent capacity for development that Great Britain has so often shown she possesses.

APPENDIX

COMMERCIAL AIR ROUTES (January 1 to June 30, 1934.)

Country	Route Miles	Miles Flown	Passengers Carried	Goods Carried (tons)	Mails Carried (tons)
Great Britain*	13,719	1,163,428	25,505	327	103
United States					
<i>Home</i> . . .	24,878	17,723,665	191,088	409	?
<i>Foreign</i> . .	19,359	3,793,993	50,684	293	?
Germany†	22,092	2,930,000	49,971	?	?
France . . .	21,295	3,480,010	26,230	856	263
Italy . . .	8,797	1,278,945	17,596	331	72
Netherlands‡	9,853	?	30,718	561	115
Brazil . .	8,163	370,906	3,540	14	25

* Imperial Airways only.

† Deutsche Lufthansa only.

‡ Including Netherlands East Indies.

SOUTH AFRICA AND EMPIRE DEFENCE

I

A FEW months back General Smuts told his St. Andrew's audience that though we might comfort ourselves with the thought that the times we live in are extraordinarily interesting, we should do well to remember that they are also "the most anxious and critical" that we have had to face for many a long day. That was in October last. Everything that has happened since has accentuated the anxiety. Hence it was in an atmosphere already thick with disquieting rumours of war that three of the leading members of the Union Cabinet recently delivered addresses in Cape Town which deservedly attracted attention outside the borders of the Union and did much to bring home to South Africans the position in which they stood and the choice of roads that lay before them.

The first of these addresses, on "The Union in War Time," was given by Mr. O. Pirow, Minister for Railways and Defence, at the opening of the Imperial Press Conference in the Hall of the University of Cape Town on February 5. The second, on the world situation and South Africa's place in it, was prepared by General Smuts, but owing to his illness (now happily a thing of the past) it was read by Mr. Patrick Duncan, Minister of Mines, on February 8, to the Cape Town branch of the newly formed South African Institute of International Affairs—
itself a sign that South Africans are taking a lively interest in problems that not so long ago seemed immeasurably remote. The third speech was delivered by the Premier

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himself in the House of Assembly on March 14, a week after the British Government had issued the White Paper outlining their scheme of rearmament. General Hertzog, who in his time has struggled hard against Imperial entanglements and displayed little affection for the Royal Navy, declared unequivocally in favour of maintaining the closest friendship with Great Britain, and expressed the warmest appreciation of the part the Navy played as a guarantor of the liberties of South Africa. Indeed, from the point of view of immediate practical politics, his short speech was the most important of the three; for he, if anyone, is in a position to enunciate policy.

Though General Smuts's address was second in point of time, it should be dealt with first; for he sketched in the background against which his colleagues' speeches must be read. The Prime Minister and Minister for Defence "got down to brass-tacks"; this and this, they said in effect, South Africa is willing and able to do; that and that she is not prepared to undertake. It fell to our Minister of Justice to say: "Here are the conditions under which you must take your decision."

It is no disparagement of General Smuts's address, but rather a compliment, to record that he had said most of it before, though in other words; for that is simply to say that the General is a good teacher who knows that repetition is the best way to drive a lesson home, and also to suggest that he is worth listening to as a far-sighted man, since so many of his fifteen-year-old prophecies have come to pass. As at Versailles in 1919, he put in a plea for the fair and equal treatment of Germany and condemned all proposals to arm the League; now, as on the eve of the Imperial and Washington Conferences of 1921, he taught that the surest way to resolve the complex of hate, bred of fear and despair, that tortures Europe is a drastic reduction of armaments, that the strengthening of the League should be the chief aim of the British Commonwealth; that there must be close understanding and co-operation

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between the Commonwealth and the United States, with whom "the Dominions have a fundamental sympathy" and to whom "for their own future security they partly look." Speaking, as he did, in February, before Sir John Simon's visit to Berlin, he looked hopefully for an extension of the Locarno system, and with full knowledge of what has already happened in Russia, Italy and the Reich, he repeated his St. Andrew's lament over the decay of the spirit of liberty in Europe. Finally, in 1935 as in 1921, he urged that we should "no longer look upon the European stage as of the first importance," but rather turn our eyes towards Asia, where "two-thirds of the human race are on the move no one knows whither."

It was *à propos* the Pacific, "as the potential danger spot of the world," whether in this generation or the next, that General Smuts made the main point of his address, a warning to his fellow-citizens that "some of the countries which have hitherto felt most secure in their isolation and remoteness from the old European scene of conflict are now well within the range of the new dangers."

Of those countries for whom "the era of youthful seclusion and protection is passing," the Union is assuredly one. It is the only considerable outpost of Western civilisation in Africa, and whichever way it turns it is 5,000 miles and more from the nearest centre of that civilisation. It looks with hope to the Atlantic world of the northern hemisphere for support of every kind; it looks with anxiety across the Indian Ocean towards the awakening East, whose advance guard has long been entrenched on the east coast of Africa from Somaliland to Natal.

The European inhabitants of the Union know that, on the whole, theirs is a desirable land. There are still empty acres that might prove attractive to over-crowded, industrious and spare-living peoples; there is gold, there is a long list of base metals to which beryllium, indispensable for hardening steel, has recently been added. And there is always the Cape Peninsula. In spite of the recent

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construction at Durban of an air-port and a graving dock capable of taking medium-sized cruisers, it is still as true as it has always been that, viewed strategically, southern Africa falls into two unequal parts: the Cape Peninsula and the rest. The original seventeenth-century Cape Colony was the Peninsula and nothing else; when more was added by the energy of the colonists, the authorities reluctantly extended their rule thither; but always successive Dutch and British Governments maintained a considerable garrison and squadron at the key to southern Africa, which is also "the halfway house to India." It is significant that, although the Imperial infantry garrison was withdrawn from the Peninsula in September, 1914, the Imperial gunners were not allowed to leave till March, 1916, when the alternative Suez Canal route had been cleared of Turks and Germans. In view of the vast improvement of submarines and aircraft since 1918, another first-class war will see the Red Sea-Mediterranean route effectually blocked and the Cape route restored to its old-time supremacy and state of danger. A double danger nowadays; for, as Mr. Pirow reminded his hearers, the gateway to the East may in certain untoward circumstances become the gateway to the West.

What, then, is to be done? The prescription of Dr. Malan, the leader of the Nationalists, is simple. Expounding his well-known faith in a declaration of neutrality, on the very night of General Smuts's address, he looked forward to seeing one day "a South Africa which is free and peaceful, protected by a Monroe Doctrine." That may indeed come to pass, and even Mr. Pirow has visions of a future Monroe Doctrine proclaimed against the swarming masses of Asia by the Union, enlarged by the inclusion of the Protectorates and allied with the two or three federal groups which he expects to see forming further north in British central and east Africa. But facing the brute facts of this present imperfect world, Mr. Pirow admits that, on the score of neutrality, there is always the

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possibility of meeting an enemy "so stupid that he cannot understand our constitutional position"; and others would perhaps observe, on the score of Monroe Doctrines, that in 1823 and for long years afterwards it was Canning's threat to use the British Fleet against the Powers of the Holy Alliance that gave substance to President Monroe's famous pronunciamiento.

Such being the facts, Colonel Stallard and his Dominion party demand that the Union should undertake definite commitments in an Imperial scheme of defence. Mr. Pirow's address was a vigorous and extremely frank reply to that demand, so frank indeed that it came as a shock to some of his immediate audience and as a disappointment to those many others, in South Africa and elsewhere, who, without much warrant, had looked for great things from Sir Maurice Hankey's visit to the Union a while ago on his way to discuss defence in Australasia.

II

MR. PIROW'S speech can be summarised in one sentence, that whereas "a direct vote of secession from the British Empire would meet with an absolute negative response, yet, on the other hand, the Government is not prepared to participate in any general scheme of Imperial defence." Nay, more, with memories of the rebellion of 1914 fresh in his mind, as they must be fresh in the minds of all South Africans of his generation, he warned his hearers that "if a Government were to attempt rashly to commit us to participation in another overseas war, there would be large-scale demonstrations, possibly even civil war." Undoubtedly Mr. Pirow is right, and by the same token Dr. Malan has noted his statement with approval and promised to quote it against him if ever South Africa's rights of neutrality are thrown away.

Mr. Pirow's attitude is in keeping with the South African

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tradition in these matters. Long ago, in the Colonial Conferences of 1902 and 1907, the South African delegates, with one exception, and he an Irishman, rejected schemes for special Imperial contingents; during and after the Great War no one opposed the federal solution of Imperial problems of all sorts more stoutly than General Smuts. The Union's reply to Mr. Lloyd George's summons to defend Chanak was of the chilliest, the projected Geneva Protocol found no favour in South Africa's eyes, and even the Locarno system, according to General Smuts, is suitable for application only in Europe. The Afrikaners almost to a man sympathise with those Canadians who dread anything that will automatically drag them into the broils of Europe, and there are South African survivors of the Great War, men of British stock, who say openly that they will want to know good reason why before they set out again to try to save Europe from itself. What is more, a few days after Mr. Pirow's speech, General Hertzog underlined his words.

I will (he said) insist on the closest co-operation in the most friendly spirit with Great Britain and with every member of the Commonwealth. I have always said that there is just one condition, and that is that the interests of South Africa shall always be number one, and if those interests are served in the best way, then I shall turn to the others.

Not so very different, except for the urbanity of tone, from what he said in 1912, and split a Ministry by saying. Thus do the political heresies of one generation become the commonplaces of the next.

There is, however, one kind of campaign which Mr. Pirow believes would readily call all South Africans beyond their borders, and that is an attack by black on white people in any other part of British Africa. In that event there would be a unanimous response, though even then "the population would demand to be consulted before any decisions were come to." Probably most of them

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would, but if history teaches anything it is that numbers of South Africans would be on their way to the firing line long before the official decision had been reached. One of the constant dreads of High Commissioners in the mid-nineteenth century was that a black versus white conflict in any one of the states or colonies in southern Africa might develop into a general struggle. There is no reason to suppose that in this matter South Africans have ceased to "think with their blood."

If, then, there is to be no South African participation in a cut-and-dried scheme of Imperial defence—and it cannot be too strongly emphasised that Mr. Pirow's refusal to contemplate definite and precise commitments in any such general scheme is in keeping with the policy of every Union Administration, whether South African party, Pact, or Nationalist—it follows that the Union is still to be guided by the general principles laid down by the Imperial Conference of 1923 and reaffirmed by that of 1926. Those principles, like so many other resolutions of post-war conferences, merely set out pre-war practice. Shortly put they came to this, that the Parliament of each part of the Empire should "decide the nature and extent of any action" that should be taken by that part to defend the territories and trade of the whole, that each Commonwealth State should be responsible for its own local defence that the various air forces should be developed as much as possible along the same lines, that maritime communications should be safeguarded and naval bases provided, and that the Royal Navy should be kept at an equality with that of any other Power.

III

HOW far does the Union fulfil the terms of this programme, and how far do the speeches of the Prime Minister and Mr. Pirow promise that it will continue to fulfil them? The maintenance of the Navy the Union

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leaves, as for most of the time its component colonies had always left it, entirely to Great Britain. For some years the Union, indeed, continued to pay the modest unconditional contribution which the Cape Colony and Natal had given first in 1898, and under the Defence Act of 1912 it put its companies of the R.N.V.R. at the disposal of the Navy in the case of war. But there was never any hope that the Union would come into Lord Jellicoe's 1919 scheme of a federally supported fleet, and two years later the naval contribution was diverted to the maintenance of coastal batteries and a pair of mine-sweepers. Latterly, even this nucleus of a South African navy has been dispensed with and the money devoted to guns and aeroplanes.

Nor is there any prospect that the Union will change its policy. Mr. Pirow made that clear to the Press Conference.

Our attitude towards the Navy (he said) is certainly not based on anti-British feeling; it is based entirely on common sense. The object of the Navy in the first place is not to protect us, but is to protect British ships and British trade. Incidentally we get a very substantial benefit. On the other hand the object of our coastal defences is to make it as difficult as possible for any enemy to land on our shores. Incidentally the naval squadron gets a very substantial benefit from this, and it may be increased tenfold if for any reason the Suez Canal should not be available.

That was not perhaps an enthusiastic testimonial, but it must be read in the light of two facts. First, as Mr. Pirow explained a little later in a by-election speech at East London, the Union is doing all that Great Britain has even hinted that it should do to help the Navy. Since 1928, when the Nationalist-Labour Government agreed with the Committee of Imperial Defence on what was required to defend South Africa's coast, £408,000 has been spent on Simonstown alone, and in the event of war the Union will have to defend the whole of the Cape Peninsula to make the naval base even passably safe. Secondly, let it be remembered that to many South Africans

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the Navy is a rock of offence over which the Union may one day stumble into war; to others it is a force which would still patrol our seas in Great Britain's interests even if the Union were a full-blown republic; to others again it is a war machine which neither adds to nor detracts from such security as we can expect in these days—an opinion which the report of the Toronto Conference on Commonwealth Relations shows is shared with some good cause by numbers of Canadians. And, whether or not Mr. Pirow's words were, as his critics allege, "unhandsome, ungenerous," it is hard to cavil at the sense of them. After all, His Majesty's Government is not a philanthropic institution; sentiment alone would not keep the grey ships at Simonstown. General Hertzog himself in his now famous "Navy speech" of March 14 used almost the same words as Mr. Pirow: "It is true that in the first place the fleet is here in England's interests, but in the second place it is here in our interests." Perhaps if Mr. Pirow's critics could see the enthusiasm with which his Defence Force co-operates with Admiral Evans's cruisers in manœuvres up and down our coasts, they would think less hardly of our Minister of Defence.

As regards local defence by land, South Africa has a much longer and more varied military experience than any of the other Dominions. We do not carry guns or revolvers as part of our everyday equipment, but from time to time we have shot Bushmen, Hottentots, Bantu, Imperial soldiers and each other with skill and precision. To-day, the Defence Force, organised under the Acts of 1912 and 1922, combines the traditions and methods of the mobile commandos of the Boer Republics, of the colonial volunteers, and, as far as its small permanent force is concerned, of the Imperial troops which were stationed for so many years in South Africa and have now sent us some of their N.C.O.s to help our men to polish up their drill. Since the abolition of the Imperial South African Command in 1921 the Defence Force has assumed full responsibility

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for the maintenance of internal order and the defence by land of Africa south of the Zambesi-Kunene line.

But the Defence Force, in Mr. Pirow's eyes, is something more than a quickly mobilisable citizen army behind our regulars. It is a school of citizenship and patriotism and physical fitness, to whose discipline as many as possible of the youth of the country, that is, of course, the European youth, are to be subjected. The moral value of military training is his main justification for raising Special Service and Pioneer Battalions of out-of-work lads who might otherwise go to pieces, and one at least of his reasons for demanding an increase of military expenditure from an average of £760,000 during the past three years to something over £1,000,000 for the current year.

In accordance with the resolutions of the Colonial Conference of 1907 the Defence Force has in general been trained and equipped so that its parts will be "inter-changeable" with those of the British army. This policy has been encouraged by South African representation on the Committee of Imperial Defence and by the experience gained in the Great War. There is no reason to believe that the present Union Government will lightly depart from this common-sense arrangement; nevertheless, Mr. Pirow pointed to one or two points of divergence. It is a small matter, perhaps, that some regiments wear khaki with pride, while others, burdened by unhappy memories of the South African War, endure a thick grey-green uniform with considerable discomfort; it is much more serious that whereas Mr. Pirow, in his capacity as Minister for Defence, has procured some of the latest British bombers, in his capacity as Minister for Railways he has purchased fast German Junker machines for South African Airways. Civil aviation, in this thinly peopled land of vast distances, is avowedly being subordinated to military requirements; hence "we are aiming at a passenger service of 200 miles per hour." Such a policy may lead to difficulties between the Union authorities and Imperial Airways, which, like

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the British Government, believes in stability rather than speed. In that event the "interchangeability" in the air, on which the Imperial Conferences of 1923 and 1926 laid such stress, will in large measure cease to be.

The discussion of bombing planes leads naturally to the last point: the safeguarding of maritime communications by the provision of naval bases. Until 1912 the Union left the defence of Simonstown, the headquarters of the South African squadron, entirely to the Imperial authorities. Under the Defence Act of that year, however, it arranged that its Coast Garrison Force should be trained, and in time of war be used, as the reserves of the Royal Garrison Artillery and Royal Engineers stationed in the Cape Peninsula. Then, by the Smuts-Churchill Agreement of 1922, the Navy retained the naval harbour and dockyard area, and the Union made itself responsible for the maintenance and manning of the forts that command both, and guaranteed that Simonstown should at all times be in a position to serve as a British naval base.

It is this juxtaposition of the King's ships and the Union's guns that has given rise to long and at times acrimonious debates in the House of Assembly, towards the close of which, on March 14, General Hertzog delivered his "Navy speech." The Dominion party rejoiced that, because of Simonstown, the Union could never remain neutral when Great Britain went to war. How, they asked, could a neutral permit a belligerent to use a port in its territory as a base or even as a shelter for more than twenty-four hours? And how, unless it was prepared to shatter the whole fabric of international law, did the Union propose to deal with Vice-Admiral Sir Edward Evans of the *Broke*? Dr. Malan and his Nationalist followers asked precisely the same questions. They hate constitutional loose ends, and to them Simonstown is a loose end which may entangle South Africa in another "British" war. Some of them said openly that they would rather cede Simonstown to Great Britain outright as another Gibraltar

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than allow it to imperil the right of neutrality which they prize, and which the Prime Minister himself deduces from the Balfour Declaration and the Statute of Westminster.

It need occasion no surprise that a Ministry which has agreed to differ on the rights of neutrality and secession should not always speak with a united voice on the problem of Simonstown. Some months ago, General Hertzog told a country audience that if the Union stood neutral, Simonstown could be treated as foreign territory. Mr. Duncan, Minister of Mines, in Natal and again in the eastern Cape Province, promptly indicated his intention of resigning if such a policy were given effect to, but meanwhile pleaded that the issue was academic. During the recent debates, the Premier returned to the charge and declared that he had the highest legal support for his view that "there is no difference in principle between Simonstown and Gibraltar, and that international law fully confirms my further views in respect of the position."

But the law is one thing and politics another. There is the Simonstown agreement, and General Hertzog is not the man to go back on a bargain. In the middle of March, he revealed his understanding of the fact that the only way to make head or tail of the British Commonwealth of Nations is to face it as a going political concern and not as a piece of constitutional machinery. The occasion of his speech was trivial enough: a Nationalist proposal to oust the Admiral, as the representative of another Government, from the place which he and his predecessors have always held in the Governor-General's train at the opening of Parliament. Behind this small ungracious suggestion loomed the whole problem of foreign policy. The Prime Minister, who is also Minister for External Affairs, showed that he realised that to the full. He declined to unseat the Admiral and then launched forth into what Dr. Malan hailed as his too-long-delayed declaration of policy.

The Admiral (he said) is the highest representative of the fleet of our greatest friend and most powerful friend—Great Britain.

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His person is really historic, not for any constitutional reason, but because of the particularly important task entrusted to him. When I was in opposition and fought for our freedom, I made no secret of my feeling that if the British fleet went under to-morrow it would not matter to me. . . . But now that our freedom has been restored to us, and the enemy of former days has become our best friend, the British Navy means exactly the same to me as to an Englishman or to the British people in England I cannot have the same love for it as an Englishman—that is impossible—but as far as its value is concerned, I feel the same about it as an Englishman does, because the freedom of my people and of my country is just as dependent upon it as England is herself. . . .

After that there need be no doubt where the Union Ministry intends that South Africa shall stand, if (which Heaven forbid) it comes to the push. No one in his senses will expect General Hertzog to join in singing "Rule, Britannia." Let it be enough that he has made it plain that, under certain circumstances, "Hearts of Oak" is a tune to which he will listen with approbation and relief.

South Africa,
April, 1935.

WASHINGTON, THE WEST AND THE WORLD

I

COME to a little town on the high plains of western Kansas. It is noon of a fine spring day; but the electric lights gleam like jugglers' balls of steel. The sun is a curious blue colour, shining through a yellow-grey haze. Everything is covered with a thin grey dust, hiding the greening wheat and the blossoms of spring. The dust is in our teeth. It is still sifting down, though there is not a breath of wind. This is not the peak of the dust storm—then we could not stir outdoors, and the world was a brutal, searing whirlpool of abrasion. But even now we cannot see more than a few hundred feet, and we have to wear bandages over our noses and mouths. The highways are dangerous, the trains creep along. The chickens are at roost this noon, and the cows come lowing to the barn. Little children and pneumonia patients who did not get to shelter quickly died. Even to men used to elemental gusts of tornado and parching drought and freezing cold it was the most menacing and terrifying experience of their lives. For the dust sifted silently down. The suffocating blanket continued, and no man knew when it might thicken and might blot out human life.

Such was the penalty for human greed. Such was the price we paid, William Allen White wrote, "for the blessed privilege of sacrificing our young men to the war god." For when men, during the war, were driven by greed to plow the semi-arid plains in eastern Colorado, in Wyoming, in New Mexico, in Montana and the Dakotas, in Kansas, to produce wheat because acres stood idle in Europe,

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they unbound the chains that had hitherto held down the terrifying power of the great American desert. Be it said that even with two-dollar wheat these dry farmers scarcely made a profit. Since the war they have consistently lost.

After the war, a wet cycle held these plains in check. Three years ago the dry cycle began. In 1933 the crop failed. Last year it failed again. Even last year the March winds came down, and scraped up the soil from millions of acres, depositing it far over the American continent and out at sea. Then last summer the crop failure was worst of all. Followed a dry winter. In March of this year there was nothing to resist the wind as it sucked up billions of tons of soil, held it in great clouds as big as two western Europes, and finally dropped it upon the land when an atmospheric spring was released.

Little rains have come with the end of April. What the future holds, no man knows. The dry cycle may run as long as seven years, or it may end now. In either case America has been given a grim warning. It is that if nature's own crust of brown grass and roots is not spread once more over these vast acres of desert the dust storms will continue periodically, constantly tearing up new areas of still arable soil, spreading the American desert farther and farther over the country's surface.

And what is the answer? There are two. One is the eternal resilience which among these people and on this frontier keeps humanity alive under the most desperate of circumstances. Even if conditions do not improve, man will continue to exist in places where the animals can hardly live. And he will cling to life with a grim laugh, for these pioneers are of that stock. On the plate-glass window of a defunct First National bank, in a high-plains town, somebody had scrawled:—

"Ashes to ashes and dust to dust, the men folks raved and the wimmen cussed, take it, and like it, in God we trust."

The spirit of Mark Twain was still alive, too. From

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town to town, over an area the size of Europe, the anecdotes were passed. In almost every Main Street this sign was to be seen in some window: "Great Bargains in Real Estate. Bring your own Container."

They told of the farmer, driving to town in his Ford at the height of a dust-storm, who espied a south-western "ten-gallon" hat by the roadside. Stopping and picking the hat up, he was astonished to find a head beneath it.

"Well, stranger!" he exclaimed to the head, "Air ye gettin' along all right?"

"Oh, I'm O.K.," replied the head. "You see, I'm on a horse."

Pulled along by humour of this brand, men exist.

But there is another remedy. People in Wall Street, in Chicago, in New England may inveigh against "governmental interference," against "this *planning*—communism, I call it!" Yet, face to face with the man-made tragedy of soil erosion, human beings of the slightest comprehension cannot escape the certainty that the only fundamental remedy is co-operation—common activity of men through their agency, government.

Few people, of course, believe that the great American desert will be rescued by planting trees. The pioneers tried to plant trees here once, and found they would not grow. Mr. Roosevelt's proposed tree belt has elicited a measure of scorn in more than a few sod huts. But these same prairie dwellers, when they escape from the fatalism and futility which the repeated buffets of nature have induced, know that nothing but organisation by men can rescue not only the high plains but the menaced rich wheatfields as well.

The Roosevelt Administration is tackling the problem vigorously. Better lands are being found for dry farmers, they are being persuaded to move, and the old desert lands are being converted back to natural prairie in so far as this process can be accomplished. It will take years for a growth of sparse vegetation to get a foothold, but there is

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hope that ultimately the old prairie on which the buffalo oamed can be replaced. Then, and then only, will the dust storms be under control.

So vast is the problem that men who have grasped its immensity have full sympathy with the land-utilisation program of the Administration. Some of them, the anti-bureaucrats, doubt if the necessary administrative machine can be made to work on so great a scale. But it is war, and the type of national machine necessary to prosecute that national policy is required to win the victory over man's cupidity during the last war.

The elemental problems offered by the dust storms are perhaps the grimmest and most graphic proof that self-conscious governmental intervention must be the order of the New America. Any Administration in the United States will have to grapple with the same elements, and come to roughly the same conclusion. On a lesser scale, the problem is repeated all over the country. The south is marked with eroded ravines like the mountains of the moon. Lands have been stripped of their vitality. Living standards have sunk with the fertility of the soil. Again, men working alone cannot be expected to win out. Again, co-operation within the framework of government is required.

With the passing of the physical frontier in America, therefore, the time has come when conservation and rehabilitation are past argument. Should a conservative Republican Administration be elected to office to-morrow, its answer to the national problem would perforce be the same.

II

AND now it is necessary to return from real America to synthetic America—in a word, to Washington. The first question attempted in this article had to do with the elements and the seasons, because they are the

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basic facts in any nation. The next question must be recovery.

Here we enter a bitterly difficult field. It is easy to be dogmatic about what is happening in the United States in these tense months if you have come down definitely on one side or other of the New Deal fence. But if you are struggling—as is this correspondent—to be fair to both sides, your task is enormously complicated.

The facts respecting recovery divide themselves into two groups. On the one hand, it is possible to adduce a number of favorable statistical factors. Most of the detailed statistics are favorable. Certainly if you walk the streets of our cities, or ride our country highways, you would not think you were in the midst of a great depression. Things are shining in many places. Washington, of course, is a boom town. It swarms with government employees, and prices are sky-high. The South is doing very well; the automobile factory towns flourish. In any part of the nation the highways are crowded with glistening new motor-cars, whirling at devastating new speeds, while the accident toll mounts. Shiny motor-cars are taken as an index of recovery, no matter how many crumpled masses of new sheet-steel and chromium you see quietly towed away.

On the other hand, if you refuse to accept these general statistics, and say with New Deal critics that the only test of recovery lies in the size of the relief rolls, you become very pessimistic indeed. For the number of people on relief, all through this warm and buoyant spring, is at a peak height. Figures vary slightly, but there is no denying that over 20,000,000 men, women, and children are living on the money that the Treasury so easily borrows from the banks.

Both sets of statistics are strictly accurate. And it is equally dangerous to draw sweeping conclusions from either. The safest conclusion is that the United States has about kept pace with other favored nations—like

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Great Britain and the Dominions—in recovery, that modest progress is regularly being made, that the relief expenditures and governmental borrowing are bad but necessary and not nearly so shocking as conservatives plead, that we are about as near to the middle of the road as may be.

If you are interested in details, here are a few: the March tax collections were 43 per cent. above those of March 1934; automobile production for the first quarter was the highest in eight years, excepting only 1929; freight shipments are 24 per cent. above those of a year ago; machine tool orders for March were 29.5 per cent. higher than a year ago; steel production in the first quarter was at 49.3 per cent. of capacity as compared with 40.3 last year; wholesale commodity prices were 7.6 per cent. above 1934; residential building is the largest since 1932, 42 per cent. above last year.

But beneath all these indications is the fear that artificial stimuli, such as public works and vast relief spending, are building false recovery instead of true. And to out-and-out opponents of the New Deal, such statistics are puny beside the fundamental evils which they see in the American scene.

Futile to arbitrate between these groups. Either you are for or you are against, and you know the reason why. But for Mr. Roosevelt the chief problem is that the popular discontent which swept him into the White House is welling up in opposition. There has been a definite breach between the Forgotten Men and their first paladin. The discontent groups, even if they are getting regular support from the relief rolls, are dissatisfied still. They are spread out behind diverse banners. Some follow Senator Huey P. Long, in the "Share-Our-Wealth!" movement. Others are zealous crusaders in the radio army of the Reverend Father Charles E. Coughlin, with his Union for Social Justice. Dr. Townsend still has his loyal legions of old folk, who are cruelly disillusioned now that Congress refuses to pay them the promised pension of \$200 a month. In

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corners of the country are other strong groups: the Progressive party of Senator "Bob" Lafollette commands Wisconsin; the Farmer-Labor party in Minnesota has a vigorous and ambitious champion still in Governor Floyd B. Olson; left-wing movements of this type extend through the Dakotas, Montana, and Colorado into the extreme north-western state of Washington.

But much more important is the fact that all over the country people are saying: "I don't see that this fellow Roosevelt is doing much better than Hoover. Whom shall we support next?" They are eager converts to any politico-economic medicine man who comes down the road or over the air-waves with an attractive program.

On the right-wing—and it must not be forgotten that normally the United States prefers to be conservative and *laissez-faire* in its politics, along the Coolidge model—are the millions of cross-roads philosophers who detest the alphabetical experiments. They find the NRA's Blue Eagle ludicrous now that it is fly-specked and unobserved; they are feeling the pinch of rising food prices; they don't like big government spending in theory, and this is a basic American reaction toward any Administration, although each is anxious to get his slice of the pie when it comes around locally; they are still pathologically resentful at Secretary Wallace's old program of plowing under, and the slain little pigs have hurt the Administration more than any other factor; in short, the grass-roots citizen has a surfeit of government—any government that attempts much.

III

TRANSLATED into Washington terms, this has meant a very sticky Congress. But it has not been an impossible Congress. Slowly, with irritating difficulty, the Administration has been getting what it really wanted. The major victory was the passage of the Work Relief Bill,

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with its appropriation of \$4,880,000,000. Prophets of gloom who anticipate Mr. Roosevelt's fall and talk about the revolt of Congress cannot deny that in that single congressional authorization he got a weapon which is the chief instrument for his coming policy and may be the means of his re-election.

As for the rest of the President's legislative program, the chances are good for reasonable success. The Social Security Bill has had a rocky time, but it emerges; too late, of course, for the state legislatures to carry out its provisions this year. Indeed, it was too late before the session ever started. Mr. Roosevelt was a twelvemonth slow with his social insurance program, because most of the state legislatures met this year but will be in recess next year. Even if the omnibus Bill is passed by this Congress, its basic provisions will lie dormant until 1937.

The Banking Bill is possibly the most important measure, after the Work Relief Act, of this session. It represents the viewpoint of the debt-ridden west, anxious to set up its own democratic control over the well-springs of credit in the east. It typifies the ultimate passage of real power in the United States from Wall Street to—say—Salt Lake City, whence comes Marriner S. Eccles, the Mormon Governor of the Federal Reserve Board. But this is a change, too, which the passing of the frontier has wrought, and it was foreshadowed in Mr. Roosevelt's very election to the Presidency. Powerful groups are fighting the Banking Bill, and it would be rash to forecast its passage or to predict just what amendments may be attached to it. But the Bill may be the most significant sign of the times, a vast extension of government into banking as the ultimate twilight of American individualism. But it is late in the evening to speak of such things as if they were innovations.

As to the favorite alphabetical targets, NRA and AAA, they are bound to see drastic change. Already the Administration has made real or feigned retreats in many aspects of these policies. If NRA is not extended by its expiry

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date of June 16 the President threatens to hold Congress in town until the deed is done. But its extension on the terms now proposed would mean an enormous alteration of the original terms written back in the brave New Deal world of 1933. Court decisions have riddled that structure; non-compliance has done more; compromise at the top in Washington completes the fettering of the Blue Eagle.

So, too, the Agricultural Adjustment Administration finds its basic provision—the processing tax, which manufacturers collected to hand over to farmers—under a bitter combined attack from textile interests in the old New England land of looms and the new Southern industrial empire. The political revolt of these regions has already drawn concessions from the President. There is no disguising the serious difficulties of the textile industry, due to continuing over-production. These difficulties have existed for fifteen years, but the political consequences are once more laid at the White House door. The remedy is plain: either the industry must persuade people to wear more cotton by popularizing, cheapening, or bettering the product, or, failing that, it must face the inevitable readjustments to consumer standards which do not admit of former cotton goods consumption.

In any case, from Pacific to Atlantic President Roosevelt is riding the waves of mounting discontent. He is, in short, in precisely the plight that every crisis President of the United States has found himself in during the third year of his term. Now has come the really trying period. The honeymoon has long since worn off—and Mr. Roosevelt prolonged his beyond all precedent. The teeming majorities of his present Congress are, as every European observer knew they would be, an embarrassment of riches. They are a temptation to insurgency. The disciplinary effects of a coming presidential election will not be felt for another twelvemonth. Indeed, it is extraordinary that the President's difficulties are not greater. He is at the turning

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point. Should his prestige continue to decline, he can count on difficulties in geometrical proportion. If he can ride the storm, ever so barely, Congress will be sent scuttling home early in July, a period of quiet will result, and by the time the legislators return in January the party discipline of a new election will cast agreeable shadows before.

Already, of course, the Presidential election is being canvassed. Naturally Mr. Roosevelt will be renominated by the Democratic party. The Republicans are making a great deal of noise and raising dust about "re-birth of the party" and talk of regional meetings across the country to rebuild strength. This is the greatest sign that stability is returning to the country. When the Republicans emerge from their clubs and caverns, and dare to look at the Presidency, it is a sign that business must be better.

But the prospects are far from charming. The plain fact is that no Republican of worthy dimensions is in sight. The party needs one thing only, a man. Man there is none. Effective control of the party still rests with conservative leaders in the east, who know perfectly well that their candidate must come from the mid-west and be tinged with "liberalism." Former President Hoover irritated them beyond measure by a trip to and from New York and his California retreat, during which he refused to deny publicly that he would seek the party nomination, saying that such a step would destroy his influence in the party, or his ability to control the nomination of another. The Old Guard party leaders would be extremely happy should Mr. Hoover take a sudden fancy to go to the South Seas.

But their problem still remains unsolved. In their dismay, there is talk of nominating a conservative Democrat, like the redoubtable "Al" Smith, and combining the "discontent" right-wing vote of both old parties. Such an expedient would be a political risk of the first degree, particularly against a master tactician like Mr. Roosevelt. Remains the old and traditional course : nomination of a

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"safe" man who could straddle all issues, and attempt to draw together all possible elements, conservative, liberal and nondescript. The trouble is that such a candidate would be as dull as a ham sandwich, and there is no individual of eminence in line for the task. Chiefly mentioned are men like Senator Arthur S. Vandenberg, of Michigan, and Colonel Frank Knox, publisher of the *Chicago Daily News*. Neither excites the slightest enthusiasm.

The solitary Republican hope lies in the welding of a strong left-wing coalition by Huey Long or somebody else, which would filch away the "forgotten-man" vote from Mr. Roosevelt, polling five or six million votes, and leave the thirteen million of "irreducible" Republican votes. Such a program presumes that the Left could possibly unite on one candidate and one platform, of which there is at present no sign, and many doubts. It also assumes that a radical leader, once he got going, would not run away with the show. Both are substantial risks.

So, in the long run, the betting is still heavily on Mr. Roosevelt for re-election. Even Huey Long, on his side, and the Republican leaders, on theirs, admit privately that this is the case. To a friend who chided him on the impossibility of winning in the 1936 elections, Huey replied the other day: "Are you tryin' to teach *me* politics? Of co'se I cain't win, least not in '36. But watch my smoke in '40. I'll be fo'ty-seven yeahs old, and if I don't skin that ring-tailed weasel of a Roosevelt then I'll jump in the bayou." And a Republican observer of acuteness, after combing the middle-west, said: "Roosevelt has weakened, but not enough."

So much for dust storms; so much for recovery, and legislation and presidential politics. It all reveals an America of traditional pattern, a President in difficulties, an obstreperous Congress, and an unpredictable future.

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IV

OF much greater interest to those of us who still remember that there is an outside world is the wave of insulation—not isolation—which is dominating the nation's latent foreign policies.

Congress has recently done these things :—

It has refused to adopt the McSwain Bill, which would have meant setting up machinery of unprecedented proportions for industrial and military mobilization and universal draft. Instead, a rampaging House minority of liberals converted the Bill into a stout non-participation-in-war measure.

It has amended the Work Relief Bill so that no more money from this source may be spent for naval building.

It has spawned half a dozen or more resolutions, not yet enacted, intended to prevent shipment of American munitions or materials of war to belligerents in a future war, to re-define the doctrine of freedom of the seas, to prevent loans or credits to belligerents, to warn Americans that if they loan abroad or travel abroad or sell abroad in wartime they must do so at their own risk.

Previous to these activities it is true that Congress passed monumental national defense Bills, for army and navy alike. But it stopped short at the army's projects for great expansion, it cut in two the navy's shipbuilding requests. And its latest temper was far more anti-military than in the early days when the Appropriation Bills went through.

President Roosevelt, it became known in December, was profoundly interested in re-definition of American neutrality policy. He spurred others on to a study of the subject. Congress did not need much spurring. Indeed, so fast has the "neutrality" drive gone that the President has been forced to back water and intimate that he will introduce no measures on behalf of the responsible Admin-

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istration itself. What individual members do is their own concern.

This vast surge toward non-participation in a future European conflict springs of course from memories of the last war. It springs, too, from the organized peace movement which has turned in despair to this isolationist approach to world problems, finding every other avenue blocked. It springs from the insurgent "soak-the-rich" temper of western and south-western Congressmen, who feel that war, munitions-commerce, and foreign lending are all part of the Wall Street or international-banker game.

Of course this insulation drive is all totally academic. Only when the crisis comes will the real struggle begin. But simply because the American Congress is now preparing legislation making mandatory the choking-off of commerce with belligerents, it is possible to hope that the chances will be equal, at least, of rendering American neutrality in another war more genuine than it was in the early years of the last war. If the nation must get into the conflict, it should at least have a free-will decision.

The batch of neutrality resolutions already introduced in Congress must be battered into proper form. Perhaps nothing will emerge. But the world at last has the spectacle of the United States considering putting its "neutral rights" of trading with belligerents into cold storage. Spokesmen as varied as James Brown Scott, the international lawyer, Will Rogers, the rustic wit, and Father Coughlin, the radio orator, have sponsored the campaign. Even Mr. Hearst has been silent.

Insulation, therefore, is the key to American sentiment on foreign policy. It is not precisely the policy of the Administration, as manufactured in the State Department, or the Navy Department, or the silver bloc. The State Department is dormant on foreign politics while pressing the reciprocal tariff treaty campaign with fervour and some few results. The Navy, with President Roosevelt's

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apologetics, is conducting manœuvres in the Pacific intended to "show Japan that we mean business!" And the silver bloc continues pressure on the Administration, which in turn drives the price of silver upwards, and upsets the Far Eastern balance still further by pushing China into the arms of Japan.

Behind these inconsistent vagaries stand the people. They are profoundly shocked at the European situation, profoundly anxious to keep out of trouble, and in a mood to be led through the risky toils of isolationism to a cleaner and clearer relationship with the rest of the world, based upon a determination not to furnish the sinews of the next war.

United States of America,
April 25, 1935.

THE LAST PARTITION OF AFRICA ?

Io giudico ben questo, che sia meglio essere impetuoso che rispettivo: perchè la Fortuna è donna, ed è necessario volendola tener sotto ed urtarla.—MACCHIAVELLI.*

I. ITALY AND ABYSSINIA

MANY of those who saw the 20,000-ton pleasure-ship *Vulcania* leave the quays of Messina on February 24 as a military transport must have felt not only that Africa's last estate was "ripe for development" but that Signor Mussolini had tendered for, and secured, the chief contract for the job.

Four generals were on board that ship, and the town was gay with flags and posters. Cheering crowds were brought out by bugle-blasts from Fascist students who ran through the sunny streets. It was the same in Naples, whence whole fleets sailed for the dismal ports of Massowah in Eritrea and Mogadiscio in Somalia. In the breast pocket of each soldier's tunic was a portrait of the Duce, and on it figured a stirring slogan: "Better live one day as Lions than a hundred years as Lambs!—MUSSOLINI."

Elaborate and costly was the freight, human and mechanical, that was being embarked. Storm-troops and engineers, doctors, stretcher-bearers, cooks; skilled artisans and labourers, signallers, electricians and radio-men. And, of course, bombing and scouting aircraft, with tanks great

* "I hold that boldness is superior to caution in the affairs of men; because Fortune is a woman, and he who would master her must handle her roughly—even brutally."—*Il Principe*, cap. xxv.

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and small; motor-lorries, field-guns and mechanised "heavies," barbed wire, and petrol in thousands of barrels, besides road-making machines to lay carriageable tracks at eight miles a day in wild hostile spaces. It is clearly a big contract that Mussolini has in hand. He leaves nothing to chance, or to reckless and feeble foremen—as Francesco Crispi did in his Ethiopian venture in 1896. A visitor once put this question to Mussolini: "Do you think a dictator can be really loved?" "He can," was the quick reply, "when the masses also stand in awe of him. For they do love strong men: the crowd is like a woman in this respect."* The simile crops out again in the preface to the Duce's thesis on Macchiavelli which figures in the *Scritti e Discorsi*. "Woe to the weak and the cowards," he cried at Foggia, "and to the unprepared in spirit and in arms!" Looking back upon his own life, Mussolini can vow that its greatest glory was to have been a good soldier; for that proved *la forza d'animo* amid all the terrors of shot and shell.

Whether the Duce would have plunged so boldly if he had visualised Hitler's Germany as the "pike in the car-pond" (of old Bismarck's warning) it is now too late to surmise. For Italy's forces are already encamped in Eritrea and Somalia—those two forlorn and widely sundered colonies in north-east Africa. How men and munitions were got ashore there—especially at Mogadiscio—no one knows but Emilio de Bono, the new High Commissioner; he was an original Fascist Quadrumvir of Mussolini's March on Rome.

It will be seen that Mussolini's task is a formidable one, and that he is committed to it irrevocably. How can it be accomplished? Here we get a shrewd hint from Berlin, where more is known than the protagonists are aware. In the satiric *Kladderadatsch* appears a significant cartoon. M. Laval is dining with a naïve and gleeful

* *Quando la massa nello stesso tempo lo teme. La massa ama gli uomini forti. La massa e Donna!*

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Signorina. He is eating nothing, but he is telling Miss Italy how to tackle with her knife the "alpine" pudding which a John Bullish *maître d'hôtel* has put on the table between them . . . "Take it slowly," (her suave escort says) "*piece by piece—so that it may do you good!*"

The full terms of the Franco-Italian arrangement in January last have not been revealed. Together with our own cessions of territory last year, they left Italy with over 900,000 square miles in Africa. But when all is said they were meagre miles, mainly desert spaces with oases in between; poor outlets for Italy's settlers in an era of rigid nationalism in all lands, with her immigration quotas cut down in the United States, and even in Argentina and Brazil.

What Italy needs above all is economic liberation from the so-called "war-servitudes," by which is meant dependence upon foreign supplies of meat and cotton, of fuel oil, the primary metals and other commodities for her industries. This matter was debated by the Supreme Committee of Defence at its session in Rome on February 20 last, with Mussolini himself in the chair. "Our poverty in raw materials" was the fluent theme. Home production was to be intensified, from agriculture to hydro-electric power. The entire kingdom must prepare those measures which alone ensured "that any eventual war effort should develop such conditions as to result in victory." This was the new *italianità*. Ever since Italy was united she has looked to Africa for wider scope; propinquity and climate made it the natural field for her enterprise. But she was a late-comer in the scramble for colonies. Tunisia was coveted above all, and was even settled by Italians. France, however, backed by Bismarck and Lord Salisbury at the Congress of Berlin, declared a protectorate over Tunis in 1881. Thereupon Italy looked farther east and encouraged her trading companies in Red Sea deals. One of these bought the port of Assab for a song from a lowland chief, a shadowy suzerain of Abyssinia. This name, incidentally, derives

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from the contempt of its Arab invaders. To them it was the "Land of Habash," that is, of mixed races. Even now the black slaves brought over the Red Sea for sale in Mecca, Medina, Riayadh and Taïf are known as "Habashis," and are still sold in open markets, even at the gates of the great Ka'aba Mosque to which every pious Moslem turns at the hours of prayer all over the globe. With Assab as a nucleus, Italian interests spread to Beilul and Massowah, in Eritrea. By 1882 the Government at Rome had taken over control. Already that process of encroachment, of which the Emperor Hailé Selassié now complains in Geneva, had begun, and Ethiopia's kinglets grew uneasy about it. Their mutual feuds were dropped when the Massowah sea-gate was closed to the free transit of goods for a loose highland realm which the world forgot or ignored.

Italy was already in touch with the Aussa Sultan and with Menelik of Shoa through Count Pietro Antonelli. But the ruling caste, people of the Semitic Amhara, were on wary watch. At no time could they control the lawless raiders of their marches; hunters of slaves, looters of cattle and ivory. These *shiftas* afflicted the Khedive of Egypt so far back as 1875, and he sent a protective force to the Ethiopian border under Austrian and Danish officers. Open war came soon. King John of Tigré fell on those invaders with a large army. Only a handful of Egyptians escaped that bloody day to reach Massowah, and to recall to European minds Lord Derby's warning of the "extreme impolicy" of any attempt upon Ethiopia's sovereignty. Our own punitive expedition in 1868 had been a luminous lesson in point.

Italy, however, was over-eager for dominion in these parts. She occupied Asmara in Eritrea and signed the so-called "Ucciali" Treaty of Friendship. This was later on denounced by Menelik, who claimed to have found in it a grave discrepancy between the Italian and Amharic texts—the one making Rome the sole medium of his future contacts

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with the Powers, the other leaving this optional. From that discovery began a mistrust of Italy's good faith which has continued to this day. As "Negus Negasti," or King of Kings, Menelik sent Ras Makonnen of Harrar to Rome as his envoy. Soon the Ethiopian war-lord heard how Italy favoured Mangasha, son of the late King John, who had been killed in battle with the Sudanese. When they menaced Eritrea in 1893, Italian forces were brought into play against them. Prince Mangasha made common cause with Italy, while Menelik himself decided upon "national" action against *feringhees* (foreigners) whom he hated above all others for their devious ways.

So disaster was near. Two serious reverses forced the Italians back. Reinforcements were sent under General Baldissera, but his impetuous junior, Baratieri, decided to attack before these came up. Menelik's host was strongly posted in the heights of Abba Garima, near Adowa. Baratieri's brigades were slaughtered in detail. Two generals were killed, another badly wounded. Thousands of prisoners were taken: no rout so complete, no such humiliation of a white Power had been known in modern times until the debacle of Spain in the Moorish hills at Anual in 1921.

Italy's own Commander-in-Chief was the first fugitive to reach safety at Adi-Cajé. Court-martialled in Rome, Baratieri was set free with a blazing verdict on his incompetence. Crispi's Cabinet was swept away in the storm of public wrath and stricken pride. A hasty peace was made with Ethiopia's rugged lord and an indemnity of £400,000 was paid to him. He was at last supreme in his own domain. Foreign nations now courted him, with a new sense of the importance, political and economic, of this age-old monarchy which had somehow survived as "an uplifted island of Christians in an ocean of pagans for more than fourteen centuries." These are Menelik's own words from the pathetic Note he sent to the Powers in 1901, mourning his loss of access to the sea and pleading

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for at least one port for the commerce of his twelve or fifteen million people.

II. THE INTERESTS OF THE POWERS

AFTER Menelik's victory over the Italians, we sent Mr. Rennell Rodd (now Lord Rennell of Rodd) to the barbaric Court of Addis Ababa. Two Russian and three French missions followed. From that day to this, from the rout of Adowa to the fateful clash at Wal Wal wells last December, Ethiopia has been more or less "in the news." And she remains a perplexing problem for the three Powers whose possessions march with her own enormous lowland moat; this is the desert of scrub and thorn that stretches from the Indian Ocean and the Red Sea to the rocky bastions and Alpine ranges of Abyssinia proper.

Perched on that plateau, with a perfect climate and the richest of soil, is a land to which all eyes have been turned of late, even those of the United States and Japan. The Secretary of State, Mr. Cordell Hull—that champion of America's exports—has transferred Mr. George L. Hanson from Moscow and the Far East to Addis as Minister and Consul-General, hoping to open up new markets for American trade. The Japanese are especially admired by the lonely little Emperor, as a people great in war and commerce. He knows the story of their meteoric rise; of their passion for education (which he urges so earnestly on his nobles); and of the racial ostracism which Japan has countered with power-politics that embarrass the Western nations.

After his coronation, Hailé Selassié sent his Empress to Jerusalem and the Ethiopian Holy Places, while his nephew, Prince Araya Araba, went to Tokio on a special mission. There the young man fell in love with Viscount Kuroda's daughter, but the match was broken off—through Mussolini's influence, it was said. Trade experts from Osaka were then

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invited to Addis, and a concession of 2,000,000 acres of land, ideal for growing cotton, was given to Japan by the Emperor. Of late, Italy's trade through Massowah and Mogadiscio has fallen off alarmingly, swamped in Ethiopia as in other markets by the Japanese.

Italy's two colonies have been economically worthless and stagnant for many years. In between them come the French and British enclaves, which are likewise poor enough. From the French port of Djibouti, however, runs the only railway (a metre-gauge line, 487 miles long) that links lofty Addis Ababa with the hot, unwholesome Red Sea coast. So the three Powers are encamped afar off in the endless lowlands. Here pastoral nomads have followed the rains for ages with their flocks and herds, camping at brackish wells among the limestone rocks and hunting scant herbage among the mimosa-jungle and thorns. Eritrea is a dismal patch. Amid arid plains that sweep back from a coral coast lie salt basins where the mercury rises to 140° in the shade. A short line connects the port of Massowah with Asmara, the capital, 7,800 feet above sea level. This is no place for white men. Nor is the larger colony of Somalia, far to the east, at whose port passengers and goods must all come ashore in lighters.

Yet at the present moment Italy has landed 50,000 troops with all the panoply of modern war. To house and marshal them, together with a native *milizia mobile* of equal number or more, will take time and money. And if Mussolini looks to the harassed Emperor to foot the bill, it is hard to see how the funds can be raised, for the Land of Habash is incredibly poor. Outside the few sprawling towns the traveller passes abruptly into primitive Africa. No roads or bridges; a wilderness of wild beasts, of lofty peaks and tremendous ravines, with here and there the fortified castle of a kinglet. Such is Wolda Ras Hailu of Gojam, who "came to town" for the Emperor's coronation with an army of his own and thousands of retainers and slaves besides.

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It is in the Gojam highlands, where that feudal potentate rules two million people, that the Blue Nile, or Bahr el-Azhar, takes its rise. This mighty stream, fed from perennial springs and unfailing rains in the Ethiopian plateau, is the very life of Egypt and the Sudan plantations. Here, then, is another knot in a tangle that may be rudely cut, and one that may explain much that is hidden at Geneva and in the Foreign Offices of the European Powers concerning the incidents of the past few months.

After Italy's rout at Adowa, Menelik's ambition grew. He dreamed of an Ethiopian empire from the Red Sea down to the Victoria Nyanza. But he was already shut in on all sides, and his plea to the Powers was dismissed as a mere pious wish. Moreover, it was high time to delimit his frontiers, first of all with the Sudan, later on with British East Africa and Uganda. In the Treaty of May 15, 1902, Menelik agreed, *inter alia*, not to obstruct the waters of the Blue Nile or of Lake Tsana from which it flows. He also conceded the right to build a railway through his territory to link the Sudan with Uganda. Proffered treaties came crowding on the Emperor, even from Germany and the United States, but sporadic troubles at home distracted him. France scored heavily with her railway monopoly, successfully resisting early British and Italian desires that it should be internationalised. A compromise is to be seen in the tri-partite treaty of 1906, in whose preamble the common interest of the three Powers is set out: "To maintain intact the integrity of Ethiopia." Should the *status quo* be disturbed, concerted action was to be taken for the protection of their respective spheres.

These were clearly defined. For France, her Somali hinterland, with the Djibouti-Addis railway zone. For England, the great Nile basin—always with stress laid on that vital fount whence the waters of the Bahr el-Azhar tumble out of a crater-lake in the sacred heights of Gojam. For Italy, the hinterlands of her Red Sea and Indian Ocean

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domains, as well as an overland route from Eritrea to Somalia, passing west of Addis Ababa.

After Menelik's death came a lurid spell. His grandson, Lij Yasu, whom he had nominated as his successor, was an erratic lad. As regent, he kept Princess Zauditu (Judith) in gaol. Then during the Great War he favoured German and Turkish interests, even turning a Moslem to the dismay of all his kinglets—to say nothing of the Abuna, or Coptic Patriarch (who is always a foreigner from Alexandria), or of the Ethiopian *Echegheb* or High Priest, or of all the bishops and hierarchs in a land where holy men are almost as common as chattel slaves. Young Lij Yasu sided with the "Mad Mullah" in Somaliland, and even sought to convert to Islam a people who have been Christians (at least in name) ever since 330 A.D. So in 1916 the whole empire rose against him in wrath and horror. All the vassal kings took the field: the kings of Shoa, of Tigré and Lasta; of Gojam, Amhara, Gondar and Jimma. Sixty thousand warriors of both creeds met in a bloody crusade at Sagalleh. Already the apostate ruler had been deposed by the Patriarch on the Feast of the True Cross, September 17, 1916. Zauditu was set free and made Empress, as great Menelik's daughter. Appalled at the chaos, she called upon her young cousin, Ras Tafari Makonnen, to assist her; he was thereupon named Regent and heir to the throne. In that fierce civil war it was the Cross that won. Yasu escaped, but his father was paraded before the victorious troops in Addis, bound with chains to the dusky knight who had captured him. The fugitive and cause of all this woe was found hiding among the savage Danakils of the lowlands in 1920. He is still a State prisoner—if he is yet alive.

From the first, Ras Tafari (who is the present Emperor) found his co-ruler opposed to his progressive ideas. Zauditu was in the hands of reactionary prelates; but her grimmest counsellor was the Minister of War, that old xenophobe, Fitaurari Habta Giorgis, who had fought at

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Adowa. The new Regent favoured education. He loved the radio, bought aeroplanes, urged the making of roads and the employment of modern hygiene, instead of leaving the street cleaning of the capital to night-prowling hyenas and wild dogs. The aged War Minister cursed all these notions, and his Empress grew weary of the conflict. She began the custom of inviting to Court those petty kings who were dangerous—and then keeping them there. Surly Ras Hailu of Gojam refused to pay homage. The fortress of Ras Balcha of Simien is forty days' travel from Addis ; and with his lion-maned chiefs, his spear-and-shield braves and hordes of fighting serfs around him, that far-off lord defied the Imperial command—"You know where I am : come and fetch me if you can !" It is such as he who have gone looting and slave-raiding in British territory, as our Foreign Office White Books tell.

In September 1928, the harassed Empress crowned her cousin as joint King with her. He had already toured Europe—taking possible trouble-makers with him in his train and spending far more money on that jaunt than a feudal Treasury could afford. Rome vied with Paris in efforts to impress the King and his Rases, mainly in a military way. There were reviews of troops and sham battles of all arms, with smoke-screens hiding storm detachments from the bombs of swooping aircraft. Of these last, King Tafari bought a few ; they came in useful in 1932 when dealing with his own rebel barons, whom he now wished to see as "provincial governors," giving up their hordes of slaves and remitting taxes to the Addis Treasury in good Maria Teresa thalers, rather than in bars of rock-salt or cartridges, which still pass as money outside the towns.

When Menelik's daughter died (worn out at fifty-four) her co-ruler was crowned King of Kings, with the added titles of "God's Elect," "Conquering Lion of Judah," "Power of the Holy Trinity" (Hailé Selassié) and Emperor of Ethiopia. At his coronation, there were

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mighty parades of Hailé Selassié's modern army under its Belgian and Swedish instructors. But the princes also made a brave show, with their own yeomen-at-arms led by nobles with jewelled swords and towering head-gear of gold braid, bristling with lions' manes. A frail little Semite, with hands and feet incredibly small and skin of old ivory hue, Hailé Selassié uses an immense motor-car with high seats behind it for footmen and guards. But he bought also the former Kaiser's state-coach, and drives out in this drawn by six horses. His reforms are many and sweeping. No longer do robber corpses rot and swing from the gallows-tree in a sprawling market-place. He has a passion, too, for schools and hospitals. In the Dessye Province—which his son, Crown Prince Asfa Woosan, rules so wisely—there are hospitals under Norwegian doctors where tens of thousands of patients have been treated. But the Emperor's most far-sighted and momentous move was his adhesion to the League of Nations, where his cause has been ably presented by his envoy, Negradas Tekla Hawariate, instructed by the Foreign Minister in Addis, Blaten-Gueta Heruy.

The origins of the present dispute lie deep in the tangle of past history and of the rival interests of the Great Powers. We have long been anxious over those Nile waters in Ethiopia and their seasonal conservation, in view of present and future irrigation works in the fast developing Sudan and in an Egypt of ever-growing needs. The 1902 Treaty with Menelik banned any Ethiopian action in the Lake Tsana barrage without agreement with us. This negative undertaking was repeated in the 1906 Pact. But the prelates and farmers of Gojam feared that any dam might swamp the holy places and ruin their crops, thus verifying Isaiah's vision of Ethiopia as "a land the rivers have spoiled." In vain were the benefits of this costly work explained to them : motor-roads, an end to the mosquitoes and malaria, proper control of waters which wrought havoc at times. It was useless. The old in-

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trigues buzzed again in the Court, and in polyglot bureaux where white advisers from many lands had taken service. Italy's view was that the Lake Tsana crater was in her own sphere. To the Italian mind, all Ethiopia is Italy's own proper sphere—her last and richest hope in the 11,000,000 square miles of Africa, whereof her existing share is but a few grudging desert doles.

It was Italy who in 1919 approached us with plans for a New Deal. She would now push our claim in Addis for that Nile dam if we would support her own claim for a trans-Ethiopian railway to join Eritrea and Somalia. To build this line our projected Sudan—Lake Tsana motor-highway might be used for the transport of her own material, as well as for that of our workers and machinery. A further request to us, and a query "in reserve" for France (who had contrived to baulk Italy's every move in North Africa) was an exclusive sphere of influence in western Ethiopia, and also in the whole region to be traversed by her dearly desired railway. This bold proposal, however, hung fire. In 1924 it was again pressed, and in 1926 was embodied in a curious pact. This leaked out, to the wrath of France and of the Regent, to whom it was terrible news. He hurried to tell the League of it—for to him Geneva is the hope of all weak States against the trampling *virtù* of modern Macchiavellis. From the British Foreign Office and the Sala del Mappamondo in Rome came soothing words. They meant no harm, no infringement of Haile Selassie's sovereignty. Mussolini added balm with his 1928 Treaty of Amity and Conciliation; a second gesture was the offer of a motor-road from Addis to Assab by way of Dessye, with a free zone for Ethiopia in the Eritrean port.

From Wal Wal to Geneva

III. FROM WAL WAL TO GENEVA

BUT meanwhile there was good ground for the Emperor's uneasiness about Italy's "gradual encroachment." Her politico-military officers, with their native levies, were ever creeping farther afield in the desert marches, both from Eritrea and from Somalia. Spies brought to Court tales of new roads, of fortified posts and radio-stations well inside Ethiopian territory. So it was high time to delimit the frontiers—no easy matter in the vast no-man's-land of the Ogaden, where simple tribesmen roamed with their stock in quest of grass and water.

We were anxious to settle our own Somali lines in accordance with the Anglo-Ethiopian Treaty of May 14, 1897; so slowly did matters move in those easier times. At 11.30 a.m. on November 23, of last year, the Anglo-Ethiopian Joint Mission camped at Wal Wal, having come by the Dagah-Bur and Ado trail. Fitaurari Shiffera, Governor of Jijiga and the Ogaden, had prepared the site and had brought with him an escort for Lieut-Col. E. H. Clifford, R.E. and the other British Commissioners.

To their surprise they were faced with an Italian native *banda*, 250 strong under an N.C.O. The joint officials were rudely ordered off, though the Union Jack was flying over Colonel Clifford's tent. Use of the wells was forbidden; and an Italian fort was now observed on a mound nearby. Next day came a letter in Arabic from Capitano Roberto Cimmaruto to the Ethiopian chief of the escort, who in reply asked for a translation of it in Amharic, French or Italian. To this reply the Joint Commissioners added a formal protest against this armed opposition to their work. Captain Cimmaruto now came in to propose a safety-line between the two forces, this to be marked upon the tree-trunks. The Ethiopian chief refused the proposal, since the spot, according to the accepted maps, was at least sixty miles within his own territory. Then came a wrangle

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over water supplies, and the Italian officer spoke of calling up reinforcements.

Next, two Italian military planes flew overhead, both of them diving low and training machine-guns on the Commission; of this act there were four British witnesses, and Captain Cimmaruto's attention was sternly drawn to such discourtesy. From threats to shots was a brief span. On December 5, at 3.30 p.m., Italian troops opened fire upon the unsuspecting Anglo-Ethiopian escort, with tanks and aircraft in support. Taken unaware, scores of Fitaaurari Shifferra's men were killed; the survivors fell back on the Commission's new camp at Ado, about thirty kilometres to the rear. Boundary work was, of course, at an end, and word of the onslaught was sent from Heradigit to the Foreign Minister in Addis. Meanwhile, wounded stragglers were arriving at Ado, where an Ethiopian rearguard remained on watch over some of the Joint Commission's baggage. Here Italian aeroplanes dropped five bombs. One of these, which did not explode, weighed 27½ lbs.; it was duly photographed and then buried for fear of an accident. All told, 107 Ethiopian soldiers were killed in that Wal Wal battle, and 45 more were wounded more or less severely.

In Addis, the Italian Chargé d'Affaires called on the Foreign Minister with a tale of 30 of his own men slain and many minor casualties. Later on, the action of Captain Cimmaruto was fully approved, and responsibility for the clash thrown on the Ethiopian Government. Full apologies were demanded, as well as compensation up to 200,000 thalers and the dismissal and punishment of the escort's officers. But old maps put Italy in the wrong; they were drawn in the 1908 Treaty, by which Eritrea had also been delimited, and they followed the lines agreed upon in 1897 by Major Nerazzini and the Negus Menelik. There could be no mistake: and in evidence the Addis Foreign Office adduced the sectional map of the British General Staff, published by our own War Office in 1925.

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With all these facts in hand, the Emperor appealed to the League. The initial attitude of the League Council was to encourage the parties to try to settle the matter by direct negotiation. This method, however, proved abortive, and at the end of March the Ethiopian Government reaffirmed its appeal to the League under Articles 10 and 15 of the Covenant, and demanded a resort to arbitration. The Italian Government, in reply, insisted that direct negotiations were still useful, but agreed to the setting up of a conciliation commission in accordance with Article 5 of the Italo-Ethiopian Treaty of 1928. The League Council therefore decided to postpone consideration of the dispute to its May meeting.

In the meantime, however, Italy pressed forward her military preparations, while Ethiopia, according to Italian protests, was rapidly importing arms from European countries, Germany being expressly mentioned. On May 13 another Note was received at Geneva from the Ethiopian Government, denying the Italian assertion that the Emperor had ordered any measure of mobilisation, unreservedly pledging submission to the decision of impartial arbitrators, and protesting against Italy's hostile activities. On the same day it was announced that Italy had appointed two members to the proposed conciliation commission; but this action was followed by a provocative speech by the Duce, in the course of which he declared that "it is just in order to be tranquilly present in Europe that we intend to feel ourselves thoroughly safe in Africa." This was said, no doubt, in retort to inspired suggestions from London and Paris that Italy should settle her quarrel with Abyssinia peacefully in order to leave her hands free to deal with the situation created in Europe by German rearmament.

Mussolini's warlike preparations are undisguised. He has already an army of at least 100,000 men, white and native, on the spot, besides a formidable array of aircraft and civil technicians of all sorts, from road-surveyors to port-contractors. The high hand has been manifest

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throughout. Witness the words of Captain Cimmaruto : " I consider it my duty as a soldier to warn any of you who receive this letter that any act of violence against H.M. the King of Italy's territory will be put down by force." Colonel Clifford entered a formal protest against the Commission's being " prevented by force from moving about freely in Abyssinia."

The Emperor still places great faith in the League of Nations. But his highlanders stand ready to defend the ancient land against aggression. The menace has united all his princes. Arms have been bought ; only the other day Hailé Selassié in person went down to Djibouti, there to take delivery of 400 machine-guns, 20,000 rifles and 6,000,000 rounds of ammunition—all of Belgian and Czechoslovak make. Some aircraft the Emperor possesses, and a few tanks. From first to last he could probably find a million fighting men ; but his mountains and climate are his safest allies. *Geografia manda*, as Old Spain mourned when her distant colonies rose against her and viceroys on the spot had to give way. In all the world there is no more forbidding military terrain than this Ethiopian plateau, with its gorges and peaks, its rivers and rains, with malarious deserts moating it below. Moreover, every man's hand—Christian, Moslem and pagan alike—will be against the invasion by *feringhees* of a kind who are especially hated and condemned as warriors. Those memories of Adowa are unfortunate on both sides.

Whether Mussolini will push matters à outrance is not yet known. But in any event he will present a heavy account to the King of Kings, and this Hailé Selassié can never meet without financial or political disaster. He has nothing to gain by war, save the temporary unison of his jealous barons, and his first desire is a just peace. England and France urge peace also. But peace means different things to different minds ; usually, the parties think of it as the cessation of conflict on terms agreeable to themselves. St. Augustine, arguing that peace is the object of war—

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which Aristotle had pointed out before him—contends that even those who wage war really love peace : " They wish, not to have peace—but to have the peace they themselves desire ! "

So it must be in this ultimate drama of African partition. The Ethiopian Emperor may have assumed the " Power of the Trinity " with his emerald and ruby crown ; but the " Trinity of Powers "—Italy, Britain and France—must prove too much for him. Italy's economic needs are clamorous. Great Britain needs security on all her borders with Ethiopia as well as a final settlement about the Blue Nile. France, again, seeks her share of the coming spoils, including safeguards for her commercial interests in the port of Djibouti and the railway to Addis Ababa.

Great temptations face Great Britain and all the other countries concerned, temptations to seize the opportunity of Abyssinia's difficulties to press their own demands. It is vital, amid the confusion of rival interests, to distinguish between the major and minor issues involved. Settling the responsibility for the Wal Wal clash will in itself decide none of the problems of which that clash was but a symptom. Even the delimitation of the whole Somalia frontier will be of temporary importance beside the fundamental question of the future of Ethiopia. Can her independence be much longer preserved on the basis of her present feudal disorder, with all its anachronisms and all its evils, including the continuance of slavery ? Or—if we rule out direct partition—is the economic development of the Ethiopian Empire to proceed under the tutelage of one or more European Powers, with the assistance of their capital and to the advantage of their trade ?

ECONOMICS AND WAR

I. ECONOMIC NATIONALISM

“THE nineteenth century saw the end of the wars of religion and the beginning of the wars of economic nationalism.” Thus writes Mr. John Buchan in his *Cromwell*. Three hundred years later, the most sanguine among us would not dare say that we are at the end of the wars of economic nationalism. Perhaps, like “wars of religion,” the phrase itself is too condensed. War is no more created by economic conditions than it is enjoined by Christianity. Nor are wars begun simply to further the purposes of economic nationalism, or simply to retaliate against the economic nationalism of others. Yet economic nationalism is a vital element in the complex of fears, ambitions, hates and jealousies that divides the world into armed camps and ultimately drives it into war.

There is no compact solution to the problem of economic nationalism as a cause of war. The thought-saving faith of the communist, that war is inherent in the capitalist system, is far too simple to be the whole truth. Certainly capitalists as such do not create wars. Perhaps a few capitalists directly concerned in the manufacture of munitions have an interest in maintaining the institution of war—an interest which incidentally is shared, so far as it goes, by their employees—but capitalists as a whole, with their tentacles sucking into every land (as the communist likes to express it), are concerned at least as much as the workers in eliminating war and maintaining international concord. Marxian socialism cannot have it both ways. If, as its disciples hold, the existing economic system leads inherently to the

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class war, which of its nature cuts across national boundaries, then surely it cannot also lead inherently to the war between nations, in which all classes are ranged side by side against their fellows of another country. The retort may be that capitalist interests provoke war in order to keep the proletariat quiet. But that would be a very short-sighted policy indeed; for experience amply proves that war is the great opportunity of the forces of the Left to overthrow the established régime. The calculating communist, far more than the calculating capitalist, ought to foment war.

It is as false to reduce the economic factors in the causes of war to a political formula as it is to reduce the political factors to an economic formula. It would be conveniently simple, but it would be quite misleading, to identify the economic frictions in the present international structure with the political disputes—to say, for instance, that Germany's effort to rise superior to the post-war European system is, underneath, an effort to break the economic barriers that choke her exports, prevent her from buying her necessities abroad, and thus twist her in upon herself in a mood of egotism and resentment. The argument would be more plausible if Germany herself were not foremost in the raising of economic barriers, and if she had not herself deliberately maintained an economic system that handicaps her exports and generally puts shackles on her external trade. On the other hand, it so happened that our own Import Duties Act of 1932 struck with particular force at German goods, but that was certainly not because we were at that time politically hostile to Germany, or subscribed to the doctrine of encircling her as a measure of political security.

Yet we must not neglect the truth that lies in each of these over-simplified accounts of the economic causes of war. The economic system described as capitalist (it would be fully as exact to call it internationalist) has been subject to periodical fluctuations, which appear to arise out of some organisational defect characteristic of the

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system as we have known it hitherto; and against these fluctuations every country—mistakenly but not unnaturally—seeks to defend itself by methods of economic nationalism, which in their turn heighten political tension between the nations. The causal chain is equally complete from the opposite end. Political antagonisms are an excuse for economic actions of doubtful profit in themselves, and we know well in this country how policies of economic nationalism may be promoted by playing upon xenophobic prejudice. Economic nationalism is a vicious vortex at the turbulent confluence of two streams, political and economic. Professor Zimmern has described it as an aspect of power politics.* But it is also national economics gone wrong, a chronic defect of an economic system international in content but organised and controlled only in national units. Thus, although economic nationalism cannot be abolished, or perhaps even seriously mitigated, as a potential source of war, until political problems are solved and political passions assuaged, we can undoubtedly ease that political task by facing the economic problems of the world in a spirit of international co-operation.

II. THE PROBLEM OF GERMANY

TO-DAY, the world's political attention is fixed upon a rearmed Germany. What independent economic factors are there in the German problem, and what hope is there of aiding its solution by means of an economic *détente*? Germany's economic predicament is undoubtedly very grave. It is true that through the virtual repudiation of most of her external debt (following the erasure of internal debt in the inflation of 1923) she has achieved a precarious economic equilibrium; it is true that internal

* See correspondence on "The Economic Causes of the War" in the *Manchester Guardian* between March 13 and April 23, 1935, to which he, Professor Toynbee, Mr. H. N. Brailsford and others contributed.

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trade activity is increasing and unemployment falling. The index number of German industrial production rose by over 10 per cent. in the course of 1934; retail trade improved in a smaller but nevertheless substantial proportion; and most of the other economic and financial indices are better this year than last.

Nevertheless there are elements of great danger and difficulty in the situation. The creation of a new army, navy and air force undoubtedly strains the national finances, and lays a heavy load upon a standard of life already depressed by the artificial methods employed to promote internal industry and agriculture. In Great Britain, the average worker in employment is appreciably better off to-day than he was six years ago, a comment which is certainly not true of the average German wage-earner. But for the intensive discipline of the Nazi régime, the German workers would undoubtedly revolt before long against the price of poverty they are forced to pay for the artificial and precarious stability that Dr. Schacht has engineered.

The over-valued mark is his creation. The nominal stability of the reichsmark may have important psychological value, but its sole economic merit, from Germany's point of view, is in relation to her external debt. The higher the mark stands, the lighter is the internal burden of debts expressed in sterling or dollars or other foreign currencies. The money, it is true, is not in any case transferred to the creditors (save at a ruinous discount), but this leads on to the second stage of the manœuvre. The non-transfer of interest makes German bonds very cheap on foreign markets, where they are bought up by the Reich authorities for resale to the debtors in Germany. The profits on this cunning exchange of external for internal debt (at the expense of those who lent the money) are used to subsidise "additional" exports—that is to say, goods that without such aid could only be sold in foreign markets at less than cost price. In this way the commercial handicap of the

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over-valued mark is greatly moderated. Though the system has worked with some success so far, it obviously contains the seeds of its own defeat; for unless there is initially a surplus of exports over imports, the foreign exchange is lacking to buy up bonds abroad, and thus the source of subsidies for additional exports vanishes. There are signs that Germany is near this critical point, when the circle ceases to revolve to her advantage. The deterioration of her foreign trade that occurred in 1934 has been continued into this year, and she now pays her way only through "invisible" exports. She is about to institute a new method of subsidising exports with the proceeds of a general tax on industry.

Her ability to achieve an export surplus by restricting imports is bounded by her need to import raw materials and tropical foodstuffs. Hence the feverish search for alternative products or synthetic substitutes. Hence, too, the propaganda in favour of a return of Germany's colonies as a source of raw materials for her industry—a favourite theme of Dr. Schacht's. This is not the place to argue the political merits of the German case for colonial revision, but its economic aspects can be very quickly dealt with. Briefly, in point of finance and commerce we should be worse off by but an insignificant fraction (probably not at all), and Germany would be better off in the same trifling measure, if Tanganyika, let us say, were transferred to her to-morrow under an equivalent mandate to our own. As a place of employment for the citizens of the mandatory country the territories in question are equally unimportant. South-West Africa, now under mandate to the Union, is perhaps of larger economic value to its governors, but in considering the colonial problem we must keep a sense of proportion. Last year this country took only 7·8 per cent. of its imports from the whole of the Empire outside the self-governing Dominions and India, including sugar from the West Indies, rubber from Ceylon and Malaya, tea from Ceylon—trade such as Germany could not possibly do

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with her former colonies, at the most nationalistic pinch, if they were restored to her intact. Moreover, we must remember that the outstanding characteristic of the world economic situation is a shortage, not of productive sources, but of markets. The economic arguments about colonial revision really turn on the question, could Germany sell more if her former colonies were in her hands? And that in turn brings us back to the main problem of her external trade and its relation to the political fortunes of Europe.

We cannot wholly dismiss that problem as her own fault. Her economic nationalism, her false equilibrium, the over-valuation of the mark, are of a piece with all the other falsities and flaws in the international economic structure. One measure of economic nationalism is met with another elsewhere, and so back again in an ever tightening noose. Germany's economic difficulties, intensified by the policies of other countries, helped to produce the Hitler régime. Hitler, partly for political reasons, partly from economic necessity, tightens the screw of economic nationalism. Thus political antagonisms are again enhanced. No one can seriously doubt that a measure of international economic co-operation—the stabilisation of currency ratios, the revival of international trade, abolition of the trade-killing system of clearings and a general lowering of "crisis" barriers to commerce—would help towards the political appeasement of Europe by relaxing the economic strain upon Germany, upon France, upon us all. Such economic disarmament is perhaps no easier to achieve than military disarmament, but it is worth the intense and continuous endeavour of every government.

Not only would it help in the general problem of Germany rearmed; it would contribute towards the solution of that fringe of secondary problems which make the central German problem so urgent and so explosive. In a régime of economic co-operation, Memel and Danzig, even the Polish corridor, would not be the source of half so many political difficulties as they create to-day. Artificial rival

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ports and artificial rival railways are among the most dangerous products of economic nationalism in the Baltic area. Above all there is the question of Austria. Post-war Austria is an economic absurdity, a trunkless head. A great city with a quite inadequate agricultural hinterland to supply its needs and buy its products, she must live by international trade in goods and services. Unless she is enabled to live thus, all the military and political guarantees in the world are worthless to maintain her integrity. Half measures—minor mutual preferences with Italy or Hungary—are not enough. Unless there is a great liberation of trade among the countries of the Danube and the Adriatic, Austria is bound to pass into the economic and political embrace of Germany, and they will look fools who swept back the Atlantic with a broom by opposing the *Anschluss* in 1931. In this respect, if in no other, European appeasement demands economic disarming.

III. THE PROBLEM OF JAPAN

THE Japanese eruption in 1931 and since has been ascribed, with even more point than the menacing activity in the German crater, to the pressure of economic needs. She must have markets, she must have raw materials, she must have an outlet for her population. For this reason many British people, especially in Australia, have been inclined to condone the conquest of Manchuria, much as many Europeans would condone the absorption of Austria into Germany, as dictated by economic forces of our own making. Some have even thanked Providence for that conquest, in that it diverted Japanese ambitions from more dangerous quarters—the Netherlands East Indies, for instance, or the Philippines, or the British Dominions in the South Seas. This is a rational, though perhaps a cynical, view to take of the problem of Japan, but it is certainly incomplete. Japan's economico-political

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problem, like Germany's, is too often over-simplified and over-dramatised. In particular, excessive emphasis is frequently laid on her need for lands to which her surplus population may emigrate. The growing pressure of people upon resources in Japan is beyond doubt; her population increases at the rate of a million a year. But no conceivable advance in the rate of migration to oversea areas that might be made available (except possibly the Pacific coast of the United States) could by itself take care of this increase. Certainly over-crowded China cannot serve the purpose, and the Japanese have proved ill-fitted to the task of colonising even Manchuria itself, with its extremes of heat and cold. The now empty but habitable and cultivable spaces of Australia are largely a myth, but such as they are they could not, if opened to Asiatic immigration, absorb the Japanese surplus at more than a petty fraction of its annual increase. Freer opportunities for migration would undoubtedly help Japan, but her major and essential problem is trade.

Like Great Britain, she is bound to buy abroad in order to support a population that cannot live on her own natural resources. If she has to buy, she must also sell, and if she sells industrial goods she must buy the raw materials for their manufacture that she cannot herself produce. Thus Japan's essential problem is a buying-and-selling complex, and she seeks at one and the same time both markets and sources of raw materials. In the economic causes of the Manchurian outbreak it is impossible to separate her need for markets, of which she had been partially deprived by Chinese boycotts and by tariffs everywhere, and her need for raw materials like iron, petroleum and oilseeds, which she could develop in Manchuria under an orderly government. We are inclined to see, as a rule, only the less favourable side of the picture of Japanese trade, but there is another side. Japan's imports have increased along with her exports, to the advantage of countries like Australia and South Africa,

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and thus eventually to our own. Between 1931 and 1934 Japan's exports rose from 1,118 million yen to 2,134 million; but in the same period her imports rose from 1,206 million yen to 2,246 million, so that the balance, expressed in yen, actually moved against her.

Japan's trade expansion is of political value in many ways even under present circumstances. It encourages among her people an international outlook, and among her rulers a policy of international co-operation. It is a hostage to the rest of the world. Whatever may be our political attitude towards Japan as a breaker of the peace and as an ambitious naval competitor, we serve no purpose by thwarting her trade and thus heightening her intransigence, unless it be as a deliberate international sanction, backed by readiness to blockade and even to fight if need be. The same moral applies to Germany. We make the mistake of the ostrich if we believe that by keeping Japanese goods out of Great Britain or out of colonial markets under our control we do away with them and ease the total pressure of Japanese selling. If you put your thumb partly over a running tap the water will as like as not squirt over your waistcoat. If Japan cannot sell in Nigeria or Malaya she will make still more strenuous efforts to sell in Egypt, in India, in the Netherlands East Indies, in the Dominions. Japan sells cheap because she cannot sell any other way, and sell she must. The only sane solution to the problem of Japanese trade, as the Indian cotton industry found, and as Professor Gregory points out in his report on Japanese competition to the Association of British Chambers of Commerce, is international co-operation—international regulation if need be. If we, with our great interest in three-cornered—indeed in polygonal—trade whereof Japan is one of the angles, do not take the lead, it may be taken by countries like Australia, who by reciprocal pacts with Japan will promote bilateral streams of trade to the injury of our own exports. If, however, Japan and her competitors and customers

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prefer the path of economic nationalism, there can be only one eventual result, a strengthening of the economic and political bonds between the two great countries of the Far East. That in itself is no harm, but against a background of xenophobia in both China and Japan, exacerbated by the nationalism of Western countries, it would be a serious menace to the rest of the world. To prevent such a split between East and West, we must approach the joint economic problem of China and Japan with the recognition that its solution is vital for world peace, and that it can only be solved by co-operation in place of nationalism. In this, the United States has a responsibility greater than any other country's. Not only is she the principal market, outside Asia, for Japanese products, and a leading exporter of such manufactured goods or raw products as the countries of the Far East require; not only has she a surplus of capital available to lend where it is badly needed, in the development of Chinese communications; she has in her hands the monetary future of China, and at her finger-tips the monetary future of the world. The perfidious disregard of Chinese interests shown in her silver-boosting policy is a very ill omen indeed; for it is economic nationalism carried to its stupidest extreme—another country economically tortured, and trade with that country irretrievably damaged, for the sake of no more than an internal political gambit.

IV. THE WORLD PROBLEM

IS it too late, or is it too early, to call a halt to economic nationalism, of which this is the most glaring recent embodiment? Economic nationalism is as much the creature of war as its creator, but it is part of that evil tangle where sovereignties meet, and where the threat of war everlastingly slashes like shears that cut and yet entwine the more. Since in this tangle we are all involved, if we are to unravel it we must act together. Europe has its own

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tangle, and the Far East has another, each with its confused economic and political threads; but they are linked to each other and to all other regional tangles by many fast-bound knots. Political isolationism cannot disengage the most powerful country, least of all the United States. As a great creditor nation that refuses to buy, she cannot escape her full share of responsibility for the world tangle of economic nationalism; her power of contributing to its unravelment is as great as her wealth and her economic importance. In this, as in many another sphere, the British Commonwealth and the United States combined could lead the world. If they resign their leadership, posterity, looking back on the wreck of Western civilisation through its own nationalistic folly, will point at them both the finger of fearful blame.

INDIA: THE FERMENT OF REFORM

I. THE PRINCES AND THE BILL

THE chief points of interest in the Indian scene during the past three months have been the Princes' attitude towards the Constitution Bill and the budget session of the Legislative Assembly. The Princes' announcement of their inability to accept the Bill as it stood produced a good deal of excitement, but probably was not unexpected among those in touch with developments of opinion. The real difficulty is psychological; the Princes do not want a "pig in a poke." Since federation first rose over the horizon at the first Round Table Conference, their attitude, if never precisely expounded, has been consistent and psychologically intelligible. The Princes' idea of federation, when they made their famous declaration four and a half years ago, was that their acceptance and their commitments should be at once limited and rigid; the States should define which particular pieces of the scheme they would accept, and in the absence of specific further agreement on their part these pieces should be inextensible. To the holders of such an attitude the first line of the original form of sub-clause 6 (1) (a) of the Bill must have come as rather a shock—"accepts this Act as applicable to the State." To "accept the Act" is precisely what the States had never wished and genuinely feared to do.

It is true that sub-clause (b) left with the States the residuary option on subjects of legislation, and might have been held to remove the main burden of the States' complaints. Such an argument, however, misses the psychological point suggested above, which is that to

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"accept the Act" is a very different thing from accepting clauses X (1), Y (2), etc. Disputed interpretations of the Constitution Act will come before the Federal Court; that Court, like all others, will base its decisions primarily on the actual words of the Act, and a State might find that its acceptance of the Act involved a subjection to federal authority, or an enforced association with federal policy, undreamt of and uncongenial. Another point of much importance arose in connection with the last three lines of Clause 2(1).^{*} What was the extent of the exclusion of His Majesty's exercise of authority? Did the presence of a specific provision in the Act bar him absolutely? If so, the States must take pause, for it is of the essence of their position that their relations with the Crown must remain unaltered and their treaty rights unimpaired.

There were other points of detail—for instance, the Railway Authority. This, as set out in the Bill, was a body whose power was nebulous and its constitution peculiar. It would expect to derive revenue from railways which it would run in competition with State railways, yet it would be no mere technical managing committee, but an organisation under the control and influence of the Federal Government. "This," say the States, "is not what we had in view." Their concept was rather one of a neutral tribunal. Difficulties may possibly also arise over the eternal problem of seats in the federal houses, particularly the lower house. Salutes and precedence among States are not proportionate to wealth or population.

These points, however, remain secondary to the psychological issue indicated above. The Bill in its original form

^{*} Clause 2 (1) runs: "All rights, authority and jurisdiction heretofore belonging to His Majesty the King, Emperor of India, which appertain or are incidental to the government of the territories in India for the time being vested in him, and all rights, authority and jurisdiction exercisable by him by treaty, grant, usage, sufferance or otherwise, in or in relation to any other territories in India, are exercisable by His Majesty, except in so far as may be otherwise provided by or under this Act, or as may be otherwise directed by His Majesty."

The Princes and the Bill

asked the Princes to perform an act of faith to which they could not rise; their motto, in the words of the hymn, might be put as "one step enough for me." The Bill, in fact, from the States' point of view, is at once too wide and too limited. The States could have understood a short permissive Bill which left details to be worked out later as a result of experience, so that it might take a generation or two for the actual federation of India to evolve by accretion; or, on the other hand, a Bill setting out with absolute precision and rigidity the details of the federation to which their accession was invited. What they do not understand and are inclined to suspect is a Bill which goes into detail on the limitation of federal authority and at the same time seems to imply an imprecise extensibility.

The White Paper of March 19 cleared the air and laid bare the issues. It was on the whole well received out here, the balance of criticism leaning to the view that His Majesty's Government had gone too far towards meeting the Princes. The latter's views have not yet been formally expressed, but the last word on this issue is unlikely to be spoken before this article has left India, or indeed until the last days of the Bill's life before it becomes an Act. As already remarked, the States' difficulties and fears are real, but realities and bluff go often together. The States are driving a bargain, and one cannot blame them if they import into the negotiations something of the spirit accepted as natural in other bargains. They had hoped to play their accession to federation as a card to win the codification of paramountcy, but His Majesty's Government have called that bluff and the issues are more or less down to fundamentals. In the long run the impulse that produced the Princes' first endorsement of federation will govern their final decision. "Dare they stay out?" is the form in which the ultimate problem presents itself to them. The answer to that question seems to be "No," and if this view is correct the States must eventually enter the federation, and those capable of taking a long view certainly will. Only

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States forming a definite regional or cultural unity—a description that applies only in Rajputana—could maintain themselves as a distinctive organism alongside an autonomous British India.

II. THE NEW ASSEMBLY

THE first meeting of the new Assembly covered the main session of the year. The publication of the Joint Select Committee's report and the impending submission of the Bill, along with the outcome of the recent elections and the high hopes raised in Congress circles, all combined to intensify the interest of the public and the legislators themselves in the impending session. Added to this there was that feeling common to all new legislators that their arrival will usher in real activity, real performance, as compared with the feeble efforts of the past. This pulse will die as always, but it will be interesting to see how long it survives. The Congress cohort sits in disciplined rows on the Opposition benches, every head crowned by its Gandhi hat, an ugly type of headgear singularly unbecoming to the majority of those who sport it. It is one of the less fortunate aspects of a genuine and interesting political movement that it should have abandoned one of the more artistic features of ordinary Indian life, namely, the turban.

The Congress members decided from the outset to boycott official receptions, and as a result they were absent, for example, from the great army review on January 31. They turned out in force, however, when His Excellency addressed the Assembly. This appearance, it was said, was due to the insistence of Mr. Gandhi, who, when consulted, disapproved of the proposal that they should absent themselves. Their general conduct has been excellent, and a strong front bench has been able to impose on its followers a creditable observance of rules as well as actual performance in debate.

Much was expected from the new body in oratorical

The New Assembly

and debating talent, and its first meetings were eagerly anticipated. Congress leaders not in the Assembly prolonged their stay in Delhi to be present at the chief debates, and the galleries have seen such prominent personages as Rajendra Prasad, C. Rajagopalachari, Vallabhbhai Patel and Mrs. Sarojini Naidu. They were packed throughout the debate on the Joint Select Committee's report, a notable feature being the large number of Indian women. One noticed that they smiled less than their male fellow spectators and that their attention was, if anything, more concentrated. Women are usually the more intense sex, less inclined to be Laodicean and probably less well dowered with a sense of humour. Their incursion into Indian politics on a serious scale will tend to a greater infusion of directness and possibly bitterness.

It is doubtful whether the high expectations have been fulfilled, and in some quarters disappointment has been expressed at a certain crudeness and narrowness of view and of expression. So long, however, as a party in a legislative body looks outside for its directions and policy, its activities can never be really in harmony with the general spirit of that body. One of the merits, too little appreciated, of the Mother of Parliaments is that so far she has succeeded, though not always without difficulty, in imbuing the most rigid doctrinaires with something of her own spirit, and thereby attuning outside impulses to her own harmony. It is this capacity that has kept Westminster unique. The Congress party in the Assembly is in it, but not of it. Some may think the Assembly gains from this, but a wider and a better gain would have been achieved if the Congress M.L.A.'s had been able to regard themselves as Members first and Congressmen second. Possibly the unreality that inevitably hangs about the performances of any irresponsible Assembly inhibits the growth of a parliamentary sense comparable with that at Westminster. Mr. Bulabhai Desai, the Congress leader, has fulfilled all that was expected of him in oratorical performance.

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though he has remained forensic in manner. Mr. Satyamurti's forte is in debate rather than in set speech, but even so he has been less prominent than was expected, and he is possibly devoting most of his time to the secretarial duties of his party. Mr. Jinnah has contributed notably to oratorical performance and debates, but he remains elusive, a trait which now, as formerly, tends to produce irritation in those who seek his alliance. The large frame of the "Big Brother," Shaukat Ali, is to be seen on a forward crossbench, but his contributions are episodic and of little significance.

The Congress party set out with the determination to be unaccommodating socially, and this spirit, carried on to the Assembly floor, has affected the whole tone of speech and debate. This refusal to admit the existence of another point of view in reality condemns the powerful Congress party to sterility. It produces a series of budget cuts implying a reduction of revenues by hundreds of lakhs and leading to certification of the whole Finance Bill. Instead of practical criticism we have a series of passionate gestures. United Kingdom critics never weary of protesting against the fatuity of such performances, but when passion enters reason flies out, and the problem before His Majesty's Government is to make room for the entry of reason into Indian politics, to the exclusion, or at least diminution, of the power of passion. That passion is to-day concentrated on the issue of status. This, then, is the root problem.

The Government's major defeats in the session have been numerous, and have ranged over a wide variety of subjects. Perhaps the most interesting occurred in the debate on the report of the Joint Select Committee. Congress set great importance on obtaining a victory, and it was evidence of this that the motion sponsored by their leader was in terms which practically any one of nationalist sympathies could have accepted. It was said, indeed, that Pandit Kunzru, President of the Liberal Federation,

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was associated with its drafting and that the omission of any reference to "rejection" was deliberate out of respect to Liberal sentiments. Phrases like *Purna Swaraj** were also carefully avoided, and the Communal Decision was not mentioned at all. This last, as always, turned up as the real bone of contention. The Nationalists insisted on a separate amendment condemning it, while Mr. Jinnah's amendments included one requiring its approval.

It would be difficult to say where the honours lay after the three days' debate in the Assembly on the report, but Mr. Jinnah certainly showed himself possessed of a parliamentary flair and a tactical sense of a high order, along with a strong appreciation of the footlights. He put in an amendment under three heads, meant to be voted on separately. The first affirmed the Communal Decision pending an agreed substitute. The second pointed out various defects in the scheme of provincial autonomy offered, without, however, condemning provincial autonomy in itself. The third denounced the system of federation proposed and demanded constitutional efforts in pursuit of a purely British India federation. The Congress amendment, despite its endeavours to please everyone, was lost through the opposition of most of the Independent members. Their motion that the house should declare no opinion on the Communal Decision was similarly lost, while Mr. Jinnah's first amendment accepting it was passed by a large majority, the Congress phalanx abstaining in accordance with their general attitude towards the Decision—a neutrality which came in for acrid Nationalist comment. Having persuaded the Assembly to affirm the Communal Decision, Mr. Jinnah then turned to an accommodation with the Congress, and by securing the consent of the President to putting his second and third amendments together he succeeded in obtaining the passage of both. Had the items been put singly the third would probably have been lost. It was much more fundamental than the

* Complete self-government.

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second, which merely committed its supporters to the opinion, now become a platitude by constant repetition, that unless certain features found objectionable were removed the provincial autonomy proposed would not satisfy Indian opinion.

Mr. Jinnah's third amendment, however, was a positive rejection of a distinct and cardinal feature of the whole constitutional scheme, and therefore one on which a specific vote was possible and desirable. One prominent Independent, in protesting against the proposal to club the amendments, declared that while he wished to support the second he wished to vote against the third, and he was not the only member so inclined. In effect, the real opinion of the Assembly on the federation part of the constitutional proposals was masked, and this is fairly well recognised. The victory is felt to ring rather hollow, and even though Mr. Jinnah has been able, not for the first time, to face both ways, his triumph is less than it seems; for while it has forced everyone to realise his skill as a juggler it has, if anything, confirmed those possessed of convictions in the fear that for Mr. Jinnah convictions are apt to have a less value than for others. Certainly Congress cannot have any great satisfaction at the result; for in effect by their vote they accepted the Jinnah interpretation of the constitutional desiderata, that is, an improved provincial autonomy, no federation, no disturbance of the Communal Decision. Mr. Desai, a man of superior talents, is unlikely ever to be the parliamentary success that Mr. Jinnah undoubtedly is, and it will probably be in some other figure, if at all, that Congress develop their tactician.

III. THE STATUS PROBLEM

AN Assembly vote that aroused great interest was the defeat of the Indo-British trade agreement. This agreement touched a chord of objection in all Indian parties,

The Status Problem

and the size of the adverse vote may be taken as evidence of the general Indian attitude towards the provisions on commercial discrimination that occupy Chapter III of Part V of the Government of India Bill. The debate showed clearly that these issues will never, as things are, be regarded on their merits, and there entered into the adverse vote and into the subsequent jubilation the pleasure that accompanies a successful act of defiance. India, like Ireland, has a long memory, and for many years in the future any proposals involving Lancashire will bring up an inevitable recollection of the excise duty on cotton. Even the more sober journals found in the agreement implications of the gravest nature, which would not readily suggest themselves to the detached student of an apparently harmless if not otiose document. Thus the *Hindu* declared that the agreement

has practically discarded the policy of discriminating protection... The utmost concession that the Indian manufacturer is to get is not adequate protection, but... a bare chance of competing with British manufacturers... Where does protection come in when competition is deliberately provided for and even invited? The agreement vests in the United Kingdom a power of interference in Indian fiscal matters which amounts to a serious national insult.

In the last three words is the gravamen of the Indian attack. The first reaction of the detached critic was to wonder that anyone should, save under the gravest compulsion, beard the Assembly with such a matter as this. It is not clear that the compulsion in this case was adequate. If, as was alleged in support of the agreement, it merely crystallised existing practice, and no positive legislation was therefore required, why was it ever brought up? "Let sleeping dogs lie" is a good motto where India-Lancashire matters are concerned.

The brunt of the attack was directed against the provision enabling British manufacturing interests to appear before a tariff board, and another illustration of the importance attached to status was to be found in Mr. B. Desai's

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reference to the contrast that while the grant of preference on India's part is obligatory the purchase of Indian products by Great Britain is optional. So long as distinctions of this sort obtain, nothing but opposition need be expected. The *Tribune* summed up the debate as showing that "neither fiscal autonomy nor the Fiscal Autonomy Convention can have either meaning or reality till India has a national government responsible to itself."

In his statement to the House of Commons on February 6 the Secretary of State declared that His Majesty's Government stood by the Viceroy's interpretation in 1929 of the pledge contained in the 1919 preamble. In other words, they swallowed the phrase "dominion status." The only comment in India was one of wonder that the declaration should have taken so long to emerge, and of regret that it had not been forthcoming spontaneously instead of having to be drawn forth with every appearance of reluctance. Nor was conviction conveyed by the sentence which declared that "there was no need to enshrine in an Act words and phrases which add nothing new." Enshrining might have had in this case, as it so often has, a great emotional value. And when a pledge has been doubted, words and phrases confirming it can hardly be said to add nothing new, but might rather be assigned the highest importance.

The appointment and activities of the Burma tribunal further offended the already inflamed status complex, and provided another excuse for assertions of breach of faith. Previous discussions (for instance, the Burma Sub-Committee of the Round Table Conference) had contemplated the association of both India and Burma with the operations of this tribunal, and Indian sentiment was wounded by what was represented as a complete ignoring of the interests most affected. Strictly speaking, the procedure followed may have been the most practical and effective, but viewed from India it seems to have been unfortunately and unnecessarily brusque.

The Budget

IV. THE BUDGET

SPRINGTIME is budget time in India, but rather a Swintry aspect characterised the financial landscape this year; for out of the twelve central and provincial budgets only three offered a surplus, those of India, Madras and the Punjab. It is a significant coincidence that the provinces where dyarchy has worked best are those with the best financial and budgetary history, and one of the problems of the new constitution will undoubtedly be how to reconcile federal and provincial ideas on the allocation of revenues. The eastern provinces will not be happy until they have secured the proceeds of all the duties derived from mineral oils or jute. This year's central budget allots one crore for rural reconstruction in the provinces, an interesting departure which justifies, according to one M.L.A., the description of this as "the first people's budget." It was one of the most unfortunate results of the restricted Congress outlook that an original and interesting budget did not receive the constructive criticism it merited, and that it finally reached the statute-book only by way of certification. Congress intransigence in this regard should not be assumed to be entirely the result of irresponsibility. It has not escaped those behind the movement that the certification of the whole Finance Bill, regardless of Assembly cuts, was a political and electioneering card worth playing for. If so, it is a pity that the Bill should have been sent for certification, and still more so that it should have been sent unchanged. Such a view found expression through the European group in the Assembly, and they emphasised it by remaining neutral at the final division, an attitude that Congress critics of Government did not fail to quote in support of their own attacks.

Perhaps the most interesting motion related to the

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export duty on hides, which Government proposed to remove. This motion, by contrast with the annual gestures on the salt tax and the like, marked a genuine line of division and penetrated party frontiers. Madras, strongly interested in leather manufacture, led the opposition; those not so interested supported a removal calculated to help the agriculturist. There being this genuine cleavage, and the Finance Member in his budget speech having indicated a disposition to abide by the Assembly's decision, the certification of this item seems open to criticism on grounds of tactics.

V. THE COMMUNAL DECISION AGAIN

THE last week of February saw the "Anti-Communal Award Conference" at Delhi. The resolutions were of a general character and the speeches contained nothing new. The first part of Mr. Chintamani's eloquent address consisted of a denial that the Prime Minister possessed any arbitrator's right, from which he deduced that India was justified in rejecting an "unwanted award." It has already been noted in *THE ROUND TABLE** that the departure from strict nomenclature has not been altogether fortunate, and this is a further indication of the same thing. The Decision, to give it its proper name, was not an award and did not profess to be. Such arguments as Mr. Chintamani's are thus mere beating of the air. They have, however, encouraged the impression in India that the Prime Minister, under an unjustified assumption that he had been invited to arbitrate, issued this award. Actually His Majesty's Government, finding the absence of communal agreement a complete barrier to constitutional progress, cut the knot by a third-party decision.

It is important, amid the whirling phrases of denunciation that rise in clouds whenever this subject is discussed,

* See *THE ROUND TABLE*, No. 97, December 1934, p. 127.

The Communal Decision Again

to keep a grip on the main fact, which is that the Decision, by its very existence, is acting and will act as a point of concentration, and in so doing will contribute ultimately to the emergence of a solution. Some of the speeches at the recent conference invited the Government to associate itself with the search for an alternative. This is the voice of the tempter. The British position on this issue is clear; we should not associate ourselves with the Decision in itself but merely with the Decision as a solid element which must continue till replaced by the desiderated alternative. The mere fact that the Decision remains firm as a rock is the chief force that will ultimately compel communal agreement. Possibly a generation or two hence Indian historians will hail with gratitude the British Government of 1932 which performed a surgical operation on an Indian sore.

As regards the much less satisfactory Poona Pact, it is more difficult to see clearly the correct line of policy, although there too any British disposition to tinker would almost certainly have unfortunate effects. There are some aspects, however, which have perhaps received inadequate attention—for example, the remarkable fact that if all the castes shown under Bengal in Appendix VIII to the White Paper are depressed, then something approaching half the Hindu population of the most advanced province of India is in that category. As stated, the position is grotesque, and the Bengal portion of the Poona Pact, notoriously the least satisfactory part of that document, may be said to flow from this peculiar offshoot of the 1931 census. It is at least remarkable that while general opinion holds the depressed class problem to be pre-eminently a feature of Southern India, the total population under this head in the Madras Presidency is only a sixth of the Hindu population of the province, a proportion exceeded in the United Provinces and enormously exceeded, as already observed, in Bengal.

Nothing is more difficult than to define "depression"

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in this singular sense. In some ways the special provision thought necessary for these communities has grieved ordinary Hindu opinion more than the consideration shown for Moslems, and from this point of view the best thing in the Pact is the time limit attached to the clauses governing the method of voting.

VI. INDIANS ABROAD

A GENERAL world problem was reflected in the agitation aroused in India by Mr. Menon's report on certain pieces of Zanzibar legislation affecting Indians. In South Africa, Indians have for long found themselves in difficulty, and in Tanganyika and Kenya trouble is endemic. Nearer home, too, the Indian finds himself at odds with a tendency in Ceylon to limit Indian facilities in sharing the rights of Ceylonese. From one point of view these are merely Indian and local problems, and represent attempts to meet, by legislation or decree or by social action, the inevitable results of the greater industry, acumen and parsimony of the Indian people. To some extent, however, they represent a world tendency, not only an Indian one—the same tendency as has found expression in Germany recently and even in France; while in some of its aspects the immigration policy adopted by the United States in 1924 is an illustration of the same forces at work.

What is at one time harmless or even beneficial may at another time and in different circumstances become a menace, and nationalism in the modern world is rapidly approaching the latter condition. A century or two, or even a few decades, ago, countries were clearly distinguished, and such communications as existed were very leisurely. Nationalism in such conditions was a natural and to some extent a necessary element in proper development. Nowadays, when the air has defeated ground difficulties and has

Indians Abroad

in effect reduced every distance by 60 per cent., the old order cannot stand, and a successful issue depends on how soon and how adequately the world replaces the nationalistic concept by something which, without denying national individuality, will give proper weight to international community.

Mr. Menon describes the two decrees that govern the Clove Growers' Association and the clove exporters as "calculated to cause irretrievable damage to Indian interests and practically oust the Indian trader from Zanzibar." The Zanzibar Government are not disposed to accept these strictures. They declare that there are practically no resident Indian agriculturists at all, and quote figures showing that over Rs.19 lakhs worth of property passed into Indian hands over a period of eight post-war years; this increase in Indian ownership represented 12½ per cent. of the total clove trees. From these figures they deduce that a rapid change has been going on towards an Indian ownership of land in the Protectorate, and they make the significant admission that "the Protectorate's problem is essentially a racial one." The object of the legislation is professed to be to protect the Arabs and Africans, who are notably irresponsible in matters of finance, presumably against Indian intruders, who are singularly competent in the same sphere.

The outcry that has arisen in India serves, as always, to mask the real issue, and one has had occasion to regret the overpitching that so often attends Indian presentations of an Indian case. The problem is grave enough, but its solution is not likely to be helped by exaggeration. The legislation seems to have two purposes, to prevent undue Indian ownership of land and to establish the clove industry on a satisfactory basis. The first of these is primarily racial, the second primarily economic. The raising of the racial cry to an equal pitch in both has tended to cloud the different issues.

The passing of such legislation as this in other units of

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the Empire inevitably brings a desire for retaliatory measures in India. Despite the defects in her unity, India knows herself to be a great country with many historic achievements and with a civilised past stretching a long way further back than that of any of her fellow units. She is unlikely to tolerate with equanimity intrusions on her dignity. To this Zanzibar has the reply: "We can, it may be, do some damage to India, but India can do no damage to us." And this is the rule of life in bargains.

From another aspect, also, the Zanzibar problem appears as a symptom rather than an isolated incident. It offers a marked example of the failure of *laissez-faire* in production and distribution. If the solution is to be a structure of regulations and quotas over the whole economic field, the State must inevitably take a far greater place in the life of its citizens than in the past, and the authoritarian governments of to-day may be the universal type in years to come—even, perhaps, in India.

India.

April 22, 1935.

MR. DE VALERA'S DILEMMAS

I. THE CHALLENGE OF THE I.R.A.

BROADCASTING to the United States on St. Patrick's Day, Mr. de Valera said that Ireland remained a Catholic nation, and as such set the eternal destiny of man high above the "isms" and idols of the day. Her people would accept no system that decried or imperilled that destiny. So long as that was their attitude none of the forms of State-worship now prevalent could flourish in their land; the State would be confined to its proper functions as guardian of the rights of the individual and the family, co-ordinator of the activities of its citizens, and their guide in common effort. They believed that popular government was the surest means of producing this type of State. While they knew its weakness they believed that this was still the system of government which, without encroaching upon the rights of its citizens, best developed in individuals a sense of responsibility to the community as a whole, and, all things considered, best fulfilled the purposes for which government was instituted.

Unfortunately, this charming picture of our highly moral political mentality and conduct is hardly borne out by the present condition of the Free State. After three years in office Mr. de Valera's Government are now taking exactly the same steps to secure ordered government as were taken by their predecessors amid loud denunciations from themselves. The extreme republican section, which they sought upon their election to placate by the release of its leaders from prison, by the closing down of the Military

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Tribunal, and by the abolition of the oath of allegiance and similar constitutional changes, are now once more in violent opposition to the State. The Military Tribunal has been revived, the I.R.A. leaders are once more in gaol, and the abolition of the oath of allegiance—as most sensible people anticipated—has had no effect whatever upon the irreconcilables. Moreover, murder, outrage, and even the threat of civil war have once more raised their horrid heads amongst us. On the very day Mr. de Valera was speaking to America two of his Ministers were publicly attacked by young hooligans whilst taking part in the St. Patrick's Day celebrations at Dublin and Tralee respectively. A month before, at Edgeworthstown, County Longford, a party of armed blackguards, disguised as Civic Guards, entered the house of Mr. Gerald More O'Ferrall, a local land agent, and fired at him and his son with revolvers, mortally wounding the son, who tried to protect his father. The ostensible reason for this outrage was the fact that Mr. O'Ferrall had legitimately attempted to collect the rents due to his employers in spite of the tenants' agitation for their reduction. The tenants had sought the aid of the I.R.A., and although violent speeches had subsequently been made at a public meeting no effective action was taken by the Government to protect Mr. O'Ferrall's house or person. This cruel and cowardly murder was therefore committed in this very moral Catholic country, not without warning or as the result of a sudden and unexpected affray, but as the logical outcome of circumstances well known to the authorities and of activities flowing naturally, if not directly, from the propaganda and principles of the I.R.A.

For some time it has been only too clear that since extreme republican sentiment cannot, at least in existing circumstances, secure the all-Ireland republic which is its aim, it tends to turn its activities into social-revolutionary channels. This sentiment of frustrated and exasperated republicanism, disillusioned with itself and

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its leaders, much more than any distress or misery due to economic causes, is the chief asset of the communists in the Free State, and recent events have helped them to exploit it to the utmost. In a brilliant pamphlet* just published, Professor James Hogan, Professor of History at University College, Cork, has conclusively exposed the ramifications of communist intrigue in Ireland, and proved its influence on the policy of the I.R.A.

That influence has now become still more clearly apparent. Early in March, strikes took place on the Great Southern Railway system, which has a monopoly of the entire railway and omnibus service outside of Dublin, and on the tramway and omnibus system of Dublin itself, which is under the control of the Dublin United Tramways Company. The railway strike was the result of an obscure trade union dispute between a small, newly established Irish union and an older body of a similar kind. The great majority of the railwaymen, however, refused to be drawn into this senseless and mischievous quarrel and remained at work, with the result that after a few days the strike died a natural death. The Dublin tramway dispute, which arose from the dismissal of an omnibus driver for dangerous driving at night, has had far more serious results, not only economic but political. Mr. Lemass, the Minister for Industry and Commerce, making use of his powers under the Industrial Courts Act, set up a Court of Inquiry under Judge Shannon to investigate the justice of the company's conduct. After fully hearing the evidence concerning the matter in the presence of both sides, the Judge decided that the driver was guilty of dangerous driving and was properly dismissed, whereupon the strike committee announced that the men would not return to work until the demands for increased wages, which they had made several months before, were conceded by the company. It is estimated

* *Could Ireland Become Communist?* By James Hogan. Cahill & Co., Dublin. 1s. 6d.

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that the granting of these demands would cost the company £100,000 a year and swallow up its entire profits.

Mr. Lemass then proposed that the company should reinstate the driver, and that the question of increased wages should be immediately referred to a Conciliation Board, presided over by himself. This proposal was refused by the men but accepted by the company. Mr. Lemass thereupon announced that neither he nor any officer of his department would be party to any negotiation concerning the men's claims while the stoppage continued, and promised that he would take steps to supply Dublin with alternative means of transport with the least possible delay. A few days later, however, in spite of this bold declaration, he resumed negotiations with the delegates of the Trades Union Council. It was now quite clear that the Government were in a serious dilemma. If they sought to operate emergency services the result might well be a general strike, and might involve the loss of Labour support in the Dail. On the other hand, the inconvenience and suffering caused by the strike had produced widespread annoyance in Dublin and had placed the Government in a ridiculous and impotent position. After some obvious hesitation, the Government decided to employ army lorries driven by armed soldiers to provide temporary and partial transport facilities during the continuance of the strike. On March 20, three weeks after the strike had begun, this military service began to operate, a sincere but by no means adequate attempt to alleviate the hardship on the public. No attempt was made by the strikers to interfere in any way with these arrangements.

Three days afterwards, however, on the night of March 23, an extraordinary development took place. Two unarmed Civic Guards, carrying out their ordinary patrol duties in Grafton Street, one of the principal streets in Dublin, were suddenly attacked by several young men, who arrived on bicycles, dismounted, fired upon the Guards, wounding them both, and then rode away. Proof that this was no

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personal vendetta or singular outrage was afforded by the fact that almost at the same time another Civic Guard, near Burgh Quay, was also fired upon, but managed to escape injury.

On the following morning a statement from the headquarters of the I.R.A. was published in the Dublin papers, which threw some light on the origin of these disgraceful outrages. It stated that the action of the Free State Government in using army transport for strike-breaking purposes in the interests of the company, to which the Government had given a monopoly, constituted a definite challenge to all workers. The efforts of the Government and the combine must be defeated. They therefore offered the services of the Republican Army to assist in "mobilising the maximum support for the Dublin transport workers in their struggle," and stated that they were prepared to send representatives to meet the strike committee for this purpose. The strike committee very prudently refused to participate in such a conclave. On the same evening as the Civic Guards were attacked, Mr. Tom Barry, a prominent Cork leader of the I.R.A., stated at a meeting in Dublin that the funds of that organisation were devoted to educating the people, organising the youth of the country, and purchasing arms, so that the Irish people might once again hurry on to the day when they could rise successfully to restore their independence. These revolutionary pronouncements, coupled with the criminal attack on the Civic Guards, were, of course, tantamount to a threat of civil war, and could only mean that the I.R.A. was now prepared to take armed action against the Government.

Once more Mr. de Valera and his Ministers found themselves in a serious dilemma. If they acted vigorously against the I.R.A. they would annoy, and perhaps antagonise, their more extreme camp-followers; and, of course, lay themselves open to the obvious taunt of following in Mr. Cosgrave's footsteps; but if they did not, they would

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virtually cease to be the government of the country. The *Irish Press*, Mr. de Valera's paper, reflected the Government's consternation in an absurd leading article, entitled "Fishing in Troubled Waters," in which it could only muster up enough courage to describe the attitude of the I.R.A. leaders as "remarkable," and in which it virtually apologised for the use of military lorries during the strike. The Government, however, finally decided to act, and on the night of March 25 detectives arrested the leaders of the I.R.A., but not Mr. Maurice Twomey, the Chief of Staff, or Mr. Sean MacBride, both of whom were "not at home" when the detectives called. Mr. Twomey has since made two defiant appearances at public gatherings without arrest. At the same time armed guards were placed over petrol tanks and at other points where outrages might be expected; the *Poblacht*, the official I.R.A. weekly paper, was suppressed; and armed police forces patrolled the streets of Dublin at night. It is interesting to note that Mr. de Valera and the other principal members of the Government are now as heavily guarded as Mr. Cosgrave's Government formerly were. In spite of these developments, the Government still refrained from the logical step of proclaiming the I.R.A. as an illegal organisation, although they apparently treat it as such, and although the newspapers have been warned secretly not to print its manifestos.

In a further public statement the I.R.A. Council pointed out that "the leaders of the Fianna Fail party," in response to the demands of pro-British parties, had reverted to a policy of wholesale arrests of republicans, and that the policy they pursued of recognising the Free State Parliament and the Treaty of 1921 had inevitably led them into conflict with the cause of republicanism. The Coercion Act, passed by the Cosgrave Government, was now being used against republicans with the same intensity by Mr. de Valera. His Government had refused to repudiate the Treaty and the Empire connection, and had allowed

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imperialistic interests to entrench themselves more securely. It was England's policy to secure a new treaty with Mr. de Valera's Government so that they, like the Free State leaders of 1922, should be driven into defending the British connection. In their attacks on the workers the Fianna Fail leaders had sheltered themselves behind expressions of nationalism. The Government had now assumed the leadership of the struggle against the workers, and had used the Free State Army to intimidate them. The I.R.A., they claimed, stood for social justice, so that national freedom would have a real meaning for those whom alien rule and the system it upheld had submerged and held in slavery. There could not be peace in Ireland until the British rule was destroyed, the imperial connection broken, and the republic restored.

It would, however, be unwise to over-estimate the present power and influence of the I.R.A., because by a judicious combination of pensions, jobs, and secret service expenditure the Government have undoubtedly sapped their morale and reduced their strength. Moreover, a large number of their members and many possible recruits have found their way into the new volunteer force started by the Government, where the allurements of a smart uniform and the effects of physical drill and military discipline have undoubtedly distracted their minds from republican ideals. In fact, the I.R.A. is now seriously reduced in numbers, and apart from sporadic outrages against person or property its military importance is not great. Assassination rather than armed revolt is now the real danger. It is the appeal that the title of this mischievous organisation makes to his own wild men, and its absurd claim to be the sole depository of Irish national tradition, that make Mr. de Valera hesitate even yet before he deals decisively with its members.

The workings of his mind were clearly exposed in an almost apologetic speech that he delivered at a meeting of his party executive in Dublin on March 30. He said

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that when an organisation which adopted the use of arms as one of its methods proposed to intervene in a trade dispute there was only one thing for the Government to do. When they accepted office they had assumed the obligation to maintain peace in the community and to safeguard all citizens against violence. That was their supreme duty as a Government, and must be fulfilled. They had been very patient during the past three years. They had used the powers they possessed sparingly. Realising the need of the country for harmony, and anxious to put an end to the disastrous divisions that had existed amongst them, they had put up with things that no other Government in the world would tolerate. They had hoped all along that common sense and patriotic instincts would at last assert themselves, but their hopes had apparently been misplaced. The use of violence against the forces of the Government and against individual citizens had continued. It was time that this should stop. What excuse could now be offered for the use of violence in our domestic differences? Every section that desired to do so could, without forfeiting any principle, submit its policy to the judgment of the people and become the Government, with control of all the resources of the community, if it secured a majority. His Government were pledged to work for the complete independence and unity of Ireland as a republic. They believed they had made satisfactory progress during the past three years. As soon as they felt the people were ready and could successfully resist such pressure as might be used against them, then they would seek their authority for the final step.

It will be observed that Mr. de Valera is careful to dangle still the elusive carrot of an all-Ireland republic before the donkey's nose. But in his Easter Week message he declares that "unity of territory cannot come without unity of spirit, or independence until the people of their own free will determine to win it," and he adds that "Ireland can never be really free politically while our whole economy

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is at the mercy of a foreign Power"—which seems to postpone our freedom indefinitely. Declarations of this kind do not, however, deceive stalwarts like Miss Mary MacSwiney, and other survivors of the Second Dail, who still suffer from the delusion that they are the *de jure* if not the *de facto* Government of the country. In a recent manifesto they point out that the drift towards imperialism that began with the acceptance of the Treaty is going on more rapidly than ever to-day, and that the menace is all the greater for its being camouflaged under the name of republicanism. They unkindly remind Mr. de Valera of his statement in December, 1921, that the Ministers of the Free State would be the King of England's Ministers and its army his forces, and that the Treaty was inconsistent with the whole national tradition, and could not bring peace. The Treaty, they remind him, must therefore be repudiated, ended, and atoned for, before there can be any hope of national unity.

Easter Sunday, which, in the Free State, is now rapidly becoming more a political than a religious festival, was devoted by the Government and the I.R.A. to special celebrations in honour of the men who died during the rebellion of 1916. In the General Post Office, Dublin, where the rebellion started, Mr. de Valera, to commemorate their deeds, unveiled a bronze statue of Cuchullain, the King Arthur of Irish heroic mythology. The I.R.A. announced for the same day a parade of their members to the graves of some of the dead leaders in Glasnevin, and under their original arrangements this parade would have clashed with the Government celebration. The Government were clearly apprehensive of serious trouble, as practically the entire army and Volunteer Reserve Force were concentrated on that day in Dublin, ostensibly for the purpose of a military review by Mr. de Valera after the unveiling ceremony. Wiser counsels, however, prevailed, and the I.R.A. altered the time of their procession, apparently having decided, like a Chinese general, that the

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fighting season had not yet begun. Judging by the meagre number of their supporters who paraded, the decision was justified. The day passed off without incident. Speaking at the unveiling ceremony, Mr. de Valera said that the work of Easter Week could never be undone. Before 1916 Ireland might have been content for a time with something less than independence. After 1916 that was impossible. The United Ireland party took no part in the proceedings, although invited to do so. In Mr. Cosgrave's opinion the time is not yet ripe for an adequate commemoration of 1916.

While these political interludes were proceeding, the tram and bus strike, which had largely provoked them, continued to drag out its weary length, and the strikers, in two successive ballots, again rejected fresh proposals for a settlement by conciliation, although the man in whose behalf the strike took place had accepted, much to his comrades' annoyance, a job with the complacent sweep-stake organisation, and although elaborate subterfuges had been arranged to meet the men's objections to resuming work before negotiations began. The strike has now lasted for over two months, and there is no indication of a settlement, but the men have so far refused to allow themselves to be made the tools of communist or I.R.A. agitators. The public seem to have become almost indifferent to the discomfort involved. If Mr. de Valera in many respects resembles Kerensky, there is as yet no sign of a Lenin on our political horizon, but it may be unwise to believe that this state of affairs will last indefinitely.

II. THE RESISTANCE OF THE FARMERS

IF Mr. de Valera's policy has aroused violent opposition on the extreme Left, it is equally anathema on the extreme Right. In large areas of the country no attempt is being made to pay or to collect the land annuities, the rates are greatly in arrear, and the situation would be far

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more serious if the leaders of the United Ireland party had not refused, very properly, to countenance an agitation for the non-payment of rates and annuities. In the County Cork, for example, no seizure by the sheriff against farmers in default has been attempted since last August, when the fatal shooting took place at a cattle sale in Cork,* and there is little doubt that if any seizures are attempted there further serious disturbance will take place. Quite recently widespread cutting of telegraph wires and poles has again been committed in the same county, but whether the I.R.A. or the Blueshirts were responsible is not known—a fact which illustrates the political atmosphere.

A new farmers' organisation, called the New Land League (which derives its title from the famous body founded by Michael Davitt in the 'eighties) was inaugurated at a convention in Cork on February 1. It disavows political objects and aims at the concentration of all farmers on a common front for the improvement of agriculture. But, as Mr. Frank MacDermot, T.D., pointed out in a letter he wrote to this meeting, an Irish farmers' organisation cannot be politically comprehensive in its membership without being empty and futile in its policy. It is, indeed, one of our tragic misfortunes that this agricultural community is governed by professional politicians, most of whom are very second-rate business or professional men, whose ignorance of our principal industry is nearly as great as their self-assurance. Several Cork farmers were arrested early in March and brought before the Military Tribunal on a charge of banding themselves together in an association which, it was alleged, advocated the non-payment of land annuities and had taken active steps to prevent their collection and the seizure of cattle from farmers who would not pay. They were duly convicted, principally on the evidence of their own public speeches, and heavily fined, but it is symptomatic of the feeling amongst the farmers that they have chosen to go to gaol rather than pay.

* See THE ROUND TABLE, No. 97, December 1934, p. 157.

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Meantime, the estimates recently introduced in the Dail show that the cost of bounties and subsidies to farmers during the last financial year has exceeded three million pounds. This policy is justified by the Government as a necessary measure of economic defence under present conditions—as, indeed, it is; but this process of feeding the dog with its own tail cannot be continued indefinitely. Recently the Government have had to suspend the provision of the unemployment dole in agricultural districts during the busy periods in the spring and autumn in order to prevent abuse and idleness. The “free beef” scheme has also proved to be entirely uneconomic and the Government have recently announced their intention of making the recipients pay part of the cost; probably the ordinary consumer will have to bear the rest. The Government’s policy of building up highly protected industries, the workers in which are to provide a market for our farm produce, seems to be based on the fallacy that to transfer part of our population from agriculture to industry automatically increases its appetite; moreover, it overlooks the fact that if our agricultural industry is not prosperous the farmers cannot absorb the products of these new factories. The agricultural statistics recently issued show that serious reductions have taken place in our animal population during the last year. Cattle, sheep, and horses have decreased by 536,452, and poultry by 2,521,827. Professor J. Johnson, of Trinity College, calculates that the Free State farmers are now living on their capital and credit to the extent of £15,000,000 a year.

Meanwhile, as the Opposition is not slow to remind Mr. de Valera, although Fianna Fail was elected to power on promise of lower taxation, lower expenditure and agricultural prosperity, our taxation and expenditure have since increased by some six millions on either side of the account, and our trade returns in the same period show an increase of over ten millions in the adverse trade balance. At the same time Mr. Chamberlain is able to announce that the

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British duties on Free State agricultural produce yielded nearly £700,000 more than his estimate, so the annuities are being paid with a vengeance.

At the annual convention of the United Ireland party, held in Dublin on March 21, Mr. Cosgrave was unanimously re-elected President amidst much enthusiasm, and indeed no other choice was possible. Although he has never posed as a great statesman, he possesses qualities of common sense, courage, and honesty of purpose, combined with an entirely unselfish patriotism, too often lacking in our political life. After contrasting the Government’s promise with its performance, he reminded the convention that their party stood firm in their conviction that no mere constitutional form could bring our people happiness or prosperity, or our nation dignity or greatness, if the national resources were trampled out of existence, or frittered away by insane policies, based, not upon broad national considerations, but upon the desire to prove that the wreckers of 1922 were prophets of hope and architects of prosperity. They believed in living on friendly terms and in free association with the other States of the British Commonwealth. Membership of the Commonwealth was not only a guarantee for the maintenance of their distinct and individual nationality, but offered them more—the guarantee of the unity and integral solidarity of their nation and people. He went on to point out that there could be no economic security for industrial development until agriculture, our main industry, was placed on a sound basis. The first step towards this security must be the ending of the economic dispute with Great Britain, which was possible without any sacrifice of national honour or injury to the home market. Industries must get fair, generous or exceptional treatment, according to the nature of the return they gave the community, either by way of employment or by way of addition to the country’s wealth.

During the convention the party unanimously passed resolutions in favour of the derating of agricultural land,

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the reduction of the old age pension age to 65, and the re-organisation of our national economic life on vocational lines. It was also agreed that the League of Youth (the latest name for the Blueshirt organisation) should be continued as a permanent institution for providing the youth of Ireland with opportunities for disciplined voluntary national and social service. But the most important resolution was one expressing frank and cordial acceptance of the Commonwealth partnership, which was passed with only two dissentients. It is quite clear, as Mr. MacDermot has recently pointed out, that unless the United Ireland party takes its stand on the merits of remaining in the Commonwealth rather than on the Treaty there is no answer to the assertion of the Fianna Fail leaders that we are only in the Commonwealth under duress. The time has come when we must decide, in the interests of the country, whether we want a republic or not. Setting up an ideal which we refuse to realise only puts a premium on disorder and consolidates partition. We have at present few of the advantages of being in the Commonwealth, and most of the disadvantages of being outside it.

Meantime the Government continues to carry out its programme, and the Bills for reducing the Senate's power of delaying legislation to three months, the abolition of the special commercial franchise in Dublin, and the extension of adult suffrage to local government—all of which were rejected by the Senate—will soon be passed into law, the legal period of their suspension having expired. The last two measures are not likely to improve the quality of our local government councils. Whether the Senate, now deprived of all real power, will be permitted to continue its miserable existence no one really knows, or, indeed, cares, for it has become little more than a feeble replica of the Dail. Mr. de Valera, on second thoughts, stimulated by Fianna Fail senators present and possible, may permit it to survive in some form as a revising body where the crude and often inaccurate legislation of the Dail can be cor-

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rected in the light of competent official criticism; for that is the only purpose the Senate now serves or is likely to serve in its present state.

III. THE ANGLO-IRISH IMPASSE

MR. DE VALERA'S dilemmas, however, are by no means solely internal; for our strained relations with Great Britain influence, and indeed dominate, all other questions. Speaking in London on February 14, Mr. J. H. Thomas, the Secretary for the Dominions, expressed a desire for a settlement of this unfortunate dispute during the Jubilee year, but coupled this pious wish with a careful reminder that it could only be fulfilled if the "sanctity of agreements" was recognised and the Free State desired to remain in the British Commonwealth. Mr. de Valera naturally replied that the Irish people would not for any consideration abandon their right freely to determine their own destiny, to choose the political institutions they desired, and to judge the extent to which they would associate or co-operate with other nations in matters of agreed common concern. As to the sanctity of agreements, he made a distinction between agreements freely entered into and those extorted from an unwilling people by threats of force. Senator Connolly, the Minister for Lands, added the obvious retort that any reference to the sanctity of agreements applied fittingly to the British agreement with America on the subject of war debts.

The fact that Mr. Thomas apparently thought that the King's Jubilee celebrations were likely to soften Mr. de Valera's heart shows how little he understands the latter's political mentality, for no line of approach could be less likely to succeed. The reiteration of threadbare arguments and expressions of good-will cannot achieve any useful results. Nor can any purpose be served by the intervention of well-meaning busybodies who represent neither Government, and put forward fantastic proposals

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for a settlement. A new line of approach, based on a clearer recognition of the Irish point of view, is essential, if any progress is to be made. Certain fundamental questions must be answered, such as whether the form of our government is more important to England than our good-will, and whether the slow economic degradation of the Free State, now taking place, can ultimately benefit either country.

Mr. de Valera's idea of how a settlement might be reached was given in a speech which he made in the Senate on April 3 during a debate on the final stages of the Irish Nationality and Citizenship Bill.* He contended that a treaty of peace between Ireland and England could easily be signed. If, he said, the Irish people, by plebiscite or otherwise, and without foreign pressure, were to decide on some form of relationship with England, then it could be asserted that they were a free people. All that Ireland asked of the people on the other side of the Irish Sea was that they should cease to interfere. The Irish people did not want their country partitioned, but wanted liberty to decide what their form of government should be, whether a monarchy or a republic. There could not be peace while the people were unfree, the country partitioned, and Irish ports held by British forces. They had offered England guarantees of neutrality, offered to defend the Irish coast, offered to make it impossible for Ireland to be used as a base of attack on Great Britain; but she refused to accept these offers, and maintained her forces in Ireland. "The fight for freedom," he said, "will be completed only when every inch of the country is under the control of a Government elected by the majority of the Irish people." They were repealing an Act which held that Irish citizens were British subjects, but "British subject" was a term no longer applicable to them under Irish law.

* See THE ROUND TABLE, No. 98, March 1935, p. 371. The Government, upon the subsequent passage of the Bill, immediately made an order which in effect exempts British subjects from its provisions.

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It is unfortunate that under present political conditions Mr. de Valera's proposal for an all-Ireland referendum is impossible, but even if it were possible it is extremely improbable that it would result in a majority for a republic. If it did not, we should still have to deal with the irreconcilable element in the Free State, and if it did, could or would any English—or, indeed, Irish—Government force Northern Ireland to accept the consequences? Mr. de Valera's solution, while it may be capable of mathematical proof, unfortunately ignores stubborn racial and political realities. But there is no reason whatever why the Irish Free State itself should not be permitted to decide freely whether it wants to remain in the British Commonwealth or not. An unfriendly Free State is just as dangerous to Great Britain as an unfriendly republic, and it will remain unfriendly until we realise that Great Britain does not desire our unwilling continuance in the Commonwealth, and will not make secession a *casus belli*. If this was made clear we would then have to face and decide the vital question whether it was desirable for the Free State to be a member of the British Commonwealth or not, and we would have finally to deal with the internal compulsion exercised by organisations like the I.R.A., which in the name of republicanism threaten the stability of the State and the safety and liberty of the individual—to decide, in short, whether we are prepared to sacrifice the historic Irish nation for the pleasure of sticking the label "Republic" on the Irish Free State, in order to save our politicians' faces and ruin ourselves. The sooner these questions are answered the better it will be both for Great Britain and for Ireland.

The real gulf, in the Free State, as Mr. MacDermot recently pointed out, is not between those who call themselves republicans and those who do not, but between those who want order and those who want anarchy, those who want concord among ourselves and those who want class warfare, those who want friendly relations with Great

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Britain and those who want perpetual hatred and hostility towards her. A republic in the Free State would be in itself useless and harmful unless it promoted the peace, prosperity, unity and dignity of the Irish nation, which have been the fundamental ideals of every great Irish patriot.

These problems are very clearly dealt with in a remarkable article contributed to the March number of *Studies*, the Irish quarterly review, by Professor Michael Tierney, of the National University, who until quite lately was a prominent member of the United Ireland party, but who resigned during the O'Duffy imbroglio. Professor Tierney points out that partition cannot be ended until we in the Free State have arrived at a substantial agreement among ourselves, not only as to what form we want an eventually united Irish State to take, but also as to what form we ultimately wish to give the present Free State. In his view, without such unity of aim not only cannot Ireland be united, but it is doubtful whether it can be governed, and he believes that all Ireland must ultimately assume the form that we decide to give to the Free State. The greatest dangers to Ireland at the moment are, he thinks, sham republicanism and sham dominionism; both are negative and destructive, and their meeting place, which we have now almost reached, is political chaos—a state of affairs in which all existing institutions will be rejected as foreign to our national spirit, while we deliberately refrain from setting up any of our own in their stead. The imperative need of the moment, he wisely states, is that we should abandon these shams and face boldly the choice between real membership of the British Commonwealth and the declaration of a republic for the Free State. Although himself a believer in the unqualified and loyal acceptance of Dominion status, he thinks that unity of purpose and aim on this basis are impossible, and that only through a republic can we arrive at final national union by way of peaceful and friendly co-operation with

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Great Britain. In short, his contention is that the establishment of a republic in the Free State, although the longest way to national unity, would be the shortest way to Free State tranquillity and development.

Professor Daniel Binchy, of the same University, who was the Free State Minister in Germany from 1929 to 1932, in a lucid comment on Professor Tierney's article, takes the opposite view. He points out that membership of the Commonwealth affords the most precious guarantee of our freedom, even against Great Britain itself, and that the conversion of the Free State into a republic would make the partition of Ireland as permanent as anything human can be. Wide as the breach is between the two Irish States to-day, continued membership of the Commonwealth provides at least the germ of a future *rapprochement*. Although he does not agree with Professor Tierney that the sincere republicans constitute a majority in the Free State, he believes a vote for secession would be better than the present chaotic uncertainty. Our generation, in his view (and most thinking Irishmen will agree with him), has sinned enough already against the unity of Ireland. By declaring a republic now we may commit the most deadly sin of all, by making it impossible even for our children to undo the evil we have done.

Irish Free State.

May, 1935.

GREAT BRITAIN

I. SILVER JUBILEE

ON May 6, 1935, King George the Fifth, with his family, his Ministers of State, the Prime Ministers of his Dominions, and a great and distinguished company, sang *Te Deum* in Saint Paul's, thanking God for his preservation to reign over us for twenty-five years. The streets of London through which he passed, that warm and brilliant day, were lined with thousands of his cheering subjects, and late into the night a great crowd still thronged the space outside Buckingham Palace to demonstrate their loyalty and to hope for another glimpse of their King. This was the first day of a week of celebrations, gay and solemn, which revealed not only the devotion of the British people to the Throne, but also their hope and courage, their good humour, and their kindliness. Ornament and oratory, tongue and pen, ancient ceremonies and modern invention, all the arts and energies of the nation, were joined together to pay His Majesty homage, but no words and no display could tell in full the human love that his people have for him and that he has for his people. He is the first among us, a monarch in dignity and statesmanship, yet one of us, a man in understanding and in simplicity of character. Here is the secret at once of his own success as King, and of the strength of the Throne in the British Commonwealth of Nations. The Crown is a symbol, not of central domination or of personal power, but of the principle of the commonwealth, the good of all for which all men must work together.*

* The full text of the King's reply to the addresses presented by Parliament is printed below, p. 581.

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Those days of celebration were fateful in the history of the British Commonwealth. In places of honour in the Royal Procession drove the Prime Ministers of Canada, Australia, New Zealand, the Union of South Africa and Southern Rhodesia, and an Indian member of the Viceroy's Executive Council—divergent in race and interest and political opinion, but “united by a common allegiance to the Crown.” They and the Government of the United Kingdom were using to the full the opportunity of their presence to take counsel together on foreign affairs, on economic policy and on other matters of joint concern. One of those Dominion Premiers, we may significantly remark, had flown all the way from his capital city to London. While foreign problems grow ever more urgent and economic policies ever more comprehensive, communications happily grow ever swifter and easier, so we may be allowed to hope that in future such meetings of Commonwealth statesmen will not have to wait upon special occasions or sparse Imperial Conferences, but will be a frequent reality in the relations between His Majesty, as head of the Commonwealth, and his people's chosen leaders.

II. ECONOMIC PROGRESS AND THE BUDGET

IN his moving broadcast message on the evening of May 6, His Majesty spoke of the trials and difficulties through which we have come, and of those that are not yet over. “In the midst of this day's rejoicing,” he said, “I grieve to think of the numbers of my people who are still without work.” The continuance of two million unemployed is indeed a painful wound upon the body of the nation, but to-day there are hopeful signs of its healing. Early in the year there was a setback in the unemployment figures, but the lost ground has been recovered, and in April the total numbers employed in insurable trades rose to the highest level—10,320,000—ever recorded, even in the years before the slump.

Great Britain

Unemployment in Great Britain on April 15 totalled 2,044,460, of whom 1,676,623 were wholly unemployed, 280,333 temporarily stopped, and 87,504 normally in casual employment. The total figure was over 100,000 less than a year previously, an improvement which must be viewed against the fact that the spurt in the birth-rate immediately after the war meant an unusually large number of recruits to industry during the past twelve months. Preparations for the Jubilee helped to produce the good results in April; unemployment among those attached to hotel and boarding-house service, for instance, fell by nearly 8,000 between March and April. But no such explanation will serve for the improvement in industries like coal-mining or ship-building. Unemployment in the former was over 44,000 less than in April 1934, a very satisfactory sign of general economic progress, as well as of the gradual movement of workers away from the depressed industries. Another striking aspect of the employment figures is the continued strength of the building industry, to whose activity (with all its subsidiary and associated trades, from paint to furniture) we owe a very great deal of our economic recovery during the past two years.

Other indices besides employment show steady advances. It is a statistical accident that the companies included in the *Economist's* index of industrial profits, which reported their accounts in the first quarter of the year, show an appreciably narrower fluctuation of profits over a period of years than those reporting in any other quarter. Hence the advance of 14·6 per cent. in their latest annual profits, compared with those reported in 1934, is to be contrasted rather with the advance of 5·3 per cent. recorded in the first quarter of 1934 than with the average advance of 16·6 per cent. recorded over the whole of last year. If we may judge from such partial evidence, the profit record for the rest of 1935 will be even better than the first quarter's returns would indicate. Among the more striking of the constituent figures, while the textile industry still

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moves against the trend by reporting diminished profits, iron and steel shows a greater improvement than any other large home industry except electrical equipment. The iron and steel industry is always characterised by wide fluctuations in profits earned, in accordance with the ratio of operations to capacity, but the present improvement is due also to a widespread increase in the demand for constructional material.

Both these economic elements, unemployment and profits, have a direct and critical bearing upon budgetary prospects—profits as a main source of taxation, unemployment because the unemployed whose insurance rights have lapsed are now supported entirely out of Exchequer funds through the Unemployment Assistance Board. It is reckoned that a fall of 100,000 in unemployment, if maintained throughout the year, would mean a saving of something like £3,000,000 to the budget. The extent of saving in the current year, however, is problematical owing to the continued suspension of the unemployment assistance scale.* The local authorities are being paid additional Exchequer grants intended to cover the relief that they still have to afford to able-bodied unemployed receiving neither insurance nor transitional benefit. The cupboard in which this skeleton rests must, however, be reopened before long by the Government.

Mr. Neville Chamberlain presented his budget on April 15. The previous year had been a satisfactory one for the Exchequer; almost every main department of tax revenue (except excise) had yielded more than the Chancellor had expected, and appreciable economies had been effected in expenditure, including over £7 million on the civil votes. In spite of heavy supplementary votes, totalling £10,395,000, and of a large short-fall in miscellaneous receipts, revenue exceeded expenditure by £7,562,000. This sum, together with what remained of the fixed debt charge of £224,000,000 after paying for interest

* See THE ROUND TABLE, No. 98, March, 1935, p. 362.

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and management, made up nearly £20 million for the redemption of national debt. This was a good start for the new budget. Mr. Chamberlain, however, was under a serious handicap, in that an increase of some £10 million in the defence votes was being asked for by the Government, in view of the difficult international situation and the urgent need for making good deficiencies that had accumulated during years of economy. Commitments for subsidies to agriculture and other additional expenditure had also to be considered, and Mr. Chamberlain, with proper caution, saw fit to add to his estimates a sum of £4,000,000 for supplementary expenditures whose necessity, but not whose details, could now be foreseen. On the revenue side, he looked forward to increases in most items, notably £8 million from income tax and £6 million from miscellaneous receipts.

These estimates gave him, on the basis of existing taxation, a surplus of £5½ million, with revenue at £735½ million and expenditure at £730 million (against £716 million last year, including supplementary votes). By raiding the Road Fund of its remaining surplus, by imposing a duty on heavy oils used in Diesel engines on the road, and by other small changes in taxation, the Chancellor brought his prospective surplus up to £11 million. This he used to adjust the income-tax allowances in favour of families with small incomes (at a cost of £4,500,000 in 1935-36 and £10,000,000 in a full year), to restore the remaining half of the emergency cuts in the salaries of public servants (at a cost of £4,000,000 in 1935-36 and £5,500,000 in a full year) and to remove the entertainment tax on seats costing less than 6d. (with a special additional concession on cheap seats for entertainments where the performers are actually present). His final balance sheet showed a surplus of £500,000 on an expenditure of £734 million.

The budget was greeted more with approval than with applause. The concessions to small taxpayers, public

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servants and audiences at cheap entertainments had been generally expected, though they were none the less welcome. The smallness of the surplus and the need for drawing upon the Road Fund even to do so much were disappointing, and some expert commentators held that, as in 1934, Mr. Chamberlain had under-estimated the prospective yield of income tax and sur-tax and of estate duties, perhaps deliberately. Attention has properly been drawn to the costliness of the subventions being made to agriculture, and the need for reviewing them in relation to the general economic capacities and requirements of the country. The raid on the Road Fund has encountered, naturally, much opposition from motorists' organisations and other interested parties, though Mr. Chamberlain gave an assurance that if money were needed for desirable road projects it would be made available. It is generally recognised, on a sober view, that in times of international disturbance and general uncertainty, such as those through which we are passing, we can count ourselves fortunate to possess not only a balanced budget but something in hand. The budget of 1935 ends the period of emergency economy that began with Mr. Snowden's second budget of 1931.

One of the extravagances that were not excised in 1931, partly because it was of a contractual kind, was the beet-sugar subsidy, which dates from the time of the first Labour Government in 1924. Under pressure from the Opposition, however, the Government set up a small committee of inquiry, under the chairmanship of Mr. Wilfrid Greene, K.C., to review the condition of the industry and to advise what should be done upon the expiry of the present undertaking to continue the subsidy. The report of the majority was a damning document.

We recognise (wrote the chairman and Sir Kenneth Lee) that the question whether continued assistance is justified depends partly on what alternative objects of government expenditure may be in view, and we appreciate that it is not within our terms of reference to consider alternative means of assisting agriculture.

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Since, however, on a review of all the facts put before us, we are unable to find positive justification for the expenditure of a sum of several millions per annum on an industry which has no reasonable prospects of ever becoming self-supporting, and on the production of a crop which, without that assistance, would at present sugar prices be practically valueless, we cannot recommend the continuance of assistance.

If, nevertheless, it was decided to continue State support for the beet-sugar industry, the majority report put forward a plan for organisation and assistance involving the control of the industry by a permanent independent commission appointed by the Government, and the amalgamation of the different processing interests, whose efficiency had been shown to vary considerably. The third member of the committee, Mr. Cyril Lloyd, while dissenting from the main conclusion of his colleagues and urging the support of the industry for a further long period at approximately its present size, agreed with the main lines of their reorganisation plan. The majority report was naturally received with tremendous indignation by farming interests, especially in the eastern counties. It was protested that thousands of workers in productive industry were to be thrown on the dole—though in any but a physiocratic sense the industry is entirely unproductive, since its fruits have for years been worth less than the subsidies paid to produce them; and though the subsidy itself is nothing more than a corporate dole. As the majority of the Greene Committee state, “the principal value of the industry is that of a relief measure.”

III. MR. LLOYD GEORGE'S NEW DEAL

THE continuation or abolition of the beet-sugar subsidy is a minor problem for the Government by comparison with the question of Mr. Lloyd George's “New Deal” programme. At first, while Mr. Lloyd George was expounding his proposals in a series of speeches

Mr. Lloyd George's New Deal

in Wales, Manchester and elsewhere, the Government remained silent, and it was thought by many that their policy was to “lie low and say nuffin’,” while the squib burnt itself out. But whether because Mr. Lloyd George was obviously gaining sympathy from a great many people, including Government supporters, or for whatever reason, on March 1 the Prime Minister addressed him a letter explaining that the Government had been inert only while awaiting a fuller exposition of his programme, and reaffirming that they were ready to consider any proposals for public works that appeared likely to fulfil such conditions as they had laid down and as he himself had publicly stated that he thought appropriate. Mr. MacDonald added that the Government were, in fact, even then considering proposals of this character, and that they would welcome further suggestions; if Mr. Lloyd George would send them his estimates and calculations, they would be considered immediately and carefully by the Cabinet. Mr. Lloyd George promptly replied accepting this offer, and after he had submitted a written memorandum there began, just before Easter, a series of consultations between him and a Cabinet committee set up to consider his proposals; as THE ROUND TABLE goes to press these conversations are still proceeding.

Having committed themselves so far, the Government cannot now evade a definite decision one way or the other. Mr. Lloyd George indicates that as far as he is concerned his programme is an indivisible whole. What exactly this means in practice we can only guess; for he clearly does not expect every clause and every figure to be accepted as if his proposals were a dictator's manifesto. But it does plainly mean that he will be a critic and not a co-operator unless his two main planks go into the Government platform—public works and land settlement. Now this is rather a strange combination, because the two things are dependent on fundamentally different diagnoses of the economic situation. Public works, based on government borrowing

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and recommended as a measure of recovery from general trade depression, can clearly be justified only if the need of the moment is for a stimulus to set the economic machine moving, or rather to gear it up to higher speeds—if, in other words, “prosperity is round the corner,” and if, when the corner is turned, the prosperity we find will enable us easily to pay off the capital that we are advised to raise now.

But were such our philosophy and such our view of the economic condition of Great Britain, we could scarcely endorse, *as a general economic policy*, the settlement of large numbers of people on the land. For if the promotion of employment on the land is economically desirable (though in itself plainly “uneconomic”) then it must be because our industrial civilisation has failed and will always fail to bear the burden of its own wealth, and because unemployment, so far from being curable by stimulative therapy, is an inherent or chronic defect of the present balance—or want of balance—between industry and agriculture. The back-to-the-land movement, in brief, is a repudiation of specialisation, which is the foundation of material wealth and progress. Sound it may be nevertheless; for the rival claimants to our support, the believers in a renewal of the march to greater wealth if only we can get started, have to face the hard fact of heavy unemployment that dates from far beyond the present depression and seems to be inherent in the industrial and distributive system as we know it. If public works or some other stimulus produces a boom combined with high unemployment, it will not be thought prosperity. Yet, sage as they may be, those who cry “back to the land” are pessimists, while those who cry “prime the pump” are optimists; and when the twain join voices in one appeal to the people there must be either confusion of thought or a deliberate attempt to please everybody, no matter at what cost in consistency.

Election Prospects

IV. ELECTION PROSPECTS

IT is because his programme contains something for everybody that it is likely to have so popular an electoral appeal. This the Government fully recognise, and the prospects of Mr. Lloyd George's return to office in a reconstructed National Government later in the summer seem much brighter to-day than they seemed six months ago. They may have been realised, or may have disappeared, long before these pages are read, so speculation is useless. But at least it is clear that some reconstruction is necessary, both of the personnel of the Government and of its programme. After four years of office they have both lost their appeal—indeed, since the National Government was elected only to tide the country over the crisis, to save the pound from inflation and the budget from bankruptcy, it cannot be said to have had a long-term policy at all, other than what has emerged from its accomplishments and its immediate promises.

October or November is now thought to be the earliest (and most probable) date for the coming general election, and May 1936 to be the latest. There can be no doubt that the Government will lose a great many seats, and it is generally held that the results of 1929 rather than those of 1931 are the standard by which to judge the prospects. After the 1929 general election the distribution of seats was as follows: Labour 290, Conservatives 260, Liberals 60, others 5. The fortunes of the Liberal party show no signs of revival, and if Mr. Lloyd George and his followers move over to the Government the plight of Opposition Liberals will be even more unenviable. Even with Mr. Lloyd George still among them they can hardly be allotted more than 30 seats. If Labour is to have the working majority over all parties for which its more sanguine prophets profess to hope, it must secure some 325 seats. This does not necessarily entail winning many purely rural seats

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(except such as were held by Labour in 1929 or earlier), but it does mean mustering a solid and well disciplined army of industrial voters and also securing a number of seats in residential and small-town areas where Labour has never yet won. By-election results, especially that at East Fulham, together with the remarkable swing to the Left in the municipalities and county councils, had encouraged Labour supporters to believe that the feat was possible, but more recently their hopes have been damped.

At a by-election in Norwood a "Die-Hard" Conservative appeared, doubtless in emulation of Mr. Randolph Churchill's exploits in Wavertree*, but instead of letting in the Labour candidate by splitting the Government vote he lost his deposit and a National Conservative won by a majority of more than 3,000. The combined vote for the Right candidates was slightly less than the Conservative poll in 1929, and the Labour vote was 1,750 more than it had been then, but this relative gain was not over-encouraging to the Labour party, since there were nearly 8,000 former Liberal votes to be divided. A by-election early in May in West Edinburgh was still more satisfactory to the Government. Not only did their candidate, a Conservative, hold a seat that had been won by Labour in 1929, but he obtained over 3,000 more votes than his Conservative predecessor had in the 1929 election, while the Labour candidate obtained actually 2,000 fewer votes than Labour had mustered at the nadir of their fortunes in 1931. The Liberal candidate, the eminent economist Sir George Paish, just escaped losing his deposit, with a vote one-third the size of that obtained by the Liberal candidate in 1929.

The change for the worse in the international situation undoubtedly affected the vote at Edinburgh and has generally strengthened the Government's position in the country. People are much less inclined to experiment politically when external dangers are apparent. Moreover, whereas a few months ago an Opposition speaker could

* See THE ROUND TABLE, No. 98, March 1935, p. 357.

Addendum

always win the cheers that presage votes by declaring that he and his party stood for peace, and by accusing the Government of taking part in an international armaments race, to-day there is much more nervousness among the public about defence, and less inclination to identify peace-seeking with pacifism. The people of Great Britain are, in these times, among the least bellicose in the world, but their political realism tells them that war is still a lively possibility, that Great Britain has a vital interest in maintaining world peace as well as a moral duty to do so, and that this obligation, no less than defensive necessity, may involve her in war, or at least in a position where the threat of collective war is required to deter a potential aggressor. Isolationism has its advocates, and so has pacifism, but between the two extremes the mass of the people feel that so long as the Devil is still at large we must be ready to fight him with his own weapons.

ADDENDUM

AMONG His Majesty's many speeches and messages thanking those who had offered loyal greeting and congratulations upon the occasion of the Silver Jubilee, none was more moving, or made a more lasting impression, than his broadcast address on the evening of May 6. But since cold print is a poor instrument to convey the emotion that his voice transmitted to his people, we preserve in the pages of THE ROUND TABLE not this but his equally memorable, if less personal, reply to the addresses presented on May 9 in Westminster Hall by the two Houses of Parliament.

THE KING AND THE COMMONWEALTH

My Lords and Members of the House of Commons :

I thank you from my heart for your loyal Addresses, and for the words of devoted affection which you have used in speaking of myself, of the Queen and of our Family.

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Your presence here to-day, accompanied by the Prime Ministers of the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand and the Union of South Africa, gives rise to many memories and many thoughts. The Mother of Parliaments and her children, grown to full estate, stand now upon equal terms in common allegiance to the Crown. The unity of the British Empire is no longer expressed by the supremacy of the time-honoured Parliament that sits here at Westminster. The Crown is the historic symbol that unites this great family of nations and races, scattered over every quarter of the earth. The United Kingdom and the Dominions, India, the numerous colonies and dependencies, embrace such wide varieties of speech, culture and form of government as have never before in the world's history been brought into a Commonwealth of Peace. In these days, when fear and preparation for war are again astir in the world, let us be thankful that quiet government and peace prevail over so large a part of the earth's surface, and that under our flag of freedom so many millions eat their daily bread, in far distant lands and climates, with none to make them afraid.

I especially welcome here to-day representatives of my Indian Empire.

This, my Palace of Westminster, in the mighty heart of our Empire, is the very cradle of our envied parliamentary institutions. Here is the anvil whereon our common law was forged, to become the joint inheritance of the United States of America and our own community of peoples. Beneath these rafters of mediæval oak, the silent witnesses of historic tragedies and pageants, we celebrate the present under the spell of the past.

It is to me a source of pride and thankfulness that the perfect harmony of our parliamentary system with our constitutional monarchy has survived the shocks that have in recent years destroyed other Empires and other liberties. Our ancient Constitution, ever adaptable to change, has during my reign faced and conquered perils of warfare never conceived in earlier days, and has met and satisfied new democratic demands both at home and overseas. The system bequeathed to us by our ancestors, again modified for the needs of a new age, has been found once more, as of old, the best way to secure government by the people, freedom for the individual, the ordered strength of the State and the rule of law over governors and governed alike.

The complex forms and balanced spirit of our Constitution were not the discovery of a single era, still less of a single party or of a single person. They are the slow accretion of centuries, the outcome of patience, tradition, and experience, constantly finding channels old and new for the impulse towards liberty, justice and social improvement inherent in our people down the ages.

Addendum

When my Grandmother, Queen Victoria, of illustrious memory, rejoiced with her people on the occasion of her two Jubilees, she gave thanks for a long period of unbroken prosperity. Such periods cannot always recur. In looking back over the 25 years of my reign the thankfulness that I feel to-day is chiefly for escape from danger greater than ever before threatened our land. I can never forget how the peril from without at once united all the parties, classes, Governments, and races of the Empire; men and women played their parts; the ranks were closed and, in the issue, strength upheld the free. Let us not in this hour of thanksgiving fail to remember those who gave their lives, or who live now maimed or blinded that we might continue to enjoy the blessings of life.

Through later years our path has led uphill. In the aftermath of war, in a world exhausted by its ordeals and impoverished by its destruction, we set ourselves to resume our normal ways, to recreate the structure of our industry and commerce, and to respond to the urgent desire to improve the conditions of life. We were treading unfamiliar and broken ground, for there had been far-reaching changes, especially in economic conditions. Everywhere a feeling of uncertainty and lack of confidence hung like a shadow over human endeavour. But we have made headway by the earnest goodwill, prudence and stability of my people, and to-day the country has attained to a measure of industrial success which gives it confidence in the future.

I am very conscious that these years have brought hardship and often disappointment, and I have been moved with profound admiration for the great-heartedness of my people, and for the steadfast fortitude and unbending will to overcome, which they have ever shown in their anxieties. I sympathise deeply with those who have endured the sadness and burden of unemployment. It is a source of comfort to me to feel that from these times of trial there has grown up throughout our community a stronger feeling of fellowship one with another.

I have been blessed in all my work in having beside me my dear wife, of whom you have spoken so kindly. I give thanks to Almighty God, who has thus far sustained me and my people, and I pray that we may continue to pursue the cause of freedom and progress in a spirit of peace, tolerance, and understanding.

CANADA

I. CANADA'S "NEW DEAL" PROGRAMME

THE seventeenth Federal Parliament of Canada assembled for its final session on January 17, and adjourned on April 17 for a month's recess. A series of adverse federal by-elections and provincial general elections had shown that the popularity of the Conservative party, after four years of power, had reached a very low ebb, but the opening of the session found the party greatly heartened by the dramatic New Year move of its leader, Mr. Bennett. In a series of broadcast addresses he put forward a comprehensive programme of reforms designed to remedy evils and abuses that had been disclosed in the capitalist system as operated in Canada. These addresses not only served to revive the drooping spirits of Conservative partisans, but also induced a considerable body of neutral opinion, which had become definitely hostile to the Bennett Ministry, to pause in its condemnation and consider the possibility of securing desirable reforms through a Conservative Administration. The "New Deal" programme was applauded by the Co-operative Commonwealth party as representing a partial conversion to their own socialist doctrines; but the Liberals, although prepared to admit that it had temporarily checked the rapid decline in Ministerial fortunes, derided it as a piece of electioneering stage-play which promised no effective cure for the economic and social troubles of the Dominion. So they came to Parliament in a cheerful and militant temper, determined to drive the Government to the country at the earliest possible moment, and confident that the verdict of the polls would be decisively in their own favour.

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For the time being, however, they had lost the initiative to the Government, and the Speech from the Throne forecast a varied programme of legislation to give practical effect to the reforms outlined in Mr. Bennett's speeches. The Prime Minister himself took personal charge of practically all the new legislation, which was making steady headway when he was laid low with a severe illness. Beginning as a minor ailment on February 24, the trouble was soon aggravated by a condition of general physical overstrain, the result of his prolonged and prodigious labours, and at one period considerable anxiety about him prevailed among his friends and followers. But his fine physical vitality asserted itself, and although his physicians insisted upon a long rest in bed, and he did not return to the House of Commons before the Easter recess, he was able to sail for England to attend the King's Jubilee celebrations. While his absence inevitably threw a cloud over the proceedings of Parliament, the veteran Sir George Perley, who had to assume the duties of acting Premier in his seventy-eighth year, happily rose to the occasion. He found his path smoothed by his popularity with the Opposition groups who, while not waiving their right of free criticism, showed as far as possible a spirit of helpful co-operation.

The Government devised for some of the measures implementing its pledges on industrial and social reforms an ingenious method of surmounting constitutional obstacles. It had always been taken for granted in Canada that legislation dealing with wages, hours of labour and industrial conditions generally were within the jurisdiction of the provinces and outside the range of federal authority. In the early days of the session, however, Mr. Bennett surprised Parliament by developing with great force and considerable skill the thesis that Canada was obliged, as a member of the League of Nations and of the International Labour Organisation, to ratify the conventions passed at International Labour Conferences under Part XIII of the Treaty of Versailles, and that she had been derelict in not

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fulfilling long ago the obligations thus undertaken. Since the British North America Act empowered the Federal Parliament to carry out all treaty obligations of the Dominion, so he argued, the Federal Parliament must *ipso facto* have authority to pass any legislation necessary for that purpose, and provincial rights must therefore give way to treaty rights. As a preliminary step, therefore, the Prime Minister invited Parliament to approve formally a series of international conventions committing their signatories to minimum standards of wages, maximum hours of labour, a clear day of rest each week for workers, and other industrial labour reforms.

This thesis, however, the Liberals declined to accept, maintaining that jurisdiction over wages, hours of labour and other industrial questions had been definitely assigned to the provinces by the British North America Act, and that this allocation had been confirmed both by judicial decisions of the highest courts and by the pronouncements of a long line of statesmen of all parties, including some members of the present Cabinet. They argued that the Federal Government could commit the country only to such treaty obligations as were within its power to implement and they urged that, before the proposed industrial legislation was made operative, its constitutional validity should be tested by a reference to the Supreme Court. Protests against what was described as an unwarrantable invasion of provincial rights were also forthcoming from the Liberal Administrations of certain provinces. In a series of constitutional debates which took place in Parliament, the Government nevertheless stood its ground, and it now finds its claims about the constitutional implications of treaty commitments supported by an article in the *Canadian Political Science Quarterly* by Mr. Wilfred Jenks, legal adviser of the I.L.O. at Geneva. Meanwhile, the Government had accepted and acted upon a resolution, moved by Mr. Woodsworth, the C.C.F. leader, for the appointment of a special committee to investigate and

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report upon the best methods of securing satisfactory amendments of the British North America Act, about whose necessity all parties found themselves more or less in agreement. This committee, which has been sitting regularly, has heard a variety of interesting evidence and suggestions from constitutional experts and civil servants.

The Liberal Opposition, unwilling to risk exposure to the charge that it obstructed useful reforms out of sheer constitutional pedantry, did not as a rule carry its objections to the length of voting against the ratification of the international conventions or against the series of industrial reform measures that were based upon them. It was content to criticise them as inadequate or as vitiated by serious flaws, and moved a number of amendments designed for their improvement, some of which were accepted. In face of such mild opposition, Bills establishing a national system of contributory unemployment insurance, laying down a maximum 48-hour week for industrial workers, and setting up machinery for the enforcement of a minimum wage, have now been passed by the Commons and sent to the Senate, which is practically certain to approve them. Another Bill introduced by the Government provides for the creation of a National Economic Council, which is to function as a general advisory staff for the Cabinet on economic and social problems. A scheme is also being brought before Parliament for the reclamation of the drought-stricken area of the prairie provinces, and before the session ends the Government will probably act upon the report of a housing committee, which has recommended the creation of a central authority to deal with slum clearance and other housing problems.

The budget, which was presented by Mr. Rhodes on March 22, contained no revolutionary proposals, but it embodied some important changes in taxation and tariffs. For the fiscal year 1934-35 Mr. Rhodes was able to claim a nominal surplus of \$2,700,000 on an aggregate revenue

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of \$359 million; but when account was taken of capital and special expenditures and of the Canadian National Railways' deficit he had to admit an addition of nearly \$118 million to the national debt. For this the best that could be said was that it was an improvement upon 1933-34, when \$133 million were added to the national debt. For 1935-36 Mr. Rhodes forecast an expansion of revenues which would leave him a nominal surplus of \$21½ million, but there is no prospect of any such curtailment of the extraordinary expenditures as will avert another serious real deficit. The budget implemented Mr. Bennett's pledge to make the richer classes bear a heavier share of taxation by levying a new special surtax on "investment income" and by raising the corporation income tax from 12½ to 13½ per cent., but it relieved the gold mining industry of the tax on the premium value of gold. The tariff changes, though not numerous, were mostly in a downward direction, and not only was there a substantial enlargement of the British free preferential list but an important concession to all British goods was made through the elimination of the special import excise duty of 1½ per cent. upon them. Opposition criticism of the budget was pitched in a comparatively mild key and the Ministry had no difficulty in securing its passage.

Imperial and international problems as usual received very sparing and quite inadequate treatment, but there was an interesting debate on April 1, when Mr. Bourassa, with the special consent of the Government, moved a resolution affirming the allegiance of Canada to the Kellogg Pact and urging the Government to "support all effective measures to ensure the world's peace, either through the League of Nations or otherwise, in co-operation with other Governments." The essence of his speech was that Canada should be very chary of any commitments in Europe and that the League of Nations had failed so completely that it hardly merited further support by Canada. But his isolationist doctrines did not find favour with the

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House and were repudiated both by Mr. Guthrie for the Government and by Mr. Mackenzie King, who reiterated their faith in the League.

Such excellent progress was made with the sessional programme that by the end of March there seemed to be only one serious obstacle to a prorogation before Easter. This was the report of the Royal Commission, originating in 1934 as a parliamentary committee, which had spent more than a year investigating wages, industrial conditions, price spreads, mass buying and correlated problems.* In the course of its hearings it had accumulated a huge mass of evidence which required a long time to digest, and the incubation of its report was attended by much controversy, with the result that it was not made public until April 13. The report, which is a voluminous document of 500 pages, will be a mine of information to students of Canada's social and economic life, and it teems with highly critical observations upon abuses and malpractices which the evidence had shown to be rife. For the cure of these evils the six Conservative members of the Commission and the solitary C. C. F. representative subscribed to a majority report which recommended a series of drastic reforms and experiments involving strict governmental regulation of a variety of commercial and financial activities. Three out of the four Liberal members, while endorsing most of these recommendations, questioned either the propriety or the practicability of others, while the fourth Liberal, an unbending Cobdenite from the West, expressed complete disagreement with the majority and contended in a minority report that the real cure for Canada's ills was to be found not in more governmental interference with business but in the elimination of tariffs and other forms of such interference which were now hampering the natural industries and throttling national development.

The most far-reaching proposal of the majority report

* See THE ROUND TABLE, No. 95, June, 1934, p. 630, and No. 98, March, 1935, p. 390.

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was the establishment of a Federal Trade and Industry Commission, armed with very wide and drastic powers to administer a number of existing measures dealing with industry and commerce and to exercise a general regulatory supervision over these parts of the national life. As ancillary bodies the majority suggested, first, a Federal Securities Commission to supervise and regulate corporation finance, under a revised Companies Act containing a ban upon stock issues of no par value and upon other practices now declared to be detrimental to the public interest; and, second, a Consumers' Commodity Standards Board, which would establish and enforce standards of quality for staple products, together with other regulations in the interests of the consumer. In separate chapters the report reviews conditions in different industries such as livestock production, fishing, fruit and vegetable canning, milling, baking, furniture making and the manufacture of textiles. While it would be superfluous to give here an account seriatim of the reforms suggested for each of them, in every case the proposals made are designed to improve the position of the working producers and the consumers of their products—for example, the establishment of a Livestock Commission to regulate the livestock industry, and of a Fisheries Board to perform a similar function for the fishing industry on the Atlantic Coast. The report also makes general recommendations about wages and industrial conditions, advocating the rigid enforcement of minimum wage laws with a maximum 44-hour week as the standard hours of labour in industrial establishments; it endorses the principle of collective bargaining and urges the better organisation of both employers and workers for this purpose. In brief, this majority report of the Commission favours governmental intervention in business and finance on a scale that no Canadian party except the C.C.F. has ever ventured to contemplate before.

While the varied reforms proposed for the benefit of the worker have earned it the enthusiastic commendation of

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labour leaders, the business and financial communities are aghast at the character of some of the proposals. Some of their spokesmen have expressed grave concern as to whether the additions threatened to the costs of production and distribution can be safely shouldered. It is understood, furthermore, that the legal advisers of the Government, following the decisions of the highest courts, doubt the competence of the Federal Parliament to establish a Federal Commission of Trade and Industry.

The report is now before Parliament and the fortunes of all political parties are bound up with the decision that the Government reaches about it. Undoubtedly the author of its more radical proposals was Mr. H. H. Stevens, the former Minister of Trade and Commerce, who resigned from the Cabinet last autumn owing to an acute disagreement with his colleagues about matters connected with the work of the Commission. After his resignation he ceased to be Chairman of the Commission but he remained a dominating influence in its counsels, and the Commission for Trade and Industry has long been one of his pet projects. In his rôle of reformer of economic abuses he has a very substantial following in the country, and just before the Easter adjournment a sharply controversial exchange in the House of Commons between himself and Mr. Cahan, the Secretary of State, who is known to have been Mr. Stevens's chief critic in the Cabinet, revealed clearly that the sympathies of a large body of the Conservative members of Parliament were definitely with the ex-Minister. He has put down a motion for the adoption of the report *in toto*, and, if it is not ruled out of order, it should produce a very fateful debate as soon as Parliament reassembles on May 20.

Mr. Stevens and his friends take the view that if the Government will only translate into legislation the recommendations of the majority report the Conservative party will be provided with a campaign appeal which will give it a reasonable chance of victory, whereas if the opportunity

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is not grasped an overwhelming defeat is inevitable. But another body of Conservative opinion, represented by Mr. Cahan and the *Montreal Gazette*, feels equally strongly that a party which committed itself to such sweeping reforms and such interferences with business as the majority report proposes would no longer be entitled to the name "Conservative" and could not command their sincere allegiance. Much will depend upon whether Mr. Bennett is able to resume the active leadership of his party on his return from London; if he does, his position in his party is still so commanding that his voice will determine its future course. But if he is unable to continue as Premier there is every prospect of a bitter fight about the Conservative leadership between Mr. Stevens's friends and his opponents, and such a prelude to a general election would bode very ill for the fortunes of Conservatism.

The report also confronts the Liberal party with a delicate problem. It has been anxious for an early election and it strenuously but without success opposed the Government's decision to seek a prolonged Easter adjournment from April 18 to May 20. The Government contended that such an adjournment would not only enable Mr. Bennett to represent his country at the Jubilee celebrations in London but would give them adequate time to prepare the complicated legislation necessary to give effect to the recommendations of the Royal Commission. The Liberals, on the other hand, argued that there was no reason why after a week's adjournment for Easter the session should not be wound up in May, that its prolongation into June must postpone the general election that was urgently needed to restore business confidence, and that it was sheer effrontery for so palpably discredited a Ministry to employ this device for staving off the hour of its inevitable extinction. These taunts and criticisms left the Ministry unmoved, and as the C.C.F. party were sympathetic to their plans they had no difficulty in securing the adjournment.

The present position, therefore, is that Parliament will

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reassemble after the month's recess for a final bout of controversy in which the issues of the coming election will be shaped. The attitude of the Liberal members of the Royal Commission clearly indicates that their party is not prepared to carry its strategy of acquiescence in the Government's social reform proposals to the length of accepting complaisantly measures for the comprehensive regulation and regimentation of business. Mr. Mackenzie King and the main body of his party remain devotees of the Gladstonian Liberal creed, to which such extensions of governmental activity are anathema. Hence, if the Ministry bows to the desires of its more radical followers and accepts the majority report *in toto*, the Liberals will probably deploy in organised resistance to most of the regulatory features of the legislation submitted. But once the Government commits itself to radical measures, it cannot afford not to carry them through, and so the session may well be prolonged into July or even later. The Government has intimated that in the opinion of its lawyers the statutory life of this Parliament will expire on August 18. As the revision of the new voters' lists which has just begun will take until the middle of June, there is no expectation that polling day will be fixed before that date; and in view of the traditional dislike of the farmers towards having their enjoyment of a federal political battle interfered with by harvesting, it may easily be deferred until the latter half of September.

II. MUNICIPAL DEBTS AND DEFAULTS

IN the fifth year of the depression Canada is confronted with a serious and difficult problem by reason of the default of a number of municipalities. The municipal financial situation has been very good till recently, but the long continued strain has begun to have its effect. The amount involved and the number of municipalities concerned make the matter one of national import. There

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are a little over 4,000 municipalities in Canada, and of these about 170 have defaulted on their principal and/or interest. In some cases, the defaults have the appearance of absolute hopelessness, but in the great majority there is reason to believe that with economy and good management, and above all with an intelligent division of the burden of unemployment relief, to which reference will be made later, the burden can be borne.

It is interesting, and to most people in Canada surprising, that the greatest amount of default is in the Province of Ontario, the largest and probably the most prosperous of all the provinces. On the other hand, in the maritime provinces there are no defaults at all. The explanation doubtless is that the provinces by the sea, which complained that the prosperity of the good years passed them by, were not led into the extravagant habits that were frequently adopted in more fortunate provinces.

In Ontario there are approximately \$500,000,000 of municipal debentures in the hands of the public. On December 31, 1934, the outstanding amount of unmatured principal as well as overdue principal and overdue interest was \$88,213,889, of which \$11,418,041 was overdue principal and \$3,972,380 was overdue interest. Up to the beginning of this year the affairs of municipalities in default have been under the direction of boards of supervisors appointed by the provincial Government. It is proposed, however, that there shall be direct governmental supervision, and the supervisors have made reports suggesting (in most cases) a radical reduction in the debt burdens of the defaulting municipalities.

In 1921 the total bonded indebtedness of Canadian municipalities was \$837,000,000. By 1933 this had risen to \$1,300,000,000. In those years of general expansion, the municipalities, like other taxing authorities, borrowed lavishly and created obligations on the basis of getting what they wanted and not what they could pay for. These debts were created with little regard to their self-liquidating

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quality and, as a result, when the national income was drastically cut and power to pay taxes diminished proportionately, the fact that so much of the expenditure had gone for non-productive purposes made the burden very heavy. Property values in many cases are no longer a sure indication of ability to pay taxes, and municipalities have been additionally burdened by their portion of the costs of unemployment relief.

It is not surprising in the circumstances that some instances of bad morale have occurred, though happily these are surprisingly few. The outstanding case is that of Vancouver, which is presided over by a mayor named McGeer, who is what is not infrequently called in North America a "colourful personality." Mr. McGeer, since assuming office, has caused considerable fluttering in the hearts of the holders of the city bonds by suggesting that interest rates should be cut to 3 per cent. A meeting of the city's debenture holders was called in February, and not unnaturally determined vigorously to oppose the proposal. The mayor then asked leave of the Provincial Legislature to reduce the rate of interest, but was met with a firm refusal. The city has continued to meet the required interest payments, and the budget for 1935 provides for a mill * rate to cover full interest and sinking fund requirements. To date, therefore, the issue of lower interest rates has not been forced, and the best financial opinion is that, given business-like administration, the financial affairs of Vancouver could be placed on a sound basis. Meanwhile, the mayor is organising the sale of \$1,500,000 of "baby bonds" in Vancouver to provide the funds for public works.

Despite the inclusion of interest and sinking fund charges in Vancouver's budget, it should not be assumed that the agitation for a lower interest rate has been abandoned. Canada has not escaped the propaganda so widespread throughout the world to the effect that interest

* One-tenth of a cent.

Canada

rates must be lowered—voluntarily if possible but, in any event, lowered.

This demand for reduction of interest rates is closely linked with the question of unemployment relief. Before the depression, unemployment relief was administered in a casual, hit-and-miss way, mainly by the municipalities with certain *ad hoc* subventions in cases of emergency from the higher governmental authorities. These emergencies had been so rare as to be no guide for the situation that arose in 1930 and has since continued.

When unemployment assumed large proportions the logical course would have been for the Dominion (or, failing the Dominion, the Provinces) to assume the burden. In point of fact there were political objections to this, and the course taken until recently was to leave the burden on the municipalities and to assist them with subsidies from the Provincial and Dominion Treasuries. This meant a great increase in the already high municipal expenditure, and has had the effect of raising taxes on real property to the danger point—without providing, in the larger cities, enough to pay their share of relief from current taxes. The situation is in need of firm and wise handling, and a start has been made in more than one of the provinces to deal with it comprehensively. Meanwhile, however, the mayors of many of the larger cities—Montreal, Winnipeg, Vancouver, and others—are very insistent that they cannot continue to bear, with the sources of taxation open to them, their present share of unemployment relief and also to meet their other charges, including interest on debt. It seems inevitable, particularly with the unemployment insurance legislation just introduced in the Dominion Parliament, that unemployment relief must be taken over by either the Provinces or the Dominion with a charge back to the municipalities according to their ability to pay, and if this is done there seems no reason to believe that the municipalities cannot carry on.

It is no doubt inevitable that in a situation of this kind

Municipal Debts and Defaults

the demagogue should seek to add bitterness to an already difficult situation by suggesting that the municipalities have fallen into the hands of "big business." A convincing answer to the charge is to be found in an estimate of the distribution of municipal debentures issued by Mr. Thomas Bradshaw of the North American Life Company, who was recently elected executive director of the Bank of Canada. According to him the distribution is as follows:—

	\$
(1) Trust companies for the account of estates, representing mainly the resources and income of widows and orphans, and for the account of depositors and holders of investment certificates	325,000,000
(2) Life insurance companies, held in trust for their policyholders, to meet their policy and annuity payments	275,000,000
(3) Municipal sinking funds in Canada, the interest income from which is necessary to maintain their solvency	200,000,000
(4) Fraternal benefit societies, fire and casualty companies, dependent on the income for their members or policyholders	100,000,000
(5) Banks in Canada, to enable them to pay interest on depositors' funds	90,000,000
(6) Religious, educational, charitable and other endowment funds, dependent upon the interest income to fulfil their trust	60,000,000
(7) Pension funds of civic employees, of banks and other concerns, sickness and accident funds, workmen's compensation boards, etc.	50,000,000
(8) Private individuals, as a result of thrift, resident in Canada and abroad, institutions abroad, private executors of estates of widows and orphans, courts in the capacity of guardians, and others	200,000,000
	\$1,300,000,000

This distribution makes it clear that the loss incident to any default in interest will fall in the main on the small investor, and not, as has been so often represented, on a few rich individuals or institutions.

Canada

Looking to the future, it is evident that control of municipal expenditure is needed on some of the same bases as in England. Happily a beginning is being made towards this end. At the recent session of the Ontario Legislature an Act was passed providing that future municipal borrowings shall require the approval of a Provincial Board. Up to the present the provinces have confined themselves to fixing the limit beyond which municipal borrowing must not go, but have not gone the length of supervising and controlling expenditure provided the limit is not transgressed.

While the seriousness of the burden of public debt in Canada is evident, there should be no reason to regard the problem as one which the resources of the country cannot overtake, given a proper understanding of the truth. The best records available indicate that the public debt of Great Britain—that is, apart from local indebtedness—at the end of the Napoleonic wars was eight hundred and sixteen million sterling. The total public debt of Canada, including municipalities and provinces, at the present time, is in the neighbourhood of fifteen hundred million sterling. The present population of Canada is approximately the same as that of Great Britain a century back. The productive capacity of Canada, her untouched resources and other assets, must be far, far in excess of Great Britain's 120 years ago. If these facts be so, then the ability of Canada to meet her obligations should not be called in question.

Canada,
April 25, 1935.

AUSTRALIA: A POLITICAL MISCELLANY

AFTER a federal election fought in a "round-the-corner-at-last-thank-goodness" atmosphere, and after the excitements and diversions of a Royal visit, Australian opinion felt, as if it had been a chilly wind, Mr. Bruce's warning on Australia Day that 1935 bade fair to be one of the most critical years in the country's history. The High Commissioner had chiefly in mind, no doubt, the difficulties, commercial and political, confronting Australia in her external relations. Internally, political conditions seem likely to remain fairly stable. State elections in Victoria, in which rural rehabilitation and unemployment were the outstanding issues, resulted in the return to power of Sir Stanley Argyle (United Australia party). Both the Labour party and the Country party, however, gained seats, and since the latter party has refused to re-enter a coalition Ministry the session will doubtless be stormy.* State elections are due shortly in New South Wales and in Queensland. There is no general expectation that either the Stevens (United Australia) or the Forgan Smith (Labour) Governments will be defeated.† So far as the federal elections last year serve as a guide, the stiffest contest will probably take place in New South Wales. Efforts to reunite the Labour forces, however, have repeatedly failed, and if the two anti-Labour parties (United Australia and Country) are able to go to the polls on an agreed basis, as they did in Victoria, the Government should remain in office for another term.

* See postscript, p. 618.

† This forecast was proved correct by the results of the elections held in the two States on May 11.—EDITOR.

Australia: A Political Miscellany

In external affairs, by contrast, all is perplexed and unstable. The Commonwealth Government has had to make too severe an adjustment between its two component parties to leave much time for public discussions of the simple essentials of policy. The result is that Australian opinion on overseas markets is expressed in a babel of sectional voices. On the political problem of the Pacific, there is scarcely any voice at all.

I. OVERSEAS TRADE

THE general outlook on overseas trade is well illustrated by the appointment of Sir Henry Gullett, who represented the Commonwealth as Minister of Customs at the Ottawa Conference, to the new office of Minister in charge of Trade Treaties. The Government has been trying to establish by negotiations fresh markets overseas for Australian products. It was recently reported that in addition to negotiations with Japan and New Zealand the Minister had begun discussions with representatives of France, Italy, Belgium, Germany and Czecho-Slovakia. The negotiations with the British Government about the regulation of the market for Australian meat during the remaining currency of the Ottawa agreements have been more or less continuous in recent months. The Minister's task has been extraordinarily complicated. At almost every point where Australia seeks to extend markets for her primary products, she finds she has to consider at whose expense any countervailing concessions are to be given. That kind of question cannot be satisfactorily answered until Australia is in a position to define more clearly, at any rate in general terms, the place that she expects her own manufactures to take in the national economy. The Tariff Board has been hard at work drawing the necessary preliminary distinction between inefficient or uneconomic industries, which in the long run are a burden to the country, and the efficient and economic industries whose

Overseas Trade

processes create the indispensable home demand for Australian primary products. In so far as the trade negotiations assist the Government to clarify that distinction, they will serve the country well.

The Government decided to take advantage of the Prime Minister's presence in London this year at the celebration of His Majesty's Jubilee to arrange for full discussion of trade relations between Australia and Great Britain. With that end in view Mr. Lyons is accompanied by one of the most comprehensive delegations that has ever gone abroad to represent Australia. It comprises, in addition to the Prime Minister, the Minister in charge of Trade Treaties and Mr. Thorby (an Assistant Minister belonging to the Country party), together with the Chairman of the Tariff Board and a large staff of expert advisers; and it will be strengthened in London by the presence of the Attorney-General (Mr. Menzies). In London also the delegation will have the great advantage of Mr. Bruce's ability and experience. In the absence of Mr. Lyons, the Minister for Commerce and Leader of the Country party (Dr. Earle Page) is acting as Prime Minister at home.

The British public will already have been made familiar with the essentials of Australia's case in the trade discussions. She speaks as a country whose rural economy has been planned for an expansion and development which are still quite incomplete. That is why the first article in the Government's *credo* is expansion of the overseas demand for Australian products rather than any curtailment of supply. That seems to be a reasonable case, not only from the point of view of Australia's own needs, but also from the wider point of view of international trade. Australia's idea of what such a policy involves in the way of opportunities in Great Britain, however, has sometimes been put in a rather extreme form. It is said, for instance, that after the legitimate needs of British agriculture have been satisfied, the Dominions have a moral right, as against the foreigner, to unlimited access to the residue of the British

Australia: A Political Miscellany

market. That demand appears to be unreasonable and absurd. To make it is to ignore the strong claims to a share in the British market for imported foodstuffs that are held by foreign countries which buy large quantities of British manufactures.

Australia can justly continue to ask, however, for a preference in the imperial market, subject to safeguards for the preservation of British agriculture. In putting forward such a demand, Mr. Lyons hopes to convince the British Government and people that Australia is not actuated merely by "insular selfishness." The Australian case is that the only satisfactory long-range objective for the world as a whole is the stimulation of the international demand for goods, and that the greatest responsibility for encouraging a revival of trade in basic foodstuffs and raw materials rests upon the creditor countries. Of course the Commonwealth Government understands that an effective claim for preference must be based on commercial considerations as well as upon those of imperial security and imperial sentiment. Before leaving Australia the Prime Minister said that he would propose, by way of consideration for Australia's claim, the resumption of migration, further tariff concessions, and developmental projects attractive to British capital. This part of the Government's case has probably not been thought out as thoroughly as the occasion will require. The "considerations" mentioned by Mr. Lyons have not been much ventilated in Australia by the Government. General Australian opinion, at any rate, has not begun to appreciate the significance, from the point of view of migration and of Great Britain's population problem, of the falling birthrate in Great Britain. Australian discussions about migration are still based on the assumption that Great Britain is, and will remain, overpopulated.* Nor have the fresh developmental projects

* The article on Empire Migration in *THE ROUND TABLE* for December, 1934 (No. 97, pp. 60-78), breaks ground which is substantially new in Australia, except to a few close students of imperial problems.

The Pacific

which the Prime Minister has in mind been disclosed to the public here. In general it may be supposed that the Government's case can be rested more securely on past than on future investment of British capital in Australia. The investment policy which is resulting now in a steady expansion of Australian primary industries, especially the meat industry, has been in a real sense an imperial policy—a policy in which Great Britain has been a willing partner. That expansion is not yet complete, and it is impossible to reconcile the investment policy of the past with the imposition of permanent restrictions for the future.

A realistic survey of Australia's future does not suggest that even on purely national economic grounds she could remain indifferent to her opportunities in the British market. On the contrary, she will probably have to make the most of them. Nevertheless British policy makes it imperative for Australia to seek fresh outlets for her marketable surplus. Probably the greatest opportunity lies in the East, though as yet its potentialities are hard to determine. The Government is taking the possibilities of the East more seriously than hitherto, and is embarking on a fairly comprehensive policy of appointing trade commissioners. The first such appointments are now being made at Batavia, Shanghai, Tokyo and Cairo.

II. THE PACIFIC

THERE is really a quite considerable interest in international affairs in Australia. Both the news columns and the editorial comment in all the principal newspapers give a creditable amount of space to current issues in world affairs. Broadly speaking, however, the country's interest is rather that of a spectator than that of a participant. After all, this is only what might be expected. There is a noticeable absence of discussions in Parliament upon Australia's external relations, and the tradition of the

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Government has been in the direction of reticence in such matters. Australian nationalism in fact has been negative rather than positive; the difference between "status" and "function" adverted to by the Balfour Committee in 1926 is very apparent in this country. Trade, however, is rapidly leading Australians to think of their own direct relations with other countries. To a question like the challenge in the ROUND TABLE article on "Power Politics in the Pacific"*—what is to be the contribution of the Dominions to the solution of the Pacific problem?—there would be no general Australian answer at all.

A visiting admiral is reported to have said that he thought Australian opinion was "a bit mad about defence"—meaning, it seems, unnecessarily sensitive and apprehensive. Apprehension is certainly there, though it is not very vocal; it would be a complete mistake to suppose that Australian opinion was alive to the vital strategical considerations of the air-power age. Absolute silence has been observed by all in authority since Sir Maurice Hankey's visit, and though it may be inferred that in increasing the estimates for air defence the Government was acting in close co-operation with some general scheme of imperial defence, the public does not understand what is going on. Australians have not at all realised yet the high degree of potential protection from attack which air power might confer upon Australia.

The statement in the ROUND TABLE that the Dominions have much to offer in diplomacy towards the solution of the Pacific problem† would be quite novel to most Australians, and there would be nothing like a general opinion as to what this country could offer. The country has not been led to examine the position created in the Pacific by Japan's denunciation of the Washington naval treaty. Among those who have faced the problem there would probably be general agreement with the thesis put

* See THE ROUND TABLE, No. 97, December, 1934, pp. 1-20.

† See THE ROUND TABLE, No. 97, December, 1934, p. 19.

The Pacific

forward in the ROUND TABLE—an attempt to reconstruct the collective system in the Pacific upon a basis of Anglo-American co-operation, respect for the integrity of China, association with Russia and potentially association with Japan also. But most of those who have given thought to the problem are very pessimistic about the possibilities of Anglo-American co-operation in formulating any positive foreign policy. Their pessimism has been deepened by President Roosevelt's failure to obtain the necessary majority in the Senate for the adherence of the United States to the World Court. Observers here were quick to notice, too, the rapidity with which the calming pronouncements of Mr. Hirota in his review of Japanese foreign policy were followed by Admiral Osumi's now famous declaration that Japanese naval expenditure must irresistibly mount higher "like fish in the spawning season."

Such Australian opinion as exists on the Far Eastern position is divided. A section is very sympathetic towards Japan, and though this view has provoked a considerable amount of disagreement few Australians would be surprised if they learnt that, as a result of Mr. Latham's mission to the Far East, the Australian Government had represented to the British Government the merits of a friendly policy towards Japan. Trade connections have accentuated Australia's desire to remain on friendly terms with Japan, and many Australians think that the greatest contribution Australia can make towards the appeasement of relations between Japan and the British Commonwealth is to develop mutual trading relations between Australia and Japan, based on such complementary economic aptitudes as Australia for wool and Japan for silk.

It is a matter for very considerable regret that the Prime Minister has left the country without giving any indication of the policy which the country will put forward during the discussions in London on the political problem in the Pacific.

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III. WESTERN AUSTRALIAN SECESSION

ANOTHER matter to which the Commonwealth Ministers will doubtless give their attention in England is the Western Australian secession petition.* Certainly it is high time that the case for the Commonwealth was explained more effectively to the British public. Candour compels the admission that, in the more populous States at any rate, opinion has not regarded the secession movement with sufficient seriousness and sympathy. There has been a tendency to think that the demand for secession is put forward only to secure attention to the grievances that the State feels; to suppose that the movement is merely an agitation which, if ignored, will soon die down; and to expect that the Imperial authorities would immediately refer the whole matter for settlement in Australia. The Commonwealth Government did indeed authorise the preparation of a reply to the State's *Case for Secession*. This *Case for Union* was posted just before the federal elections to every elector, not only in Western Australia, but in South Australia and Tasmania as well. Unfortunately, however, though the substance of the Commonwealth's case against the State is certainly to be found in the pamphlet, the latter's whole scheme and tone are contentious, and its attitude is that of the debater. On the whole, it deserved the criticism made by *The Times*, that there were passages in it which could only exasperate opinion in Western Australia. Apart from the preparation of the *Case for Union*, however, the Commonwealth Government held very much aloof from the secession affair during the last quarter of the year, while the Western Australian delegation went to London and prepared the way for the presentation of the State's petition.

Until after the petition had actually been presented the

* See THE ROUND TABLE, No. 91, June, 1933, pp. 681-3; No. 92, September, 1933, pp. 905-7; and No. 96, September, 1934, pp. 892-6.

Western Australian Secession

reports that came from London seemed rather to confirm the feeling, widely entertained in the eastern States, that while the authorities were being polite and felt some sympathy with the State's grievances they could actually do nothing and indeed secretly regarded the proceedings as rather a joke. Early in the New Year rather different reports were cabled out. It was said, for instance, that the secessionists were "making headway"; that the State's case, when examined, was "extraordinarily strong"; and that it was scarcely likely that Australia would "permanently resist the State's demand." Public opinion in Australia had thus become apprehensive about what might take place in London, and when Lord Hailsham, in moving for a Joint Select Committee, said that both the State and the Commonwealth desired to be heard on the "grave issues" raised, opinion here was quite prepared to misunderstand—and in many quarters did misunderstand—the nature of the action contemplated. People jumped to the conclusion that the Imperial Parliament had in view an enquiry into the merits of the Western Australian case, without any reference to Canberra. In reply to suggestions that the action to be taken in the United Kingdom was unconstitutional, Mr. Lyons promptly explained what was really proposed. But the incident may serve to illustrate the undoubted fact that the Commonwealth's abstention from adopting the Statute of Westminster does not in the least represent any desire on the part of the Australian people to accept a position of more qualified legislative autonomy than is represented by that Statute.

What Lord Hailsham actually proposed, of course, was a Joint Select Committee, not to consider the merits of the case put forward in the State's petition, but "to report whether the same is proper to be received." The petition, in accordance with practice, had been referred to the House of Commons' Committee of Public Petitions, which had expressed itself as uncertain whether the House should receive the petition, and had recommended the appoint-

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ment of a Select Committee to advise on the matter. Lord Hailsham's motion represented simply the Government's acceptance of this proposal, modified so as to secure common action by both Houses. In advance of the Committee's deliberations, some observations on the position as it appears here may not be out of place.

Mr. Lyons is reported to have said that secession was "a matter for the Commonwealth alone." No full explanation has been given by the Government of its view of the issues involved. Presumably, however, the dictum just quoted means either that secession can be effected in Australia by amendment of the Commonwealth Constitution, or that action by the Imperial Parliament otherwise than upon request from the Commonwealth would be unconstitutional. Opinions have been given by eminent lawyers adverse to the former proposition, and it may be conceded that an Act of the Imperial Parliament on the point would be expedient, if only to remove all possibility of doubt. This, of course, leaves unaffected the alternative meaning of the Prime Minister's proposition. That contention is totally ignored by the supporters of the State's petition. They put it that since separation is not within the jurisdiction of the Commonwealth, the matter is not "a purely domestic matter;" and that the Imperial Parliament in the exercise of its legal sovereignty has sole power to effect the State's withdrawal. But the real question appears to be not one of power, but one of the exercise of power. It seems futile to ignore the fact that the State has become part of a larger political entity, and that convention has defined with a high degree of precision the proper constitutional relations between the Imperial Parliament and the Parliaments of such entities. Admittedly the Statute of Westminster does not suffice to determine the matter. But that only leaves the exercise of power to be determined by constitutional understandings or conventions. The relevant convention here has been several times laid down in unequivocal terms in

Western Australian Secession

recent years. "The constitutional practice is"—so ran the Balfour Report in 1926—"that legislation by the Parliament at Westminster applying to a Dominion would only be passed with the consent of the Dominion concerned." That practice rests, of course, on political realities.

The constitutional way out of the present position is by no means clear. The acceptance of the Western Australian argument, based as it is on a complete refusal to discuss conventional restraints on the exercise of legal power, would, as *The Times* put it, "end all constitutional stability." But a settlement in Australia appears remote, for the Commonwealth has made it perfectly clear that it will not countenance any claim for secession, and that under present circumstances it will not even propose any substantial constitutional amendment. In so far as the State's disabilities are economic and financial, they were adequately examined by the Commonwealth Grants Commission last year. Its report—an important State document which has received too little attention—shows that the grievances alleged have been very greatly exaggerated, and the Commonwealth Parliament has made a grant, calculated by the Commission on liberal lines, with a view to enabling the State to function with reasonable efficiency at a standard not much inferior to that of other States. But the trouble is that the State's grievances are emotional as well as financial. When a community begins to talk the authentic language of nationalism, it is not a complete answer to say that its desires for separate existence are founded on a misreading of the position, and that both it and the community of which it forms a part would be worse off after separation. More sympathetic and constructive discussion of Western Australia's place in the nation is clearly needed before even the main lines of a settlement can be discerned.

At the same time, it should not be assumed—as some English papers are reported to have assumed—that the

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secession petition represents the deliberate will of the great bulk of the Western Australian people. True, there was in 1933 a two-to-one vote in favour of secession. On the same day, however, the State rejected the Premier who had been one of the staunchest advocates of secession, and returned to office a Labour party which would not go beyond pledging itself to act in accordance with the vote of the people. What is more, the people had an opportunity at the federal election last year, held after the abortive Constitutional Conference earlier in the year, to show how much secession meant to them. Among thirteen candidates for the Senate, one who stood as a Western Australian Nationalist and another who stood as a Nationalist Secessionist were at the bottom of the poll, securing only a fraction of the number of primary votes polled even for the leading Douglas Credit candidate. At least this fact shows how little the secession issue is one of hard practical politics to-day. Still more significant of the great division in Western Australian opinion is the fact that on the secession issue the *Western Australian*, the leading daily in the State, and one of the most responsible journals in Australia, has remained editorially silent all through the secession campaign.

IV. THE IMMIGRATION LAW

THE attempt of Mr. Egon Kisch, a national of Czechoslovakia and an author with radical affiliations, to visit Australia with the primary purpose of attending an Anti-War Congress in Melbourne last November has given rise to some interesting decisions on the Commonwealth Immigration law, and a good deal of public discussion. The master of the vessel on which Mr. Kisch was sailing prevented him from landing, under the authority of a purported declaration by the Minister for the Interior that, on the basis of information received from the Govern-

The Immigration Law

ment of the United Kingdom through official channels, Mr. Kisch was, in his opinion, undesirable as an inhabitant of, or a visitor to, the Commonwealth. Such a declaration, if properly made, would have brought Mr. Kisch within the category of prohibited immigrants, and have rendered him liable both to imprisonment and to deportation if he did actually land in Australia. Another section of the Act makes lawful the detention of a prohibited immigrant by the master of the vessel concerned. A Justice of the High Court held that the Minister's purported declaration was in fact not a declaration within the meaning of the Act at all. The master had therefore no legal justification for detaining his passenger, and his release was ordered. On his coming ashore, however, Mr. Kisch was promptly required by a customs officer to submit himself to a dictation test as authorised by the Act. The Act describes as a prohibited immigrant any person who fails to pass the dictation test, *i.e.*, who fails to write out at dictation a passage of 50 words in length in any prescribed language. This particular formula—"any prescribed language"—was inserted by an amending Act of 1905, at the special request of the Japanese Government, which felt that the previous formula was discriminatory and objectionable. No regulations having been made under the Act prescribing any languages, the situation is governed by a section of the Act which provides that pending the making of such regulations any language available under the original Act of 1901 shall be deemed to be prescribed for the purposes of the amending Act. All that the Act of 1901 says is that the test must be administered in "an European language." Mr. Kisch was well known to be an accomplished linguist. Accordingly the officer selected a language which the immigrant was thought unlikely to know and read a passage in Scottish Gaelic. Mr. Kisch failed in the test, and was thereupon convicted by a magistrate on a charge of being a prohibited immigrant and sentenced to six months' imprisonment. From this sentence Mr.

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Kisch appealed to the High Court on the principal ground that Scottish Gaelic was not "an European language" within the meaning of the Act. By a majority of four Justices to one, the High Court allowed the appeal.

Mr. Kisch went free, and the rejoicings of the radicals mingled with the execrations of the Gaels. So violent indeed were the attacks by correspondents in a leading Sydney newspaper, not only on the result but even on the competence and reliability of those who reached it, that proceedings for contempt of court were taken, and a full and unreserved apology exacted. As so often happens in such cases the critics had overlooked the narrow technical frame within which the judges had to work. The principle laid down by the court involves no insult either to Gaelic or to Gaels. The Justices agreed that, in an Immigration Act purporting to lay down a dictation test for persons coming into Australia from abroad, the words "an European language" must be understood not philologically but practically, and the meaning of the phrase was not to be ascertained by asking about any given tongue, first, is it a language, and second, is it European. The principle involved in the judgments appears to be that in order to be "an European language," in that particular context, a language must be an official or standard language in a recognised European political community.

Incidentally, the case served to show what widely different purposes the dictation test can be made to serve. The test was originally proposed as a form of education test, and it was well understood both in Australia and abroad that it was to be used to exclude Asiatics of the labouring class. In recent years, however, it has frequently been used as a means of excluding persons of European origin who are, on political or other grounds, deemed undesirable. As used in such cases there is something exceedingly arbitrary about it. Recently, for instance, a test in Dutch was given to an unwelcome visitor from New Zealand; for of course the test can be used just as freely against British subjects as against

The Immigration Law

aliens. There is a considerable feeling in the country that the dictation test ought not to be used for this kind of purpose, and that the other provisions of the Act ought to be adequate for such cases. Those other provisions class among prohibited immigrants, not only persons suffering from certain physical defects and persons otherwise socially undesirable, but also persons generally who advocate the political use of violence or even who are members of societies which do so. In addition there is the now famous section 3 (gh), under which the Government originally acted in the Kisch case, prohibiting entry of "any person declared by the Minister to be, in his opinion, from information received from the government of the United Kingdom or of another part of the British Dominions or from any foreign government through official or diplomatic channels, undesirable as an inhabitant of, or visitor to, the Commonwealth." It may be hoped that the subterfuge of a dictation test will not be so frequently resorted to in this kind of case in future.

In order to vindicate the law, the Government subsequently made another declaration under section 3 (gh), upon the strength of which Mr. Kisch was again sentenced to imprisonment as a prohibited immigrant. He appealed again to the High Court, but the Government agreed later to allow him to leave the court as a free man, and accordingly he withdrew his appeal.

Many people have become apprehensive by reason of the fact that the law was invoked in this case at all. It will be conceded by most people that, as the Attorney-General put it in the House, the general liberal principle of freedom of speech in a democratic order reaches its limit at the advocacy of violence. Mr. Kisch was said to be a member of the Communist party, and if he were he may perhaps have been within the scope of that section of the Act which prohibits the entry of any person whom "the Minister" deems "undesirable." Without pretending to form any concluded opinion on the precise merits of the Kisch case, many people have had the uneasy feeling, as they look round

Australia: A Political Miscellany

the world and see what is happening elsewhere, that the very existence of such wide discretion as this consorts better with dictatorship than with a democratic parliamentary order.

There is, however, one satisfactory aspect of the whole matter in these days of arbitrary action by Governments in many countries. The Commonwealth Government claimed to be acting according to law, and the validity and legal propriety of its action became the subject of public discussion and of decision in the ordinary courts of justice. The decision was adverse to the Government and was disappointing to large sections of the people. The order of the court was, however, obeyed without hesitation. It is gratifying to reflect that no other course would have been tolerated by the community. It is not in every country of the world that an alien, viewed by the Government as undesirable, and having in fact and in law no standing as a member of the community, would have the opportunity of litigating his complaint and obtaining a favourable decision against the Government of the country that he desired to enter.

It should not be thought, however, that this case establishes that an alien has any right to enter the Commonwealth. The result in this particular instance was due to the fact that the Government elected to pursue a certain procedure when other courses were open to it, and that, apart from the merits of the case, it was unfortunate and, as most would agree, injudicious in its decision.

V. THE CENSORSHIP OF BOOKS

THE fear expressed in many quarters that the Commonwealth Government is developing repressive habits has been intensified by its reluctance to give any serious consideration to the very widespread complaints about the censorship of books by the Customs Department. Many people regard with misgiving the action taken in banning

The Censorship of Books

certain books, not so much because of the importance of any particular case as because of the principles involved.

In all the States the ordinary law of defamation, blasphemy, obscenity and sedition is in operation, very much along familiar British lines. In addition the Commonwealth, by means of the statutory power of the Governor-General in Council to prohibit imports by proclamation, has exercised a quite considerable, though rather erratic, censorship of imported books and magazines. There does not seem to be any regular procedure for scrutinising imports of books, and apparently packages are selected more or less at random for examination. Books which an officer of the Customs Department (specially selected for the purpose) regards as indecent or seditious are prohibited from being imported. No list is published for general information. The importer is simply told that he cannot import the book. There is provision for him to test the decision in a court of petty sessions, but this resort, naturally enough, is seldom made. From the point of view of the book trade, there are undoubted conveniences in this curious method of administration—especially in the absence of publicity attending the proceedings. But the procedure has also the disadvantages of uncertainty and haphazardness. It should perhaps be added that in doubtful cases of indecency the Minister is assisted in giving a decision by advice from a small honorary advisory committee, composed of men of education and high literary judgment.

There is a vital distinction (to a considerable extent ignored in public discussion) between the two broad grounds upon which the importation of books is being prohibited—indecent on the one hand, and what may be generally called sedition on the other. A community that maintains a comprehensive system of film censorship cannot with much consistency object to the principle of excluding indecent literature. What is complained of under this head is the apparently capricious results reached in the administration of the law. For the guidance of the Department, a regulation lays down that "the term

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'indecent' is intended in its wider sense, and collectors of customs are guided . . . by their experience of what is usually considered as objectionable to the household of the ordinary self-respecting citizen." The banning of *Brave New World* and of *Ulysses* has shown what results can be reached in the application of this principle. It is understood that Mozley's translation of Ovid's *Art of Love* in the Loeb Classical Library is also prohibited. So also are the cheap editions of the *Decameron* and Balzac's *Droll Stories*. Defoe's *Moll Flanders* has been said to be on the list. How such a Department can tolerate complete editions of Shakespeare, or even the Bible, it is hard to imagine.

The Minister has affected to treat with valorous indifference the complaints of the way in which the principle of indecency is applied. To the complaints of the way in which seditious literature is excluded, he has made no reply at all. He did indeed say recently in the House that almost all the banned books were excluded on the score of indecency, but this is generally regarded as an exaggeration, and it is known that among the 250 or so excluded books and magazines there is a quite substantial quantity of political and historical literature. The law as it stood in 1929 was that books were prohibited wherein was advocated the overthrow by force or violence of the established government of the Commonwealth or of any State, or of any other civilised country; the overthrow by force or violence of all forms of law; the abolition of organised government; the assassination of public officials; or the unlawful destruction of property.

Even within this field, perhaps, there might be room for judicious discrimination between works of a scientific or historical character and mere inflammatory diatribes. But in 1932 the law was amended by the addition, to the words quoted above, of a drag-net clause prohibiting literature "wherein a seditious intention is expressed or a seditious enterprise advocated." The list of books which, in one way and another, one discovers are prohibited is rather startling. Many of them are in regular use in university classes and are to be found on the shelves of

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any serious library. Ryazanoff's recent annotated English edition of the *Communist Manifesto* was for some time on the list, until an outcry was made. Almost none of the works of Lenin, it seems, may be imported, nor Stalin's *Foundation of Leninism*. Recent additions to the list include works seriously reviewed in one English weekly after another, and listed in the Book Review Digest—such as Palme Dutt's *Fascism and Social Revolution*, and Allen Hutt's *Condition of the Working Class in Britain*. Examples could be multiplied by any bookseller or librarian.

A quite considerable volume of feeling has been aroused by recent revelations of how the system works, and in Melbourne the public interest was well illustrated by the fact that on a stifling evening the Town Hall was filled by an audience of three thousand people listening to a debate organised by a leading newspaper on the proposition that "political censorship" of books should be abolished. Literary and scientific associations have taken up the cudgels, and in January the General Council of the Australian and New Zealand Association for the Advancement of Science unanimously adopted the following resolution:

that since all books are subject to the laws concerning defamation, obscenity and blasphemy, it is desirable that they should be admitted without censorship into Australia, and that as a first step towards this end no book on any historical, political, educational or economic subject that is freely circulated in Great Britain should be subject to censorship in Australia.

The first step indicated in this resolution would represent a very substantial widening of the area of literary freedom in Australia. There is a good deal to be said for the view that the existing principles, even if administered less capriciously and with more publicity and responsibility, are too restrictive, and that Australia would do well to gain experience for a time of the way in which a more liberal tradition operates in Great Britain.

Australia,

March 27, 1935.

Australia: A Political Miscellany

POSTSCRIPT

POLITICAL CHANGES IN VICTORIA

SINCE the article was written there has been a sudden change of Government in Victoria in circumstances that have made Australian parliamentary history. Sir Stanley Argyle's Government (United Australia party) has been replaced by a Country party Ministry under the leadership of Mr. A. A. Dunstan. The Country party has never before formed a Government of its own in Australia.

The new Ministry came in as a result of a motion of want of confidence, moved by Mr. Dunstan immediately after the newly elected Parliament had assembled, and carried with the support of the Labour party. The fact that the Labour party disclaimed any intention of forming an alliance with the Country party, rejoicing simply in being able to "divide and conquer," and that Mr. Dunstan had himself, only a week or two previously, actually accepted the Deputy-Premiership under Sir Stanley Argyle, lent a rather cynical air to the whole proceeding.

In the previous Parliament the United Australia party and the Country party had co-operated in forming a "National" Government, which included Mr. Dunstan and two other Country party Ministers. When the electoral campaign approached it was arranged that the parties should both support a joint Ministerial policy, though the leader of the Country party was left free to express the special objectives of his own party. The party's success in winning three seats from the United Australia party, however, encouraged larger ambitions. The Country party members in Parliament are closely controlled by the party machine outside, and the party machine has always been disinclined towards composite Ministries. Whether Sir Stanley Argyle might have been able to secure agreement by offering substantially more

Political Changes in Victoria

generous representation in the Ministry cannot be known. At all events the party machine directed the withdrawal of the Country party members from the Ministry, even before the new Parliament opened; and the sequel was the defeat of the Government already described.

It is understood that the United Australia party Government considered carefully whether to advise a dissolution. Certainly the whole election had been conducted on the assumption that a composite Ministry would continue, and no attempt whatever was made to suggest that the Country party had any mandate from the people to take the course it did. Mr. Dunstan was in fact hard put to it to adduce any grounds for his motion; the more so since Parliament had only just assembled, and he had himself been a member of the composite Ministry whose policy had been generally endorsed at the polls. He emphasised the fact that the United Australia party had lost seats to his own party ever since the election of 1932, and he made much of the fact that the Country party had expressed its own policy of rural rehabilitation in terms rather more precise and comprehensive than those of the composite Ministerial statement. But it was not possible effectively to conceal the complete disavowal of the whole basis on which the parties had gone to the polls. The Argyle Government decided, however, not to advise a dissolution—perhaps wisely for themselves. The Country party's tactics occasioned singularly little public criticism.

On Sir Stanley Argyle's resignation the Governor sent for Mr. Dunstan, but in view of the uncompromising attitude expressed by the Labour party during the debate His Excellency thought it necessary, before commissioning Mr. Dunstan to form a Ministry, to assure himself that the Country party had a reasonable prospect of securing Labour support for its general programme.

Australia,
April 30, 1935.

SOUTH AFRICA

I. SOUTHERN RHODESIA AND THE UNION

AT the time of our last article on the affairs of Southern Rhodesia* the position was that the Reform party, led by Mr. G. M. Huggins, had gained a narrow victory over the Rhodesian and Labour parties, and that the new Ministry had promptly given notice to terminate the Union-Southern Rhodesian Customs Convention as from the end of June, 1934. In the event, however, the Convention was maintained by mutual consent till February, 1935, when a conference was held in Cape Town early in the present session of the Union Parliament.

The reasons for the delay were that Mr. Huggins journeyed to London to discuss certain matters with the Dominions Office, and then that on his return home he found the political situation such that he was obliged to ask for a postponement of the conference. Some of his followers in the Legislative Assembly were not willing to support him on important issues, and were moreover angry that he had gone outside the party for a Minister of Agriculture. Taking his cue from Great Britain and the Union, he decided to set up a national Ministry which would be stable enough to tackle the accumulated results of the depression, to formulate a reasoned native policy, and to speak unhesitatingly to the Union in the matter of customs. The Labour party stood aloof, and a small section of the Reform party broke away, retaining the old title, much as in the Union the followers of Dr. Malan claim to be the true Nationalist party; but the main body of Reformers

* See THE ROUND TABLE, No. 94, March 1934, pp. 442-7.

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concluded a pact with the Rhodesian party, led by Mr. P. D. L. Fynn, and at a general election early in November, 1934, the "national" candidates practically swept the board.* Mr. Huggins formed a strong Ministry, which included some good fresh blood. Again as in the Union, the fusion of the two big parties followed almost automatically in December.

It is to be hoped that, like the Roman Emperors of old, Mr. Huggins has appointed someone to whisper in his ear each day: "Look behind thee; remember thyself mortal"; for indeed his triumph is complete. Everything is going well . . . at present. There is no unemployment worth speaking of; a record year for the mines has just closed with the gold output alone passing the £5,000,000 mark for the first time; revenue is so plentiful, thanks to the proceeds of the gold premium tax and customs dues, that a remission of income tax is promised as well as the restoration of penny postage with neighbouring countries. Salisbury, the capital, proposes to assume the proud title of city, and the general public is eagerly awaiting the golden joys that are to flow from the state lotteries, which were decreed at a recent plebiscite to the embarrassment of the more sober-minded Union and, it is credibly reported, of the Rhodesian Premier himself. In the background, Northern Rhodesia, in which its southern neighbour is naturally deeply interested, is steadily pulling uphill out of the slough of the depression.

The programme of the new United party Ministry will tax its ability and discipline to the utmost. Labour holds that Mr. Huggins's policy will lead either to "a black Rhodesia or union with the South." There is, on the face of it, little likelihood of either eventuality. While in London, Mr. Huggins discussed native policy with the Imperial authorities, and urged them to formulate a policy which would deal fairly with white and black "in the black

* 1933 election: Reform party, 16; Rhodesian party, 9; Labour party, 5.
1934 election: United party, 24; Reform party, 1; Labour party, 5.

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countries where they had encouraged white settlement." Doubtless anything so comprehensive as that will have to wait for the completion of the African survey which Sir Malcolm Hailey and his colleagues are so unobtrusively organising. It is not known how far Mr. Huggins succeeded in persuading the Crown to relax the hold over Rhodesian native policy which it retained under the Constitution of 1923, but he states that he did receive enough encouragement to warrant him in embarking on a policy based on the "gradual differential treatment of the natives." The outlines of this policy, which is to be carried out by the Minister under the guidance of a newly created Secretary for Native Affairs, is clear enough; the restoration of the powers of chiefs and headmen until such time as the tribesmen are ready for councils on the Transkeian model, and the development of the extensive reserves* so that all Bantu who at present dwell on Crown lands or farms in European areas may go thither. Then, much more difficult still, there is to be the improvement of the natives' "economic value" and the direction of their channels of trade so that they will not "undermine the economic structure of the white race." One sidelight on the possibilities latent in this last scheme is the proposal to develop native agriculture "on lines supplementary to and not competitive with that of Europeans." That may work out to the satisfaction of all concerned, and it is only fair to give Rhodesians the credit for good intentions, which Union citizens, with their policy of segregation, claim for themselves; but, following as it does on a promise to initiate a "long-range policy of tobacco research," this proposal must awaken memories of the unsympathetic attitude of elected members in Kenya a few years back towards non-European coffee. As it is, some Rhodesian legislators say that the Bantu should be forbidden to take tickets in the State lotteries.

* See THE ROUND TABLE, No. 67, June 1927, pp. 632-642, and No. 89, December 1932, pp. 214-219.

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As for Labour's fear of absorption by the Union, Mr. Huggins has declared roundly against any such policy. He advocates rather "amalgamation" between Southern Rhodesia and the highlands of Northern Rhodesia, which carry the railway, the copper mines, and nearly the whole of the exiguous white population of that territory. The remainder of Northern Rhodesia would be administered as a native area by the Colonial Office either single-handed or jointly with the Rhodesian Government. And this is to come quickly, before the Northern Rhodesian railway becomes a "black" railway, like that of the Belgian Congo further north, where natives perform many of the duties that are reserved for Europeans in southern Africa.

For the rest, the United party proposes to encourage mining and agriculture, land settlement, and secondary industries, especially such as will work up the primary products of the country. Above all it has promised to defend that fiscal autonomy which is essential to the existence of a self-governing colony, or, as Mr. Huggins put it later in words that sounded strangely in the mouth of a Rhodesian Premier, of "a sovereign, independent State."

Finally, Mr. Huggins has announced that an outlet to the Atlantic was discussed in London and that inquiries were still proceeding. This is a matter of first-class importance to Southern Rhodesia. She is a landlocked territory, dependent upon Portuguese Beira and Delagoa Bay on the east coast, the far distant ports of the Union to the south, or on Portuguese Lobito Bay on the west coast. Generally speaking, Rhodesians want an outlet to the Atlantic, otherwise they must be pulled towards the Indian Ocean or, at best, towards the Mediterranean. They see three loopholes. One, Tiger Bay, is in Portuguese Angola and, therefore, probably out of the reach of diplomacy; the second, further south, is the mouth of the Kunene river, a most indifferent harbour; the third, and much their best hope, is further south still at Walvis Bay. The drawbacks here are distance and the fact that much of the line

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must run through the mandated territory of South-West Africa, whose railway system is treated as part of the Union's system. On the other hand, Rhodesians trust that neighbourliness and the limitations imposed by a "C" Mandate would prevent the Union from ever throttling their trade in this direction; they believe that the folk of South-West Africa are agreed, if in nothing else, in desiring such a railway; they hope that if His Majesty's Government hands over the administration of the intervening Bechuanaland Protectorate to the Union, it will strengthen their position by entrusting the northern portion to them.

Railway developments are still in the future, but the customs union is now a thing of the past. That union has a long history. Much of the inter-state politics of southern Africa from the middle 'eighties onwards turned upon customs and railway disputes. It is sufficient to say that by 1903 all the colonies and territories of British Africa from Table Bay to the Zambesi were united in a South African customs union which was based on internal free trade and a preference to British goods, and that the threatened breakdown of that fabric was one of the most powerful causes of the partial political Union of 1910.

For a long time all went well; but as South African secondary industries developed the Pretoria Government began to make commuted payments to Salisbury in lieu of the duties which would otherwise have been collected on the Rhodesian frontier in respect of Union products and exports northward from open stocks of British and foreign goods already in the Union. In spite of periodic increases, Rhodesians complained that these commuted payments were inadequate, and that they even constituted a veiled subsidy to Union industrialists. This growing complaint led latterly to a demand that Rhodesia should collect her own customs duties.

Meanwhile much worse had happened. Besides the gold which everybody wants, Southern Rhodesia has only two marketable exports in any quantity: cattle and

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tobacco. Under pressure from its own farmers, whose political power is decisive, the Union Government raised barriers against both. The Smuts Ministry, on the eve of resignation, was about to give way; but it fell to its successor, the Nationalist-Labour pact Ministry of 1924, to prohibit the import of Southern Rhodesian meat and scrap tobacco and to set a high limit to the weight of cattle that might be imported. Then, with the coming of bad times and the complete victory of the Union Nationalists at the polls in 1929, both Governments began to scratch furiously for their own chickens. After one breakdown, a conference came to terms at Pretoria, imposed a stiff quota system on all Rhodesian tobaccos, and agreed that each Government should frame its own customs tariff. That Conference of 1930 really saw the death of the customs union. Henceforward it was a thing of shreds and tatters, of irritating restrictions, concessions and commuted payments. Both sides have now combined to give it decent burial.

The failure of the Cape Town conference of February, 1935, to renew the Customs Convention marks another stage in the long-continued drift of Southern Rhodesia away from the south. The original scheme of a South African customs union, as envisaged by Rhodes and Jan Hofmeyr and Lord Milner, was that it should be, like the German *Zollverein*, the foundation of a political federation. Rhodes, indeed, hoped that Rhodesia and the Cape Colony together would be the dominant partners in both associations. These hopes faded, but for many years everyone assumed that Rhodesia's manifest destiny was incorporation in the Union, and as late as 1922 a strong section of Southern Rhodesian opinion favoured that consummation. At the plebiscite of that year, however, the great majority rejected union with the South, partly from a natural desire to try their hand at self-government, but largely also because of three great dreads: dread of official bilingualism, of Pretorian centralisation, and of the flooding of their empty

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acres by the poor whites of the Union. Then came a series of blows on the political and economic fronts which hardened their resolution and practically wiped out the pro-Union section. The Union flag, the German commercial treaty, the Nationalist victory at the 1929 elections, the currency controversy in which the two Governments chose opposite sides, the irksome Customs Convention of 1930 with its hated quota on tobacco, an embargo for nearly two years on the export of cattle to the Union on the ground that there was foot-and-mouth disease in Rhodesia, and finally the Nationalist claims to the rights of neutrality and secession that accompanied and followed the passing of the Status Act, all drove them in upon themselves. Fusion in the Union came too late to check the drift. Besides, what had Rhodesia to hope even from Fusion? General Smuts in 1922 had not been able to conceal the fact that the three great dreads of Rhodesia must be accepted as a preliminary to incorporation; General Hertzog, ten years later and still in his pre-Fusion manner, had emphasised that fact, and even the pre-Fusion South African party had declared in favour of preserving the unitary framework of the Union, cold comfort to a people more federally minded than even the coastal Natalians. Many Rhodesians, *ipsis Anglis Angliores*, join with our Dominion party in regarding Fusion as a Nationalist victory.

On the Union side the expectation and, perhaps, even the desire of one day welcoming Southern Rhodesia as a fifth province has grown dim. South African farmers of whatever party colour have no wish to see Rhodesian cattle and tobacco inside their own ring-fence, not even the bright-leaf tobacco which they do not yet, and some say cannot, grow themselves. It is hard to blame them. Of the 100,000 Union farmers, one-fifth are wholly dependent on cattle, and seven-tenths partially so. One-fifth again rely more or less on their tobacco, and these include many of the poorest of our white agricultural community. Moreover, as Mr. Havenga, our Minister of Finance,

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frankly admits, the local market is "practically the only market open" to both cattle and tobacco. But quite apart from economic considerations, there is a strong section of the Union Ministry, backed by an indeterminate body of opinion in the country, which holds that once the Union has absorbed the Imperial native protectorates it will be large enough, all the more as it has South-West Africa on its hands. They at least take Rhodesians at their word when they declare that "closer political association is further from realisation than ever."

Under such conditions there was no hope for a renewal of the Customs Convention. South Africa did not want Rhodesian cattle or tobacco; Southern Rhodesia wanted to collect her own customs duties; both parties were determined to foster their rival secondary industries, and both accepted the Ottawa principle that the home market was first and foremost for the home producer. Finally, if a customs convention was not to be the prelude to political union, why have one at all?

In spite of these obstacles, the Conference, sitting in the equable climate of Cape Town, concluded a trade agreement as a gesture of mutual goodwill. This agreement, which was initialled on February 13, is to hold good till March 31, 1937, and thereafter from year to year subject to three months' notice. It comes to this. A long list of agricultural and dairy products are to be excluded mutually except under special permit. Rhodesia may export annually to the Union 5,200 head of cattle of the customary weight (in the two years preceding the foot-and-mouth embargo she sent 9,000, and in 1930 a much greater number) or a proportionate weight of chilled beef, while the Union has promised special railway rates to assist the cattle-ranchers of both countries to find export markets. Half the previous quantity of Rhodesian tobaccos of all types is to be admitted for one year only, and thereafter a quota will be fixed according to the Union's needs. On the other hand, the export of Union Virginian leaf to

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Rhodesia is to be strictly limited. All other Union products or manufactures are to enter Southern Rhodesia either, as hitherto, on the free list, or subject to the rates levied on similar products of the United Kingdom less a rebate of from twenty to fifty per cent.

Northern Rhodesia is not affected by this trade agreement. The Union's agreement with that colony runs till June 30, 1936, and Southern Rhodesia has promised to rebate any duties paid on goods passing up to it from the Union. Southern Rhodesian critics of Mr. Huggins complain that the new arrangement guarantees free interchange of everything except what Rhodesia has to offer, and gives Union manufacturers and merchants a privileged market north of the Limpopo. The Premier himself goes very near to admitting this when he says that the agreement was the best Rhodesia could get and then only "after a bit of a struggle"; but he claims that it has set her free to seek markets elsewhere. In the Union, Nationalists, unchecked by the party loyalty that keeps ministerialists quiet on this issue, grumble that Rhodesian cattle and tobacco ought to be kept out altogether, while mercantile and manufacturing critics allege that the Union will lose trade to the value of £1,000,000 annually. To the former, Mr. Havenga replied, in effect, that there was a limit beyond which a Government could not go in barring trade with a friendly neighbour; to the latter he replied more bluntly and at much greater length that if they could not retain their Rhodesian markets with all their geographical advantages, plus a rebate of 20 per cent. and upwards over British goods, there must be something radically wrong with their methods, and that he for his part was not prepared to go on purchasing markets "by subsidising exports. . . . The whole thing is unsound." Amen to that.

Perhaps they are right who say that the agreement will make little difference to trade during the next year or two. Nevertheless, the fact remains that a new tariff barrier has

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been set up. And a tariff barrier is like a cactus hedge; it begins in a small way, but it grows like wildfire and is very hard to root out. Be that as it may, on April 1 (*absit omen*) Rhodesian officials began to collect customs duties at Plumtree, on Rhodes's Cape-to-Cairo Railway. So ends a long chapter of South African history.

II. THE BUDGET

A GENERAL review of the 1935 Parliamentary Session can with advantage, it would seem, stand over until the next issue; meantime it is necessary to summarise the main points in the Union's financial position as disclosed in its general and railway budgets.

The general budget was the twelfth presented by Mr. Havenga, as the Union's Finance Minister, and once again the good luck by which he has been attended through most of his career has held. Last year he predicted that the accounts for 1934-35 would just about balance. As a matter of fact the year has closed with a surplus of close on £3,000,000. The revenue for the year has been £38,673,000 and the expenditure £35,703,000. This favourable position is, of course, almost entirely due to the boom in the gold mining industry. Its influence, however, has been indirect rather than direct. The taxation received from the gold mines actually yielded about a million pounds less than the estimate; but nearly all other heads of revenue showed substantial excesses, which would not have been secured but for the stimulus of gold mining prosperity. Moreover, the shortfall in gold mining taxation was, viewed from the angle of permanent national interest, a matter for congratulation rather than otherwise. It was due almost entirely to the lowering of the grade of ore mined and to the large capital expenditures incurred out of profits on underground equipment and development—factors which, owing to the nature of the formula for calculating the gold mines excess

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profits duty, tended to decrease its yield, and both of which also make for an extension of the industry's life.

The application of an unexpected surplus is often a test of sound finance. Mr. Havenga has shown his customary conservatism on this occasion. A million is to be transferred to loan account and applied mainly to the writing down of losses on land settlement schemes, £500,000 is to go towards the liquidation of Pension Fund deficits, £500,000 is to be an initial endowment of a new National Roads Fund, £500,000 is to be devoted to the redemption of debt, and the balance is to be carried over into the new financial year.

For the year 1935-36, revenue on the previous year's basis was estimated at £38,350,000, and expenditure at roughly £36,350,000, leaving a surplus of £2,500,000, including the balance carried over. Of this, £1,700,000 is to be applied to additional expenditure and £800,000 to the relief of taxation. Apart from certain minor adjustments of postal rates (South Africa got back to penny postage last year), the main items of relief are in respect of customs duties, where all the increases imposed during the hard times of a few years ago have now been withdrawn, and income tax. Last year the limit of initial exemption was raised to £400, and a rebate of 20 per cent. of the normal tax was conceded. This year the rebate has been raised to 30 per cent., and the allowances for children increased from £75 to £100 each. The married man with three children and an income of £700 pays no income tax—if he has an income of £1,000 he will pay at the most about £11.

The items of additional expenditure are also not without interest. The sum of £536,000 is to be applied to increased subsidies to the provinces, as part of the general settlement of the provincial question of which some account will have to be given at a later date. A grant of £900,000, being the estimated yield of 3d. per gallon out of the 6d. per gallon charged as a customs duty on petrol, is to go to the National Roads Fund, which South Africa is at long last estab-

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lishing to supplement provincial highway activities. Next, £90,000 is to be used to finance a scheme for supplying milk to school children as an alternative to subsidising the dumping of the milk surplus in other countries. Finally, £170,000 goes as an increased grant to the Native Development Account, out of which native education is financed.

On the whole, it will probably be admitted, Mr. Havenga has used his surplus wisely; certainly he has sought to distribute his favours fairly. Yet there is some cause for apprehension in the extent to which national expenditure has been allowed to grow. With gold fluctuating between 140s. and 150s. an ounce, and with the Government able to take 50 per cent. of the excess profits, the financial picture is pleasant indeed to look upon. But in time, no doubt, the roseate hues will begin to fade. There will again be "swellings of the Jordan"—it will almost certainly become impossible to maintain the present high levels of revenue and expenditure—and South Africa would be wise to begin to ask herself how she will fare in that day.

It is, perhaps, of interest to record that one of the financial changes brought about under this budget is the substitution of a three-column for a two-column tariff. The minimum column contains the Ottawa preferential rates. The intermediate column, which is, for the present, to be the effective column, save in so far as preferential duties exist, consists in the main of the rates in the old maximum column. The new maximum column contains generally higher rates. The purpose of this change in the structure of the tariff is, of course, to facilitate the entry of South African products into the markets of other countries with which the trade balance is at present unsatisfactory.

It remains to add a word about the railway budget. There too a highly satisfactory position has been disclosed, and again the stimulation of traffic by gold mining activity has been a big factor. On the working of the year 1934-35 there was a surplus of over £3,000,000, which left close on £900,000 still available after deficits accumulated in the

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bad times had been disposed of. This surplus has been applied to the writing off of dead assets. In the framing of estimates for the new year the Minister (Mr. Pirow) has allowed for substantial benefits to the public and the staff (including the institution of a wages stabilisation fund), and as a result has left himself with a nominal surplus. It is a question whether he might not have done more to reduce railway rates, which in so big and so sparsely populated a country as South Africa tend to constitute a very heavy burden.

South Africa,
April, 1935.

NEW ZEALAND

I. MORTGAGE FINANCE

THE report of the Dairy Commission, which was tabled on October 17, 1934,* had recommended that the Government should set up a national mortgage corporation to provide farmers with long-term credit at the lowest possible rates. The Minister of Finance (Mr. J. G. Coates) promptly issued four articles on the subject for publication in the press, and they were collected in one of those blue pamphlets which are beginning to be associated with Mr. Coates's name. Mr. Coates and his advisers are to be commended for inaugurating a new procedure in the introduction of legislation. In the past we have too often had important measures of policy secretly incubated and then rushed through Parliament before the public or the interests affected have had the opportunity of studying the Bills or making representations as to their effect.

But Mr. Coates did more than expound the proposals for the establishment of a Mortgage Corporation and the rehabilitation of farmers' finance. Accompanied by his "Brains Trust" he travelled the country, hearing what the chief commercial and financial bodies had to say on his proposals and discussing his scheme fully and frankly with them. Representatives of commercial, financial and investment interests also expressed to the public, in a press statement published on February 4, their unanimous views on the Minister's plans. Mr. Coates's proposals were embodied in two separate Bills—the Mortgage Corporation Bill and the Rural Mortgagors and Tenants Final

* See ROUND TABLE, March, 1935, p. 438.

New Zealand

Relief Bill. The former was introduced into the House of Representatives on February 13. It provides for the establishment of the Mortgage Corporation of New Zealand, indissoluble except by Act of Parliament, with a capital of £1,000,000, of which £500,000 will be taken up by the Minister of Finance on behalf of the Crown. (Mr. Coates's pamphlet proposed that the whole of the share capital should be raised by public subscription.) The remainder is to be offered at par for public subscription (no one person to hold more than 5,000 shares). The rate of dividend is to be generally 4 (the pamphlet suggested $4\frac{1}{2}$) per cent. cumulative. The Corporation is to be managed by eight directors, four to represent the State, three to represent the shareholders and one to be an official of the Treasury. From the four State directors two joint managing directors are to be appointed for seven years, to be the chief executive officers of the Corporation. In the first instance the shareholders' directors will be appointed by the Government. The principal business of the Corporation will be lending on long-term mortgage of land.

The Corporation may issue bonds, stock and other securities—not guaranteed by the State—the total amount borrowed not to exceed 15 times (the pamphlet had made the limit 20 times) the paid-up capital and reserves of the Corporation. Loans are to be secured by first mortgage of land in New Zealand or of an interest in any such land; the Board may further lend money on a mortgage of stock or other chattels if in its opinion the Corporation's interests in any land mortgage will thereby be safeguarded. With certain exceptions the Corporation is not to lend in excess of two-thirds (the pamphlet proposed 70 per cent.) of the value of the security, but it may lend up to 80 per cent. to repay existing mortgages on farm lands, provided the Minister of Finance gives a guarantee against loss arising from this smaller margin. This provision, says the *Evening Post*, is "evidently intended to facilitate the writing-down of private mortgages at the expense of the community."

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Loans are to be on a table mortgage extending over 50 years, but the Corporation may in special cases make loans for five years, with the right of renewal for a further five years. The Corporation is to establish and maintain a general reserve fund, amounting to at least 10 per cent. of the Corporation's outstanding securities; every mortgagor must contribute 2 per cent. of the amount of this mortgage to the fund.

Mortgages held by the Crown under the State Advances and other land settlement schemes, and debentures held by the Crown in respect of advances to local bodies, are to be transferred to the Corporation. The rate of interest on the stock given in exchange is later to be fixed at the rate payable on bonds issued to the public, but the amount of such stock will not be determined, apparently, until all the State securities are realised. The doubtful margin will be covered by a "contingent liability."

This means (says the *Evening Post*) that the State will be involved in a certain loss representing the difference between the rate at which it borrowed for State Advances, land loans and similar purposes, and the rate at which the Corporation sells its first bonds. In addition there will be an uncertain loss representing the difference between the money lent by the lending departments and the realisable value of the securities.

In view of the large number of properties that have fallen into the hands of the State Advances Department since the slump began, the extent of this liability may be, as the *Post* suggests, hundreds of thousands annually and millions in capital. The Rural Intermediate Credit Board is to go out of existence and be replaced by the Corporation Board.

Such was the mortgage corporation plan submitted to the public. The following were the salient features of the unanimous report, published on February 4, of a conference convened by the Associated Chambers of Commerce, at which the Chambers, the banks, the life insurance offices and fire and accident underwriters, the

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Law Society, the Stock Agents Association, the Investors Protection Association, the Building Societies Association and investment companies were represented. The committee considered that the main reason for the difficult position of many people in New Zealand to-day was over-borrowing and over-spending by all classes of the community, including local bodies and the Government. When as a remedy for this position it was proposed to increase facilities for borrowing the public must naturally be alarmed. The proper remedy would be to restrict rather than to expand borrowing.

The committee did not believe that the Corporation would be able permanently to stabilise mortgage interest rates at a low figure. Mr. Coates anticipated that the Corporation's bonds would carry interest at $3\frac{1}{2}$ per cent., but the committee was satisfied that to do this the Corporation would have to charge its mortgagors $4\frac{1}{2}$ per cent. interest or more. This allows 1 per cent. to cover administrative costs and contingencies, a margin which large-scale lenders have found scarcely adequate. In addition, the mortgagor will have to pay the annual reduction of principal and the contributions to the reserve fund. Even if the bonds could be sold to the public on a 3 per cent. basis, which is lower than the average market yield of government stocks to-day, the committee doubted whether the Corporation could relend to its borrowers at less than $4\frac{1}{2}$ per cent., and at the present time there is a large amount of money available for investment on mortgage at $4\frac{1}{2}$ per cent. and lower. Further, while there was much to be said for amalgamating the Crown's lending activities, the Corporation would be unwieldy in size and incapable of sound and economical management. Executive officers would not be easily found capable of handling approximately £50 million of mortgages. The aggregation of mortgages into one channel would greatly facilitate and accentuate political pressure from mortgagors. The committee pointed out the danger of the Corporation's having to refinance its bond issues at high interest rates while it still had a large propor-

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tion of its funds locked up in long-term advances at low rates. They also called attention to the grave risk of an inflationary increase in land values and a speculative boom in land. In their view, the inclusion of £2,750,000 worth of local-body debentures in the reserve fund would be wrong in principle and unsound in practice. They suggested that State appointments should be diminished progressively as the State disposes of its Mortgage Corporation bonds, and should cease altogether when the State had disposed of the whole of its holding.

The committee did not agree that the bonds would merit the status of trustee investments; for the Corporation would have power to lend on stock and chattels, which have never been authorized trust investments, and to lend up to 70 per cent. (reduced by the Bill to two-thirds) of the value of the security. Moreover, there was no fixed period for the redemption of the bonds, which would fluctuate in value with varying interest rates and would not be regarded by trustees as gilt-edged securities.

The committee doubted whether any system of valuation could be devised that would adequately discriminate between the competent and the incompetent farmer. Finally, the very involved proposal of a suspense account for taking over the current mortgages of existing state departments was, in their opinion, unsound.

The committee therefore regarded the proposals for the Mortgage Corporation as unsound and dangerous, and they considered that private mortgages and State mortgages should be dealt with separately. As regards State mortgages, in view of the large sum involved, they proposed that District Boards should be set up and given full powers (comparable with those possessed by individual mortgagees) of varying contracts by mutual arrangement with the respective mortgagors. As regards private mortgages, the necessary adjustments between mortgagees and mortgagors were proceeding satisfactorily under existing machinery. Ample finance was available at cheap rates to

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refinance existing mortgages as and when this became necessary and advisable. If it should be found that there were insufficient facilities for long-term lending on a table basis, the proper course would be to encourage the formation of new private institutions of modest size on a district plan and free of government control.

The long discussions on the Bill at the second reading and committee stages revealed clearly that there was no enthusiasm either in the House of Representatives or in the country for the creation of the Mortgage Corporation as proposed by Mr. Coates, and that if members had been free from party shackles the Bill would have been defeated. As it was, the Government's majority on divisions was generally only 7 or 8, and on more than one occasion even less. The Bill satisfies no one. It does not satisfy the farmers, avowedly, because they consider that a semi-private corporation cannot provide them with money at as low rates of interest as a purely state department, and, unavowedly, because such a corporation will not be as amenable to political pressure by mortgagors as an exclusively state institution. On the other hand, the extent to which the Government will be concerned in the Corporation has caused general uneasiness at the danger of the latter's being susceptible to political influence by "mobilised mortgagors." Mr. A. D. McLeod, a former Minister of Lands in the Reform Government, declared that ever since its inception the State Advances Department had been made the "plaything of politics." Originally intended for the improvement of farms, under political pressure it had been utilised for property purchases and the conversion of private mortgages. Political pressure raised the margin of lending from 66 to 75 per cent. of the mortgage value, and to 95 per cent. for home building for workers. The total amount of the losses sustained by the Department on its mortgages is known to be very large, but has never been disclosed. The grounds of opposition to the Bill by the commercial community have been already set out.

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The Bill was opposed root and branch by the Labour party on the grounds that with the rehabilitation scheme it would turn farmer-mortgagors into serfs through subservience to budgetary control, and that the state lending institutions which had done such valuable service were to be succeeded by a semi-private corporation, which could only borrow and could not utilise the credit of the State by the issue of money. If the State adopted this course, apparently involving a liberal use of the printing press, if it readjusted mortgages under state control and if it guaranteed prices for products and services which would enable the producers to meet their obligations on the new basis, the problem would be solved. This, said the leader of the Opposition, Mr. Savage, would mean putting the nation in complete control of its monetary system, but why should not that be our immediate objective? The Minister of Finance, in assuring the House that the interests of returned soldiers would be duly protected, suggested that if the Government transferred mortgages to the Corporation it could take them back again. Consternation was expressed at the limitation of home-building advances to two-thirds of the value, and it was said that the worker could never find the remaining one-third. Mr. Coates then announced that he had a plan for the removal of slums and for home-building up his sleeve. Amendments to the Bill restored the dividend on the shares to 4½ per cent. and provided for the appointment of associate directors for districts under the Management Board. The third reading was carried by a majority of 12, and the Bill was passed by the Legislative Council with a few minor amendments.

Meantime the Rural Mortgagors and Tenants Final Relief Bill, known as the Rehabilitation Bill, had been introduced on March 12. The Bill differed in some important respects from the proposals in Mr. Coates's pamphlet. Hitherto relief has been given to mortgagors, through extending the time for payment and through reducing or remitting interest, by Adjustment Commis-

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sions, subject to the final decision of the appropriate Court. Speaking generally, the new Bill applies only to farmer-mortgagors and to mortgages executed prior to April 17, 1931 (the date of the passing of the Mortgagors Relief Act of that year), and the protection given is in substitution for that given by the Mortgagors and Tenants Relief Acts.

Either party to a mortgage may file a notice to have the mortgagor's liabilities adjusted. Meetings of creditors are then to be held under the auspices of the Adjustment Commission, and efforts made to secure a voluntary settlement, which will be subject to the Commission's approval. If such a settlement is arrived at, its terms are to be filed in the Court of Review and to operate as an order of that Court, which is a special Court with power to make such orders "as it deems just and equitable" (not subject to review or appeal) and consists of a Judge of the Court and two other members. Decisions of the Adjustment Commission are subject to an appeal to this Court. If negotiations for a voluntary settlement fail, the Adjustment Commission is to consider the position of the mortgagor in order to determine whether or not he should be given further protection from his creditors. This will be given if he has a prospect of carrying on and satisfying his reduced liabilities, but if his position is hopeless or if his manner of farming is not satisfactory he will be left to his fate.

If the benefits provided by the Bill are to be given to the farmer, a "stay order" (a procedure which has been in force in New South Wales since 1933) is to be made by the Court of Review, giving the mortgagor immediate protection from proceedings by his creditors to enforce their rights; his farming operations are to be placed under the supervision of an Adjustment Commission; a budget is to be prepared showing his estimated income and expenditure; he is to be allowed reasonable living and working expenses, and the balance of his income is to be distributed among his creditors in accordance with certain general rules. In ordinary cases the mortgagor is to remain

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under budgetary control for five years (the pamphlet contemplated a second period of five years before the mortgagor could get his final quittance). At the end of this period the Court is to determine the amount of the mortgagor's equity by ascertaining his net income during the budgetary period and capitalising it. The capital sum so ascertained is to be "the productive value of the lands." The productive value may be modified by other specified circumstances so as to determine the "basic value," upon which the Court is to fix the value of the mortgagor's equity in all the farm property. This may be up to 20 per cent. of the basic value but must not exceed that percentage to the detriment of creditors, whether secured or unsecured. (In the pamphlet 20 per cent. of the valuation was to be the equity to be allowed to the farmer.) The Court is to divide the mortgagor's equity between the land and the stock or other chattels. The amount appropriated to the land is to be deducted from the aggregate amount secured on the land, and the amount appropriated to the stock or other chattels is to be deducted from the aggregate amount secured on the chattels. In each case the excess over the amount so appropriated is to be discharged from the mortgages affected and to become an unsecured debt. The reduced amount of the mortgages is to be made repayable in five years, bearing interest in the meantime at a special rate fixed by the Court. The Court is then to ascertain what (if any) assets are available for unsecured creditors. These assets will include all the mortgagor's property other than his farm property, and so much of the value of his farm property as exceeds the sum of (a) his adjusted mortgages and (b) the value of his equity.

The committee of financial interests, reporting on the original rehabilitation proposals, held that the risk of a competent and efficient farmer's being put off his property by the mortgagee was infinitesimal, and that it was very doubtful whether it was in anyone's interest that incom-

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petent farmers should be allowed to remain on their farms. The relationship between the mortgagee and mortgagor was not one of partnership in sharing losses but not in sharing profits. Many mortgagors had borrowed the full value, and more than the full value, of their properties. Final equitable adjustment was impossible, owing to the violent and unexpected fluctuations of the prices of primary products.

The Bankruptcy Act, said the committee, provides adequate machinery for the settlement of creditors' claims if a person is insolvent. If sacrifice is necessary to maintain primary industry, it should be shared by the whole community and not demanded of one class only, the farmers' creditors. The present proposals would involve the ultimate bankruptcy of a large number of country storekeepers, who had done their share toward keeping the farmer on the land and whose difficulties were largely due to the inability of farmer customers to pay for goods bought. The committee denounced the proposal to allot arbitrarily to the farmer a 20 per cent. equity on his property, whether it existed or not. If any proposal of this nature were given effect to, the amount of such equity should be determined by an impartial tribunal and should be subject to a modest maximum limit not based on a percentage of a valuation of assets. This latter suggestion, it will be seen, influenced Mr. Coates in modifying his original proposal.

The committee urged that the established priorities and relative rights of creditors be left untouched, and considered that there should be an appeal from the Court of Review to the Court of Appeal. They suggested, in amendment of the not altogether satisfactory relief legislation, that the existing Adjustment Commissions be reconstituted on the lines of the proposed special Court of Review—that is, an independent chairman and two associate members, one representing mortgagors' interests generally, and one representing mortgagees generally. On the introduction of the Bill the committee issued a further report in which they

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estimated that only 10 per cent. of farmers in the Dominion could claim the benefit of the proposed legislation.

When moving the second reading of the Bill Mr. Coates intimated that, while his own views on its provisions remained unchanged, the Government in deference to objections had decided to withdraw the clause providing that in certain cases a farmer might be granted an equity up to 20 per cent. and also to abandon the proposal for the appointment of supervisors. Mr. Downie Stewart pointed out that by eliminating the equity clause the Minister had disembowelled the Bill, and urged the Government to postpone its further consideration until next session, as the present legislation for the relief of mortgagors was working smoothly. However, after some preliminary skirmishing—no doubt to enable Mr. Coates to draft his provisions in substitution for the equity clause, which had evoked such opposition in the Government caucus—the amendments were circulated on March 28. The Adjustment Commission is to determine the basic value of the property (mainly on the basis of production during the stay-order period). The mortgagor or mortgagee may appeal against this determination to the Court of Review, which may sit with assessors and hear expert evidence. When the basic value is thus fixed by the Court, mortgages are to be written down to that amount. The sum written off will be treated as an unsecured debt. After the mortgages are written down the Court is to decide whether the mortgagor shall remain in possession of the property, or the mortgagor may elect not to continue in possession. In either event the mortgagee may by leave of the Court take over the farm lands; if not taken over, they shall be sold by auction, the mortgagor having a claim for compensation, representing the difference between his maintenance and a fair remuneration for his services during the stay-order period.

In the Legislative Council, where the Bill was keenly contested, this compensation clause was much criticised,

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and was carried only with the proviso that payment of compensation should not be a cause of undue hardship to the mortgagee. The Council proved its value as a revising chamber by a thorough review of the administrative provisions in the public interest. After conferences between Managers for the two Houses the Bill eventually became law.

II. NATIONALITY OF WOMEN

THE British Nationality and Status of Aliens (in New Zealand) Amendment Act, 1934-35, adds to the complications of special nationalities within the Empire. The Act adopts the provisions of the Hague Convention of 1930 so far as adopted in England, by enacting (with the necessary modifications) for New Zealand section 1 of the British Nationality and Status of Aliens Act 1933 (Imperial). Briefly, this section provides that a woman shall continue a British subject if on her marriage or on the change of nationality of her husband she did not acquire the nationality of her husband, and also that the wife of an alien who is a subject of a State at war with His Majesty may resume her British nationality. The Amendment Act, furthermore, gives special rights to women in New Zealand by section 3, which is as follows :—

(1) This section shall apply to every woman who at the time of her marriage to an alien, whether before or after the passing of this Act, was a British subject and who, by reason of her marriage, has acquired the nationality of her husband.

(2) Any woman to whom this section applies (whether her marriage is still continuing or not) may, at any time within twelve months after the passing of this Act (in the case of a woman married to an alien before the passing of this Act), or within twelve months after the date of her marriage (in the case of a woman married to an alien after the passing of this Act), or in either case at such later time as the Minister of Internal Affairs may in special circumstances allow, make a declaration in the prescribed form and manner that she desires to retain while in New Zealand the rights of a British subject, and thereupon she shall, within New Zealand, be entitled

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to all political and other rights, powers, and privileges, and be subject to all obligations, duties, and liabilities, to which a natural-born British subject is entitled or subject.

The chief of such privileges are the right to vote at parliamentary elections and to qualify for pensions.

The Act may easily lead to similar complications as did the status of an alien who was a naturalised British subject in New Zealand but an alien elsewhere in the Empire. In order to overcome this difficulty we passed the British Nationality and Status of Aliens (in New Zealand) Act, 1928, adopting the Imperial Act that enabled a Dominion to grant a certificate of naturalisation which would give the person naturalised the status of a natural-born British subject throughout the world.

III. THE INTERNATIONAL OUTLOOK

ALTHOUGH the present session was specially convened for the passing of the Government's measures for rehabilitating the farmers, on February 19 the Prime Minister (Mr. G. W. Forbes) made a welcome departure from the usual practice of secrecy on international affairs by giving to the House of Representatives a clear statement of the present international position, especially with regard to the obligations of the members of the League of Nations and the proposed regional pact against air aggression between the Locarno Powers. His remarks on the duties of members of the League were especially well-timed, since it has become fashionable for the Dominions, while asserting their sovereignty and independence, to repudiate their obligations to use arms either to defend the British Commonwealth of Nations or to enforce the application of the principles of the League Covenant.

The following were some of the high lights of Mr. Forbes's lucid speech :

It is not sufficient to pass resolutions in favour of disarmament, as is so widely done throughout the world ; it is not sufficient that

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all peoples, generally speaking, urgently desire peace and disarmament; it is not sufficient to have machinery set up to deal with international disputes; none of these things is sufficient unless and until each nation can and does feel that the security of its people is fully safeguarded without arms. . . . At the present time no prudent Government, responsible for the lives and well-being of millions of people, could possibly feel that their security is fully safeguarded without armaments. . . . Another very important point to consider is that unless the mere existence of these guarantees is sufficient—and this is the basis of the whole proposal—to prevent the unprovoked aggression which it is intended to prevent, then the inevitable consequence of any application of such guarantees as Locarno and the present proposals is war.

My final comment is addressed directly to the people of this country. The British Dominions are not parties to this proposed pact, just as they were not parties to the Treaty of Locarno; but if the arrangement comes into force, and if ever the nations that are parties to the arrangement are required to apply the proposed guarantees, then there must be no blinking the fact that if Great Britain became involved in war New Zealand would also be involved. This is so, not only because of the legal position as we accept it in New Zealand (though there is some difference of opinion on this matter in certain other Dominions), it is so because the sentiment of this country would inevitably insist on New Zealand's standing shoulder to shoulder with Great Britain in such circumstances; and, even were these two reasons absent, any catastrophe that affects Great Britain must inevitably affect New Zealand also; bound up as we are in the welfare of the Old Country. . . .

Whatever one's point of view, I am confident that all will share the opinion that the Old Country has once again taken a bold and courageous step, and has again shown her willingness to face a risk in the interests of world peace and the security of mankind.

IV. THE DUKE OF GLOUCESTER'S TOUR

"GIVE a man a horse he can ride" might have been adopted as the leitmotiv of the Duke of Gloucester's desires during his triumphal progress throughout New Zealand. At Marton races he insisted on competing in one of the events, despite (it is rumoured) a protest from a high authority. In polo matches he gave the crowd a taste of his quality, and at Christchurch he went off to the

The Duke of Gloucester's Tour

Riccarton race-course early in the morning and helped to school gallopers. In these Royal progresses it is the human side of His Majesty's representatives that makes the strongest appeal to a loyal people, and if His Royal Highness sometimes found the long-drawn-out programme of official welcomes irksome, and departed from the arrangements made for him, he had the heartiest sympathy of the man in the street in showing himself a man and not a mere automaton. In a country such as New Zealand it goes without saying that he had a stirring and enthusiastic reception.

But it is time that the technique of Royal visits was revised. We have progressed very little since our first visit from a Royal Prince, the Duke of Edinburgh. Our guest is forced to visit every hamlet and back-blocks township that time will permit, to receive and reply to innumerable loyal addresses from mayors and municipalities, to review guards of honour and lay foundation stones, to witness mass demonstrations by school children, magnificent but monotonous. He is allowed ten minutes in this institution, ten minutes in that club, and then is rushed on to the next place at a breakneck speed. It is true that the Duke of Gloucester was given opportunities of a glimpse of the chief beauty spots of New Zealand, of fishing and other sports, of visits to typical sheep stations, where among the musterers and shearers and the regular operations of station life he took off his coat and joined in the work like one of the hands, these experiences being obviously among the greatest enjoyments of his trip. This is all to the good; for our Royal visitor not only has the chance of rest and relaxation but learns something of our farming operations and resources. But nowadays, when the Crown is the "symbol of the free association of the members of the British Commonwealth of Nations," which are "united by a common allegiance to the Crown," when the proposal is mooted of strengthening that union by the appointment of one of the King's sons as Governor-

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General of a Dominion, something more than formalities and sport is required.

Two things can safely be taken for granted: on the one hand the loyalty of New Zealanders to the Crown, on the other their full recognition of the fact that His Majesty and all the members of the Royal family put duty to the Commonwealth before all other considerations, and discharge that duty cheerfully, untiringly, and with an affectionate sympathy for all His Majesty's subjects. It should suffice, then, if the Prime Minister presented one loyal address to our Royal visitor, who would express in reply the interest that the King took in our particular Dominion. Thereafter formal functions should be reduced to the minimum and the Royal visitor should be given the opportunity of meeting the leaders of political parties, and those eminent in science, commerce, education and labour, and obtaining first-hand knowledge of our problems and of our currents of thought, so that on his return to the heart of the Empire he should have an intimate knowledge of our Dominion and especially of the particular angle from which "this people views the continuation of the Commonwealth and the future co-operation of its component parts."

V. LORD BLEDISLOE'S DEPARTURE

THE Governor-General left New Zealand on March 15 to the universal regret of the people, to whom he and her Excellency had endeared themselves. Lord Bledisloe has shown what a wide sphere of action is open to the representative of the King, even outside political and controversial territory, the boundaries of which he has crossed but rarely. He can arouse and develop a national and historical consciousness, awaken civic conscience, lift to a higher plane our co-operation in good causes, and stimulate interest and activity in movements for the welfare of all classes.

Lord Bledisloe's Departure

His addresses have combined an earnestness of purpose and vision, a felicity of expression, and counsels at once practical, sage and inspiring, that deserve preservation as some record of the great public service that he has performed during his tenure of office. The whole of this article would hardly suffice to chronicle the details of that service. He has been generous with his gifts for the encouragement of education, agriculture, aviation, art, horticulture and sport, culminating in the gift by himself and Lady Bledisloe of the historic site where the Treaty of Waitangi, the Maori Magna Charta, was signed, together with the surrounding country, for a national park. His understanding of and sympathy with the Maori has been one of the outstanding features of his proconsulship. He has appealed for the preservation of our forests and the protection of our native birds and flora, and his advocacy was largely responsible for legislation on the subject. He led a movement against the defacement of our countryside by advertising hoardings, and substantially succeeded with the motor companies but failed to convert the worst offender of all, our Railway Department. He has given sound practical counsel to our farmers on the problems that face them, and diplomatic advice upon their attitude in the present difficult situation. In short, he has not only been the representative of the Crown in the Dominion, but he has so identified himself with the country as to entitle him to be regarded as a New Zealander by adoption, who can be relied on to see that New Zealand's case is placed in its true light before those responsible for the economic and general policy of the United Kingdom.

New Zealand,
April 1, 1935.

ARTHUR RICHMOND ATKINSON

In A. R. Atkinson THE ROUND TABLE has lost not only one of its most able contributors, but also a charming friend whose literary and bibliographical knowledge seemed inexhaustible, and whose visits to England had been a recurring pleasure to all who knew him here. The following obituary article is contributed by the Round Table group in Wellington.

ON March 26 last there died in harness at the age of 71 Arthur Richmond Atkinson, one of the original members of the Wellington Round Table, the first group in the Empire formed by Lionel Curtis in 1910. From that time until the date of his death he had been a frequent contributor of the New Zealand article in THE ROUND TABLE and a keen participator in all the work of the group. He was an Imperialist of the old school, who believed that an Empire should be an Empire, with mutual obligations of its members for each other's defence and with practical recognition of the fact that adequate sea power is essential for its existence. In his writings and his speeches he strove with the vigour of language of which he was master to arouse the Dominions, including New Zealand, to a sense of their duty in bearing their fair share of the expense of an Imperial Navy. He believed in the Empire's having effective machinery for agreement upon and giving effect to a common policy. He viewed with apprehension the progress towards the Empire's disintegration which, as he thought, had characterised the development of the Dominions' independence and their continual assertion of

Arthur Richmond Atkinson

their rights coupled with their repudiation of any obligations.

At Corpus Christi, Oxford, where he was associated with Sir Arthur Quiller-Couch, the two Newbolts, Younghusband and A. Grenfell, he developed his ability as a speaker, his literary style and his gifts of humour and irony. In *My World as in My Time* Sir Henry Newbolt describes him as an excellent classic and an expert bibliophile, and eulogises the grave and measured dignity of the tone of one of his speeches, in which the audience felt "they were listening to the voice of the man who wrote the speeches in Thucydides."

Called to the Bar at Lincoln's Inn in 1887, on his return to New Zealand he acted for a while as associate to his uncle, Mr. Justice Richmond, and in 1892 he began practice in Wellington. That practice he continued—with the aid of partners—until his death, and from 1915-1919 he was Editor of the New Zealand Law Reports. For many years past, however, he devoted himself mainly to literary work, in which his lucid and vigorous style, his humour, sometimes light and sparkling, sometimes mordant, his encyclopædic knowledge and retentive memory, aided by the fine library that he continued to accumulate throughout his life, placed him in the foremost rank of literary journalists. As writer of leaders and of the "Bookman" column in the Wellington *Evening Post*, as the New Zealand correspondent, first of the *Morning Post* and then of the *Times*, and as contributor to THE ROUND TABLE, he played a great part in the formation of public opinion and exercised his influence to create a sane and patriotic support for the maintenance of the British Empire. He was at his best in dealing with some foreign or international topic, in which he could blend and apply some parallel from the historic past. It mattered not at what short notice or upon what subject he was called upon to write, he was always ready to illuminate it by some extraordinarily apt historical reference or quotation.

His memory will be cherished by those associated with

Arthur Richmond Atkinson

him for the stubbornness and tenacity of opinion, the frankness and outspokenness of utterance, the rugged honesty and independence of nature that characterised him as they characterised his uncle, Sir Harry Atkinson, soldier, farmer and Prime Minister in troublous times.

In the Wellington City Council he resisted curtailment of public rights ; and during the three years in which he sat in Parliament he proved himself a keen, vigorous and independent critic. But there was in Atkinson too much of the spirit of Coriolanus for the hustings—"Rather than fool it so, let the high office and the honour go to one that would do thus"—and Parliament saw him no more after 1902. He transferred his public services to university education and was for some years a member of the Council of Victoria University College. One of his great and enthusiastic interests was his advocacy of prohibition. From 1920 to 1922 he was president of the New Zealand Alliance for the Abolition of the Liquor Traffic, and his counterblast to a pamphlet against prohibition by Professor Salmond (father of the jurist, Sir John Salmond) was one of his most brilliant controversial efforts. He was a keen defender of our secular system of education and a regular opponent of "Bible in Schools" legislation. When the National Defence League was formed* Atkinson was in the forefront of its agitation, which led to the adoption of the principle of compulsory military training.

By his will he continued after his death the public services he had rendered during his life, dividing his library of some 25,000 volumes among the four chief libraries of Wellington and the residue of his estate among public educational and social institutions.

New Zealand,
April, 1935.

* See THE ROUND TABLE, No. 3, May 1911, p. 352.

TWENTY-FIVE YEARS

THIS is the Hundredth Number of THE ROUND TABLE. The first issue appeared in November, 1910, and twenty-five volumes are now completed, covering perhaps the most dangerous and difficult quarter-century that the British Empire has yet passed through. But the real history of the review begins in South Africa several years earlier. For it was from the experience of a group of friends working under Lord Milner after the South African War that there emerged the principles upon which THE ROUND TABLE was founded. That experience seemed to demonstrate that "dominion over palm and pine" was neither a sufficient nor a true philosophy for the British Empire. The history of South Africa after the peace of Vereeniging was not a history of British dominion. It was a history of the experiment in responsible government—already begun in Canada, in Cape Colony and elsewhere in the Empire—under new and difficult conditions.

In 1906 the Liberal Government fulfilled the promise of the Vereeniging peace, and the two former Boer republics became self-governing colonies under the British Crown. But the constitutional problem of South Africa was thereby only half solved. It was bound to remain intractable at heart so long as there was a conflict of separate loyalties to separate colonial governments. The group of friends preached, as the only solution, a common South African constitutional authority claiming the free obedience of every individual citizen. In a monthly journal, *The State* (which may perhaps be regarded as the parent of THE ROUND TABLE), they demonstrated that

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only through the union of the four colonies and the creation of a common citizenship could South Africans deal with such matters as railways, tariffs, and policy towards the natives, and thereby obtain control over their own affairs. The organic union of South Africa was thus the road to a fuller freedom. In the Selborne Memorandum (1907) this doctrine had become official policy, and two years later it was fulfilled as the national achievement of the South African people.

While the South African Convention was sitting, naval rivalry between Germany and Great Britain was rapidly growing tenser, and in the following year a special conference to consider imperial defence was held in London. This was a sharp reminder of a problem wider than South African affairs. There were now under the British Crown four great self-governing Dominions. But their self-government was confined to domestic affairs. If there should be a war (and it was impossible to ignore the explosive European situation and the German challenge to the British sea-commonwealth) what would be their status? Who was responsible for decisions that might involve untold loss of lives and wealth to the peoples of the self-governing Dominions? Merely to ask these questions was to reveal that the Dominions were not self-governing in the most important issues of all.

In 1909 three members of the South African group asked these questions of a number of Canadian friends on a tour of the oldest Dominion. A printed memorandum set forth the issues involved in membership of the Commonwealth, now familiar to all but then little considered. In 1910, tours in New Zealand, Australia, and again Canada led to a further probing of the same problem, and to the foundation of Round Table groups in all the Dominions for its study.

By the end of 1913 the ROUND TABLE had two aspects. On the one hand it published a quarterly review, devoted partly to the discussion of these deep issues, partly to

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affording mutual information on current affairs within the British Commonwealth, and partly to expounding without prejudice the chief international topics of the time. On the other hand it represented a body of men united in support of the principle of freedom and enquiring jointly, through the method of group study, how it could be preserved and expanded in the conditions of the then existing world. In calling for preparation against the German danger (as it did from the very beginning) THE ROUND TABLE was not merely, nor even chiefly, concerned with saving British skins. It was concerned with upholding against the despotic state what it began to call "the principle of the commonwealth."

The outcome of these group studies was a book, *The Commonwealth of Nations*, which was almost finished when the war broke out. It developed the argument of an age-long antithesis between freedom—the commonwealth—and despotism, tracing the history of political freedom, first through the Greek city States, and especially Athens, then through the evolution of the parliamentary system in the nation State, especially in Great Britain, and finally through the federal principle first applied on a continent-wide scale in the American Commonwealth. It argued that if freedom was not to be overthrown by anarchy or despotism the next stage was the establishment of a commonwealth of nations. The British Empire was pioneering the way to this discovery; in the process it was ceasing to be an empire. But the process was only half finished. As yet it was only "the project" of a commonwealth. Freedom on the new plane remained incomplete—the argument ran—so long as the Dominions could be dragged into war on the decision of another community. Freedom meant equality. But how could equality be achieved without disruption? For there could not be separate and conflicting voices on the issues of life and death. THE ROUND TABLE drew upon its South African experience, and upon the earlier experience of the United

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States, Canada and Australia, and declared that the only final solution lay in "organic union."

This doctrine, however, was unpalatable to the newly born Dominion nationalism. The war itself also gave a demonstration of common loyalty, and of impressive efficiency in a common cause, operating, not through a single sovereignty, but through the co-operation of Dominion governments and peoples. The end of the war saw an attempt to use the principle of co-operation as the basis for a new international order, designed to secure the settlement of international disputes by reason and justice and not by war. Indeed, it had been suggested by THE ROUND TABLE during the war that the formation of a League of Nations was the only way of preventing repetition of the disaster of 1914. Since the war, therefore, though it has never abandoned its view that the only final basis for freedom and enduring peace is the organic union of nations in a commonwealth, embracing the whole world or, in the first instance, a lesser part of it, THE ROUND TABLE has been a consistent supporter both of the principles upon which the British Empire now rests, as set forth in the Balfour Memorandum of 1926, and of the League of Nations and the Kellogg Pact. It has felt that only by trying the co-operation method to the utmost and realising its limitations in practice would nations, within or without the British Empire, be brought to face the necessity for organic union. It has never subscribed to the doctrine, sometimes held in nationalist circles in the Dominions and among anti-imperialists in Great Britain, that a sense of international duty is incompatible with a loyalty to the British Commonwealth.

The root principle of THE ROUND TABLE remained freedom—"the government of men by themselves"—and it demanded that within the Empire this principle should be persistently pursued and expressed in institutions. For that reason it denounced the post-war attempt to repress the Irish demand for national self-government by

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ruthless violence after a century of union had failed to win Irish consent, as a policy in conflict with British institutions, and inconsistent with the principle of the British Commonwealth; and it played its part in achieving the Irish Treaty and the Dominion settlement. Within the limits of the practicable it fought for the commonwealth ideal in India. It was closely associated with the device of dyarchy, which seemed for the time being the most practical method of preventing the perpetuation of an irremovable executive confronting an irresponsible legislature, and of giving Indians practical training in responsibility for government—the device embodied in the Montagu-Chelmsford Report and the Government of India Act.

The expression of the commonwealth principle in British Empire affairs since the war has been, upon the face of it, largely centrifugal in effect. But THE ROUND TABLE, while supporting the legal formulation of national freedom in the shape of Dominion autonomy, has never lost sight of its ultimate ideal of an organic and articulate Commonwealth. The purpose of devolution is not to drive liberty to the point of licence but to prepare for the ultimate basis on which alone freedom can be preserved, the reign of law over all. The present strained condition of international affairs has driven the same problem to the front to-day, just as the international danger of the pre-war world drove it to the front when THE ROUND TABLE was founded. In international affairs, the co-operation of exclusive national sovereignties cannot be the last word in political organisation, if freedom is the goal. In war, even "collective" war, individual freedom goes down under the steamroller of necessity, and so in the last resort does national freedom. Federal union is the only security for the freedom both of the individual and of the nation.

Neither the organic unity of the world nor yet the organic unity of the British nations will come at once. Meanwhile, there are immediate tasks to hand. THE

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ROUND TABLE, through twenty-five years, has continued to inform its readers in the different parts of the British Commonwealth about the affairs and opinions of other Dominions and of the United Kingdom. It has continued to discuss without bias of party the great issues of the day, especially in international affairs, and to give to the best of its power a faithful account of the underlying facts. The principle of anonymity has never been broken, and it remains not only as a means of obtaining material from sources that would otherwise be closed, but also as a guarantee that both the opinions and the facts presented in the articles are scrutinised by more than one individual judgment. Its volumes contain perhaps the most trustworthy raw material for the construction of a history of the British Commonwealth in our times.

Imperceptibly, the form of the review has changed to suit altered circumstances. Compared with the early volumes, there are now a greater number of articles, dealing with a greater diversity of problems. The Irish Free State has been added to the list of Dominions supplying regularly a first-hand account of their events and currents of opinion. The vital importance to the Commonwealth of friendship with the United States has found expression in regular articles from a brilliant sequence of contributors in that country. But the fundamentals remain unchanged. Groups in the four overseas Dominions still assemble their material and hammer out their views, metaphorically "round the table." Some of their members have shared continuously in this work for a quarter of a century; and in England, too, the group of friends who came together in South Africa still help to guide the destinies and contribute to the pages of the review they founded, though the chances of life and death have taken some of their number, and others have been brought in to contribute new points of view and younger blood. The present editor is the fourth to hold office.

From retrospect we turn to the future. The oppor-

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tunity of the completion of 25 volumes is being taken to make changes in the typography and format of the review which are intended to give its readers the best possible product of modern printing. A full subject-index of the first hundred numbers is to be published, an invaluable work of reference for political students and historians. A greater number of articles will appear in future giving the facts of international affairs as seen from the national viewpoints of key countries. But the spirit and purpose of the review and of the groups of men responsible for it remain the same. The organic commonwealth of free peoples, as the only permanent foundation for liberty and peace, is still a vision, but it is a vision that has inspired twenty-five years of effort, and that will continue to inspire the renewal of that effort in the years to come.

EUROPE, THE LEAGUE AND ABYSSINIA

IN our last issue we wrote: "It is quite clear that the relative 'peace' of the last fifteen years is rapidly passing away."* It is passing so rapidly that we are not far from a major world crisis. That does not mean that we are in serious danger of a major war. But it does mean that if the drift towards war is to be stopped the problems confronting mankind must be looked at in a much larger way than has been customary during the last few years.

The event that has brought us to the verge of world crisis has been Signor Mussolini's apparent determination to annex Abyssinia to the Kingdom of Italy unless he is forcibly prevented from doing so. Whether Italy is going to war with Abyssinia or whether a settlement by pacific means can be found is an issue that will probably be determined by the conversations that are taking place at the time of writing between France, Great Britain and Italy, and hence it will be settled by the time this review is published. We shall not attempt, therefore, to deal with this aspect of the Abyssinian problem, but only with the intimate relationship that the Abyssinian issue bears to the larger problems before Europe and the world.

I. THE END OF THE POST-WAR SYSTEM

AFTER the world war, "peace" came to rest on three foundations. In the first place, Europe was "pacified" by the military alliances between France, Poland and the Little Entente, the main purpose of which was to maintain

* See THE ROUND TABLE, No. 99, June, 1935, p. 460.

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the disarmament of Germany and the other ex-enemy Powers and the territorial provisions of the treaties of peace. In the second place, the Far East was "pacified" by the Washington Treaties on the basis of the integrity of China, the "open door" therein for the trade of all nations, and equality of security in the Pacific for the United States, the British Empire and Japan through a relative naval strength represented by the ratio 5:5:3. In the third place, the League of Nations was brought into being in order to promote the peace of the world as a whole. It was to do this partly through an assembly of the representatives of all nations meeting at Geneva once a year to consider world problems, assisted by a Council meeting more frequently and by a permanent secretariat; and partly through acceptance of obligations under the Covenant, whereby all members undertook to submit every dispute, that did not yield to diplomatic procedure, either to judicial settlement or to arbitration or to investigation and report by the Council of the League, during a period that might be as long as nine months, before they resorted to war, and further undertook, under Article 16, to enforce economic sanctions against any nation that went to war without first submitting its dispute to this pacific procedure, or in defiance of an award under that procedure which had been accepted by the other party. The members of the League, under Article 19 of the Covenant, were further entitled to recommend revision of treaties that were out of date and liable to lead to war.

This peace structure lasted for some fourteen years after the signature of the Armistice. It did so for two main reasons. The first was the unquestionable military preponderance of those Powers which had won the war and were concerned to maintain the treaties; and the second was the exhaustion of almost all nations and their consequent readiness to acquiesce in the settlement agreed or imposed at the end of the war. To-day, however, all three elements of the "peace" have broken down. The

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"pacification" of Europe has disappeared because Germany has recovered equality, which has meant in practice the power to repudiate the disarmament clauses of the Treaty of Versailles on the ground that the other signatories have failed to disarm, and the right to determine, like other sovereign States, the level of armament she considers necessary for her own security and the furtherance of her own policy. Her rearmament on such a scale that in a few years she will be the most powerful single Power in Europe is rapidly destroying the military preponderance of France and her friends, and is, therefore, undermining the sense of stability and "peace" in Europe, because she clearly is not satisfied with the treaty *status quo*. The "pacification" of the Far East has disappeared because Japan has made up her mind that her own security and prosperity depend upon her obtaining an exclusive position in and some measure of control over China, a position she has already taken in violation of the Nine-Power Treaty; and she has denounced the naval agreement in order to be free to build a navy bearing whatever ratio to those of the British Empire and the United States she thinks necessary to ensure her domination of the Far East.

The League of Nations is to-day a shadow of what it was intended to be. On the one hand, it never secured the adherence of the United States; so that the combination of the United States, the British Empire and France, which had won the war and which was intended—as provided by the Anglo-American Treaty of Guarantee against unprovoked aggression towards France—to be the invulnerable centre of gravity at the heart of the League, was shattered from the first. On the other hand, the emasculated League has never been able to perform its functions properly under either Article 19 or Article 16, and it has become increasingly doubtful whether it can make either Article effective—and both are necessary to collective security—except against a small and weak Power. It is because the Abyssinian question is likely to

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be the final test of this point that it possesses such peculiar importance at the present time.

II. THE MILITARY TIME-TABLE

THE central problem in foreign policy to-day is to find a new foundation for stability in the world as a whole—a new foundation for a world "pax." Though there is no sign of any abatement in the passion for national sovereignty, it is becoming clearer every day both that isolation is an impracticable policy for any great Power and that even regional arrangements are of limited value so long as they are liable to be swept aside by events in the world as a whole.

In our view, the nature of the problem that confronts us can best be realised by a consideration of the issues raised by the recently signed Franco-Russian treaty of mutual assistance. When the post-war French system of "pacification" broke down through the rearmament of Germany, the reply of President Doumergue and M. Barthou was to substitute a Franco-Italian entente for the old rivalry and suspicion between the two Latin countries, and to bring Russia into the League of Nations in order to include her in the anti-German combination, with the purpose of maintaining a military preponderance against the possibility of German expansion by force of arms. Up to the present, so far as we can ascertain, the treaty is in the main a moral gesture. It has not yet been supplemented by a precise and automatic Franco-Russian military convention. If ever such a military alliance comes into being as a permanent element in the European system it will drag almost the whole world into a new alliance system, and destroy all hope of reconstructing the League, so long as it lasts. For its certain result must be the re-appearance of that famous Schlieffen plan for the strategic defence of Germany which came into existence after the conclusion of the first Franco-Russian alliance of

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1892. This will happen, not because of any malignity on the part of Germany, but because directly it becomes clear that if any Russo-German conflict breaks out (whether it be provoked by Germany or by Russia or arises out of some Balkan quarrel), Germany will have to face a simultaneous attack on both fronts, she must make military preparations to protect herself. And those military preparations are bound to take the form of a military plan for throwing her whole strength first against one of her enemies and then against the other, so that she may, if possible, have a superiority at the moment of battle against each. No soldier would divide his forces and either simultaneously attack or await the simultaneous onset of two armies together superior to his own.

A Schlieffen plan, therefore, involving an attack by the whole strength of Germany first on France and then on Russia, or the other way about, directly war breaks out, is an inexorable corollary to a Franco-Russian military alliance. And there are four other equally inevitable corollaries. The first is that Germany's eastern neighbours, Poland and Czecho-Slovakia, will have to join one or other of the two systems—the one that on the whole promises them the greatest security. Indeed, it is already clear that, if it comes to such a decision, Poland is likely to ally herself with Germany, and that Czecho-Slovakia and Rumania will ally themselves with the Russian-Italian-French combination. When that happens the so-called 500-miles barrier between Germany and Russia will have disappeared. The second corollary is that Germany will ask Great Britain whether in the event of a Russo-German conflict in the east of Europe, whatever its origin or purpose, she will automatically be drawn in through her engagements to France under the Locarno or any other treaty. If the answer is "Yes," Germany's inevitable reply will be to denounce the German-British naval agreement, which assumes peace between the two countries on the Locarno basis, in order to be able to defend herself in the

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event of war by threatening British security from the sea. The third corollary is that Germany will endeavour to balance the Franco-Russian-Italian combination by making an equivalent alliance, if she can, with Japan, in order to weaken or immobilise Russia, who will then herself have to organise her defence on Schlieffen principles—this in addition to Germany's search for allies among the dissatisfied smaller Powers of eastern Europe. The fourth corollary is that when all these alliances are complete, and when the armies, navies, and air forces are as large as each nation can afford to make them, and are prepared to the last button to move with instant speed, the military time-table will come into operation. For victory or defeat in the event of war will largely turn then on speed in mobilisation, since he who hesitates or moves slowly will be caught unmobilised and annihilated before he can defend himself or strike back. And then the issue of peace or war will pass out of the hands of statesmen into the hands of accident, knaves or fools; for the first State, large or small, that orders a mobilisation or drops a random bomb will set the terrible military mobilisation scheme in motion, and mankind will stumble blindly into another orgy of universal carnage—a conclusion that no nation really seeks, as no nation really sought it in 1914.*

Fortunately the situation is still fluid, though it will rapidly harden unless statesmanship grapples with it in time. As we have already stated, the Franco-Russian treaty of mutual assistance, so far as is known, is not supplemented by any military convention. There are strong forces in France that are vigorously opposed to a Russian alliance, because it would place the policy of France in large measure in the hands of Russia—who wants peace, it is true, but is totally unconcerned with preventing that inter-

* Readers who wish to study the inevitable workings of the alliance system and the Schlieffen plan are recommended to read the Burge Memorial Lecture, *Pacifism is Not Enough, Nor Patriotism Either*, by the Marquis of Lothian, published by the Oxford University Press.

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capitalist war in Europe which would be the salvation of her own system if she could manage to keep out of it herself. Herr Hitler seems anxious to avoid the danger, for in his famous speech of May 21 he declared, as one of his thirteen points, that

in particular, Germany will observe and fulfil all obligations arising under the Locarno Agreement so long as other parties to that Agreement are themselves prepared to stand by it. The German Government regards observance of the demilitarised zone as an extraordinarily hard thing to require of a sovereign people as a contribution to the peace of Europe. It must, however, point out that the continued increase in the number of troops on the other side of this zone is anything but a complement to its own efforts in this direction.

This acceptance of the demilitarisation of the Rhineland is a real contribution to the peace of Europe, because so long as it exists it means that the dangerous Schlieffen situation is not yet in full existence, and that the need for the completion of a Franco-Russian military convention is not urgent.

On the other hand, any analysis of the realities of the present day European situation shows well how near we are to the restoration of that rigid military alliance system which makes change impossible without war, and which therefore makes war itself eventually inevitable. The alliance system, moreover, renders it certain that when war does break out it cannot be localised but must engulf practically the whole world almost at once, and it is therefore a complete negation of the League of Nations system for the pacific settlement of disputes and the prevention of war.

III. ADJUSTMENT OR WAR

WHAT is the remedy? Fundamentally, the question that confronts the nations to-day is whether they can make peacefully the adjustments in the political and economic organisation of the world as a whole that reason,

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justice or the necessities created by changes in human thought and economic enterprise require. That, in turn, means a capacity both to bring about such changes as may be reasonably necessary without general war and to prevent unreasonable changes from being made by war.

The western Powers, not unnaturally perhaps, have tended to believe that it was possible to maintain permanent peace on the basis of the treaties of 1919 and 1922. That is clearly now impossible. In many respects the treaties were sound. In others they were too severe. In any case subsequent events, and especially the recuperation of the defeated Powers and the inability of certain Powers with rapidly expanding populations to find either territory in which to settle them or markets in which to sell the products of their labour, are making necessary far-reaching changes—either in territorial boundaries or in the practice of economic nationalism—if war is to be avoided. To put the issue in the concrete—if there is to be peace, a more ample “place in the sun” must be found to-day for Germany, Italy and Japan than they obtained in 1919, and this may be equally true of other Powers to-morrow. The future of the League depends entirely upon whether it can prove itself the agency for bringing the necessary changes about both with reasonable justice and by pacific means, while preventing unreasonable changes from being accomplished by war.

The significance of the Abyssinian question is that it brings this issue nakedly to the front. The driving force behind Italy is her imperative need for territory or markets. The world is still in the grip of economic nationalism and the expansion of Italy's foreign trade is not, at the moment, a possible solution, at any rate on a scale commensurate with the underlying problem. Italy clearly does not feel strong enough to issue a challenge to the British Empire or to France to transfer to herself part of their own immense empires. Nor in their present temper would she succeed if she tried. There remains Abyssinia—a country thinly populated, under a primitive form of government, and

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uncivilised in the sense that it is one of the last strongholds of slavery, a country that is constantly menacing its neighbours (including both the British Empire and Italy) by armed raids for loot or slaves, and has little of the administrative or mechanical organisation of the modern era. Italy has apparently made up her mind to solve her own difficulties by what can only be described as a brutal attack on a neighbour, in violation of her treaties and without first trying to obtain a reasonable settlement, either from Abyssinia or from other Powers, by League procedure.

The problem has been complicated by two things. In the first place it has been made more difficult of solution by Signor Mussolini's total inability to comprehend that the concepts underlying the League of Nations mean a great deal to a large part of Europe and to the English-speaking world, and by his obstinate insistence on being left to deal with Abyssinia as he pleases, in the name of a brutal imperialist militarism of a kind that the last war was largely fought to end. In the second place the problem has been complicated by the insistence of the supporters of the League of Nations in the past upon treating the League primarily as an instrument for preventing war by the use of sanctions under Article 16, while altogether disregarding its function as an instrument for bringing about revision of out-of-date conditions by peaceful means. The blunder of the so-called "peace ballot"* was that it concentrated attention on the defensive aspects of the League and ignored the constructive aspects. It ought to have included a question whether the signatories regarded Article 19 as being of equal importance with Article 16, and whether they would be prepared for the transfer of British territory to other nations, or the mitigation of tariffs and quotas, if such a course were regarded by third parties as being necessary to secure justice and reasonable opportunity to other nations and to prevent war. Thus the real issues underlying membership of an effective League would have been made clear.

* See below, p. 697

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As we have already said, the decision as to whether collective action—constructive or minatory—can prevent an Italian attack on Abyssinia will have been taken before this review appears, and we do not, therefore, discuss this issue. We propose to conclude the article by returning to the major subject, and to consider whether there is any way of escaping from the fatal alliance system already described, by enabling the League to solve those larger questions of adjustment of which the Abyssinian issue is an illustration.

IV. A REVIVIFIED LEAGUE OF NATIONS

WE can escape the re-emergence of the 1914 alliance system—with the difference that Japan will be on the side of Germany in place of the old Austro-Hungarian monarchy—only if we can solve the problem of finding a reasonable "place in the sun" for all nations. For, as all history shows, armaments and war are instruments and consequences of policy. If you want to limit armaments and prevent war you must reach agreement about policy first. And that "place in the sun" must cover both territorial and economic needs. The pressure for that most difficult thing—the transfer of territory—will lessen in proportion as security for raw materials and markets can be obtained for all nations in other ways.

In our view the issue depends upon whether the League of Nations can be restored to reasonable universality and efficiency. While the League cannot create a true and final "pax," because it is based on the co-operation of sovereign States and not on the pooling of a part of national sovereignty in a federal union, the ideas that underly it are the only alternative, in present world conditions, to a return to the naked alliance system on the fatal lines we have described. But the League cannot be restored on the narrow basis that now dominates the thinking of many of its champions. The real issue, to-day, is the issue raised

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by General Smuts in the remarkable speeches he made in Great Britain last year.* Whatever the original hopes and aspirations of the framers of the Covenant may have been, can the League be restored or even preserved by trying to make it a league of force, with insistence on automatic sanctions as the main preventive of war? Or is the way to restoration to recognise that the League to-day cannot be made to perform the duties of a world State, and to concentrate on making it a focus for world opinion, an agency for widening national outlooks into a comprehension of world problems, an instrument of reason and conciliation, to which all nations can be expected to belong because membership involves no automatic obligation to do more than confer, but which may make possible effective co-operative action against aggression or in favour of revision, when the particular circumstances create the necessary understanding and determination in the public opinion of the constituent nations?

We have no doubt that General Smuts was fundamentally right, and that by far the most important thing to-day is to preserve and rebuild the League as a conference of all the nations, much more concerned with Article 19, even at the price of abandoning for the time being the automatic obligations and penalties under Article 16. It has been the automatic character of these Articles that has prevented some nations, notably the United States, from joining the League and that, together with a failure to make Article 19 effective, has tended to drive others out of the League, Japan and Germany yesterday and possibly Italy to-morrow—even though when it comes to the point experience shows that sanctions cannot be enforced against any of the larger Powers, because the use of sanctions, being the coercion of a sovereign State against its will, means the imminent risk of war. Everybody knows that the British Commonwealth could not exist upon the basis of such automatic mutual obligations as are contained in the Covenant. Why should we expect

* See, in particular, *The Times*, November 13, 1934.

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foreign and independent nations, united by no bonds of history or blood or constitution, to make effective a rigid organisation and an automatic obligation which we reject among ourselves?

By far the most important thing to-day is to make the League the forum where those larger territorial and economic questions, so vital to the future of its members and to the peace of the world, can be ventilated and discussed in an atmosphere of reason and mutual comprehension. There is to-day no other place where national problems can be debated in their world setting. The League must be restored as a conference system of all the nations before we try to make it into the universal international policeman.

This does not mean any important modification of the Covenant. The League will be effective not because of legalistic obligations but in proportion as its members learn from its deliberations to take world views and to understand their neighbours' needs and so become prepared to take common action for world purposes. This they are far from doing in this nationalist age. Yet the League is the only instrumentality for mitigating selfish nationalism. It is imperative, therefore, to preserve it in existence and to restore its universality, even at the price of abandoning that principle of automatic obligation to take sanctions which is the main deterrent to membership. For only in universality can there be laid the foundations of a new world outlook, which is the necessary preliminary to a new world order.

Such a league of all nations may not prevent all wars, but it may localise them. It may not prevent all injustice, but it may bring such pressure of opinion to bear that disputes end much more justly than would otherwise be the case. It may not be able to force revision of treaties and frontiers, but it may gradually educate nations in one another's needs and pave the way for revision by agreement. It may not be able to order a reduction in tariffs, but it

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may be the means of bringing all nations to understand both the need and the method of reopening the channels of international trade and so lessening that pressure for territorial expansion which is the greatest force driving towards war, in order that minor territorial exchanges may suffice. It may not be able to order sanctions, but where enough powerful nations are agreed—and where that essential condition of sanctions is present, that like the policeman they represent irresistible power—they may be taken in the league's name against a manifest aggressor.

Above all, by raising the thoughts of nations out of pre-occupation with their own affairs, such a league may awaken them to the dread alternative of the alliance system, with its terrible military time-table and the inevitable consequence of instant world war, and may so persuade them not merely towards its own principles but eventually towards that organic unity which is the only ending of war. Yet this possibility—the one thing that may prevent a new Schlieffen plan from coming into being on a world-wide scale—is being imperilled by the narrow enthusiasts who insist that the League shall be primarily a league of force, its members being bound to take action that may precipitate general war directly a legalistic obligation is incurred. What all lovers of the League ought to press for to-day is a determined effort to bring back into its councils all those nations that have left the League, and the United States also—if necessary by making Article 16 of the Covenant no more mandatory than is Article 19, while making Article 19 itself a central function of the League. In this lies the one hope of saving mankind from plunging back into an abyss more awful than that into which they were unwillingly thrust in 1914.

AGRICULTURAL POLICY AND HEALTH

I. A PROBLEM OF DISTRIBUTION

THE paradox of poverty in the midst of plenty has been publicised to the point of nausea in the dark years of depression. We are so wealthy that we must needs be poor; we can find no better cure for our inability to consume than destruction of the goods that our people need but cannot buy. Is there no other way out?

Of course there is, say the inflationists, the Douglas Creditites, the blackshirts, the easy-money men. Expand purchasing power by drawing cheques against the "National Dividend," by raising unemployment pay and unbalancing the budget, or simply by printing notes and somehow or other putting them into circulation. But there are always two troubles about this facile type of solution. Inflation, like vaccination, sometimes does not take. Nothing could be more inflationary than United States official policy—public works, silver-buying, easy money, a stupendous national deficit. Yet for many months the pump has refused to be primed, purchasing power has remained power and refused to become performance. There are two great checks on private and corporate spending: one is not having enough money, and the other is not having enough confidence.

But even if reflation—virtuous sister to the wench inflation—succeeds in its purpose there is another difficulty to be faced. In a period of monetary expansion, wages invariably lag behind prices; while the number of wage-earners increases through the reduction of unemployment, the purchasing power of wages diminishes.

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Hence the net result may not be an increase in the total quantity of necessities consumed, though we may hear less of the paradox of poverty and plenty because primary products command better prices. Consumption of foodstuffs in this country has been at least as high in the slump as it was in the last boom. In a new boom, with prices rising faster than incomes, it might not further increase. Primary production might meanwhile expand under the stimulus of higher prices, so that eventually only an accident to confidence would be required to draw aside the veil from the old paradox, now grown still more vicious. These are only suppositions, but they are based on past experience. They suggest that while it may be wise to prime the pump of purchasing power, this in itself cannot permanently cure our failure to consume, at a reasonable profit to the producer, the raw foodstuffs that nature and our own ingenuity combine to provide.

We do well to realise that this surplus of foodstuffs is only a relatively small affair. The problem of poverty has not been solved on the production side, as inflationists usually assume, by some miracle of modern technique. We do not simply await the magic of a monetary wand to bring to the consumer a vast potential supply of cheap agricultural products. We are faced with the much more limited problem of a persistently unprofitable market for the primary producer, a problem rendered all the more poignant because it contrasts with many unsatisfied human needs. Admittedly, defects of distribution are largely to blame, both in the sense of the distribution of national income between individuals and classes and in that of distribution through retail and wholesale trade. The rich, becoming less rich, consume very little less food, whereas the poor, growing poorer, spend necessarily less upon the alimentary necessities of life. Again, so great is the proportion of intermediate charges that the retail price of some food article may fall by only a trifling percentage when the return to the farmer is halved; this reason, far

A Problem of Distribution

more than the satiety of consumers, is responsible for the notorious inelasticity of demand for agricultural products.

In another sense still, and a broader one, the problem of agricultural surpluses is a problem of distribution. The great primary producing countries of the world simply cannot reach their natural markets. When a boom breaks, and prices fall, agricultural interests in the importing countries demand defence by tariffs, quotas and every kind of device to maintain an artificial home market. The result is that, instead of being drained away by enlarged demand, the world surplus of foodstuffs piles up still further. Prices fall again, the barriers to trade are heightened, and so the vicious circle revolves. Economic nationalism is the great enemy of primary producers everywhere, not only in the exporting countries but in the long run in the importing countries also.

The Economic Committee of the League of Nations, in its recent report on agricultural protectionism,* came emphatically to the conclusion that excessive protectionism, induced by the fall in prices, has defeated its own ends.

The fact that to-day, in the countries of Europe as a whole, more meat or more butter is produced than was being produced before the war, does not prove that this increased production could not be absorbed if the mass of the population, which has also increased, found itself in a normal economic situation. One need only think of the millions of people who are unemployed or underfed to realise that the disparity between supply and demand must to a large extent be attributed to the falling-off in the number of persons possessing the wherewithal to purchase the commodities in question at the high prices kept up by the protectionist system.

This argument was supported by figures, given in a memorandum to the Committee by Sir Frederick Leith-Ross, showing that while the consumption of fats (butter, margarine and lard) in the United Kingdom rose between 1930 and 1933 from 38·6 lb. per head to 41 lb. per head, in Germany it fell during the same period from 42·3 lb. per head to 38·2 lb. per head, and declined even more

* League of Nations, No. C. 178. M. 97. 1935. II.B.

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sharply in 1934. Similar figures for the consumption of meat between 1930 and 1933 showed a rise from 140 lb. to 145 lb. per head in the United Kingdom, against a fall from 111·3 lb. to 109·0 lb. in Germany. The results of artificially high prices could not be more plainly displayed.

Yet although the economic argument against the present strangulation of international trade is unanswerable, it fails to better things because it is only a bludgeon, without a sharp edge. It batters, but cannot cut, the knot of national rivalries. It belabours the vested interests, but can neither placate nor defeat them. Is not the cutting edge to be found in the question of public health? The problem, in this light, ceases to require multilateral discussion between Great Britain and Australia and Argentina or this and that country before anything can be done; it becomes a matter for inter-departmental co-ordination within the precincts of Whitehall. There stands the Ministry of Agriculture, trying to raise the prices of home-grown foodstuffs, inevitably raising also the prices of cheap imported foods. And across the street are the Ministries of Health and Education, laden with the burdens of under-nourishment and of sapped resistance to disease. Our departmental policies do not square with each other. We are spending well over £12 million a year on housing subsidies, and more millions on slum clearance and reconditioning, all because the poorer families of this country cannot afford to spend more than ten shillings or so a week for house-rent, and are forced, for want of ability to pay an economic rent for good housing, to congregate in huddled and verminous slums. This problem is certainly not eased by making those same people pay more for bacon or butcher's meat or milk. How closely interlocked are the problems of housing and food is proved by the results of investigations which show that physical welfare and resistance to disease are often lower among residents in new housing areas than among precisely similar groups of people still living in the slums—simply because

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after paying their rent the slum-dwellers have more of their weekly budget left over to buy food. In other words, all the taxpayer's money that is going into housing will be completely wasted, from the point of view of public health, unless we can bring cheap and plentiful food to the people whom we seek to assist.*

II. BRITISH POLICY

WHERE does this lead us in the practical consideration of our agricultural policy? The British farmer, in these times, cannot be left to sink or swim, because in most instances he would sink very soon. There are four main ways in which national agriculture may be assisted—by state-aided and possibly state-enforced organisation for production, transport and marketing; by quota restrictions designed to raise prices; by tariffs; and by subsidies, with which may be included public subventions to enable classes of consumers to procure farm products who could not otherwise afford them. Now, organisation to secure the advantages of bulk transport, long-term contracts, large-scale distribution and steady supply is an effort at which no one will cavil. Organisation to procure monopoly profits, on the other hand, will assuredly defeat itself, because in the end the people will have none of it, and the whole structure of artificially rigged prices will come toppling about the farmer's ears. There are aspects of present marketing schemes that bear the mark of uneconomic artifice. For instance, the milk marketing scheme equalises the return per gallon to all farmers in each very wide area. The result is that farmers near to their markets, or previously able to command a premium over the open-market price because of the special quality of their milk, are now forced in effect to subsidise production

* The whole subject of nutrition and public health is fully and luminously treated by MM. Burnet and Aykroyd in the Quarterly Bulletin of the Health Organisation of the League of Nations, Vol. IV, No. 2, June, 1935.

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on distant or inefficient farms. Judged by the standard of consumer needs, there is no sense in this.

Nor has the consumer any interest in the maintenance of prices by the clumsy method of restricting imports by quotas. The fact that under restriction we have been paying New Zealand more money for less mutton, and Denmark about the same in 1934 as we paid in 1933 for 29 per cent. more bacon, may be a good reason why New Zealand and Denmark should continue to accept our policy with good grace, but it is not encouraging to those who would like to see the standard of living raised, and the world agricultural problem solved, by a rising rate of consumption. The apparent decision of the British Government to relinquish this means of helping British agriculture, so far as may be consistent with present arrangements, is a blessed relief. The tariff is a different thing. It has, indeed, many of the defects of the quota in inducing retorts in kind from other countries, and in dangerously complicating imperial relations. It has the additional defect, as an instrument of protection, that it may not succeed in checking imports, by reason of the great pressure to sell. In so far as this happens, on the other hand, the tariff produces revenue which may perchance be made available to help the home producer in other ways. And the possibility of imports that can leap the tariff is an invaluable check on too great a rise of prices through the inadequacy of home supplies. The iron and steel tariff was originally granted on condition that the British industry "rationalised" itself with a view to trimming its costs down to the world competitive level; and at Ottawa the preferences on wheat and base metals were granted on condition that sufficient Empire supplies should always be forthcoming at world prices. The principle of these precedents might well be applied to agricultural tariff policy.

Subsidies are dangerous things. They create, as we have seen from the notorious example of sugar-beet, an

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even more powerful and more vociferous vested interest than do tariffs. If applied to the point of production, they tend to buttress inefficiency; for while to the efficient farmer they may be "money for jam," to the incompetent they may be the means of averting a change to better methods under other hands. Even so, they have the advantage of tending to lower prices to the consumer, though by the dubious means of intensifying competitive pressure. Many of these defects disappear if the subsidy is applied to the point of consumption, that is to say, if the purpose of the subsidy is to expand demand rather than directly to raise producers' gross returns. Such a subsidy may take many forms—a direct grant to wholesalers or retailers on condition they lower prices by an equivalent amount; free or cheap foodstuffs for children, the unemployed, or other defined sections of the population; increased government purchases of home produce for the services; advertising propaganda designed to secure the advantages of mass sale; cheap capital, or free grants, for the reconstruction of wholesale markets or means of transport and warehousing; improvement of nutritive values through subsidised campaigns for cleaner milk or better use of foodstuffs.

Thus the general conclusion that we reach by bringing together the problems of health and of agriculture is that the best type of protective policy is a moderate tariff whose proceeds could be made available, directly or indirectly, to expand the consumption of agricultural products. This dual policy is put forward rather because of its practical appeal than because of its theoretical perfection; for it is recognised as unsound in theory to appropriate the proceeds of any particular tax, unless it is in effect a charge for services rendered, to some particular expenditure. We ought obviously to levy import duties according to the merits of the case, and subsidise according to the merits of the case; it is most unlikely that the revenue and expenditure respectively involved would exactly balance, not merely

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to-day but over a period of years. The plan is suggested purely because in practical politics the revenue necessary to promote the consumption of nutritive foods is exceedingly hard to come by, whereas a new tariff or one replacing a quota would mean no extra burden upon an already heavily laden general budget. The consumer of the product in question would of course be paying a tax, however well disguised under less sinister names; but in this case he would be gaining on the swings what he lost on the roundabouts. It is not proposed, however, that the dual policy should be necessarily applied separately, commodity by commodity. It might well be, for instance, that the proceeds of an import levy on meat could be best spent upon promoting the consumption of milk, or of a levy on cheese upon promoting the consumption of eggs.

III. SPECIALISATION

AGRICULTURAL policy, indeed, both national and imperial, must be based upon the principle of specialisation. We ought to concentrate our energies and our fiscal resources upon those branches of agriculture for which we are relatively best fitted, leaving the widest possible market for other products exported by the Dominions and by foreign countries with whom we have close commercial and financial connection. At this point also the problem of health provides a clue to the right policy. The foods of the greatest nutritive value, in respect of the quality of their protein and their content of minerals and vitamins, include milk, butter and cheese, eggs, green vegetables, fruits, liver and some other forms of meat "offal." The foods that are poor or lacking in these essentials (though often of equal "fuel value") include bread and other cereal products, sugar, meat and root vegetables.* A diet of bread and meat and jam,

* A German expert (von Hösslin) reckoned that in Germany in 1933 a given sum of money, spent on milk, could purchase twice as much animal protein, and five times as many calories, as the same sum spent on meat.

Specialisation

though possibly ample for hard work, gives little resistance to disease, from dental caries to tuberculosis. It is because the second group comprises most of the cheapest foods, reckoned only by capacity to fill stomachs, that the problem of poverty and health is so acute.

Now it so happens that most of the products in the first group, the group of "protective" foods, are those upon which this country is peculiarly fitted to concentrate, for climatic or economic reasons—such as the need to be close to the consuming market. Our agricultural policy should plainly be directed to stimulating by all means in our power the consumption of milk and dairy products, eggs, green vegetables and fruit. Incidentally, the protective foods also include fish-liver oils, and fat fish like the herring, which should be a far more important item in our national diet than it is; hence under the banner of national health the Ministry of Agriculture and Fisheries need not be divided in its allegiance.

Above all, we should do everything possible to further the consumption of milk and its products.

Milk is rich in minerals, especially lime salts and phosphates, it contains protein of the highest nutritive quality, and, when taken raw or when heated for a short time only, possesses definite anti-scorbutic properties. Milk fat or butter is rich in vitamin A, and in summer is also a valuable source of the antirachitic vitamin D. A liberal allowance of milk is indispensable in infancy and childhood; at all ages milk is probably the most important single article of food.*

Many of the nutritive properties of raw milk are lost or diminished in the processes of manufacture. Hence, especially in view of the ample supplies of cheap butter-fat available from the Dominions, our policy for home agriculture ought clearly to be directed towards making liquid milk as cheap and as good as possible, even at the cost of some charge upon butter and cheese. The present system

* *Diet and Climate*, by Harriette Chick, C.B.E., D.Sc. Paper read to the Royal Society of Arts, p. 16.

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of making the fresh milk pay for maintaining the minimum price for manufactured milk is topsy-turvy. Something might be done, too, to promote the distribution of cheap skim milk. Dr. Harriette Chick, using some observations of Sir John Orr, makes much of its value in present-day urban diets.

Skim milk, although deprived of its fat, is still a source of valuable protein, of minerals, and of some vitamins. Most modern diets, in which cereals and sugar figure largely, tend to be deficient in minerals. Calcium salts and phosphates are present in skim milk to an amount only equalled by green-leaf vegetables. . . . Milk which has been deprived of its fat retains about half its original caloric value; skim milk, therefore, at 1d. a quart, would approach bread as a source of calories in cheapness and, although low in vitamins A and D, would also provide many dietary essentials lacking in cereals.*

Apart from milk, one general item of policy would be of service to all branches of home agriculture and horticulture—the reform of wholesale markets. It is not only a question of unnecessary costs, delays and waste. Often the home product can normally command a premium over the corresponding imported article by reason of its superior quality, which is entirely lost if market methods are bad. An abattoir without proper cooling and conditioning chambers, and without proper facilities for dealing with offal and by-products, is a tumour upon the body of British agriculture.

We must not forget, in all this, that an import duty on some primary foodstuff, however necessary for the due defence of British agriculture, is almost certain to be a charge on the consuming capacity of the poorest sections of the community. But if the proceeds are used to promote the consumption of just this group, not only is the paper objection obliterated, but a political handicap becomes at once a political asset. It is essential, however, if these advantages are to be gained, that the money should be spent directly on enlarging consumption, and that, within the

* *Op. cit.*, p. 22.

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limits of the protective policy thought fit, both home and Empire or foreign producers should have an opportunity of sharing in the increased demand. The subsidy to consumption must not be used as a half-disguised addition to the protection already afforded through the tariff.

Here is the basis of a possible imperial policy for trade in agricultural products. The Government's difficulties in their dealings with the Dominions on this subject have arisen mainly from their attempt to adjust production to existing levels of consumption, while enabling the British farmer at least to maintain his existing level of production and often to expand it. The Dominions, on the other hand, have been vigorously opposed to restrictive policies, both in principle and in practice. Their whole economies have been built up upon the assumption of indefinite expansion of their agricultural output—an unwise assumption, maybe, but one which they were naturally unwilling to see deliberately smashed by British policy. If the latter, instead, is based on the primary need to expand consumption, then the chief obstacle to permanent understanding with the Dominions is removed. They do not—and in view of their own protective policies they cannot—object to the protection of British farmers by tariffs, provided that they receive a preference against the foreign product, and provided that the proceeds of the tariff are not used simply to promote uneconomic production in this country. A protective tariff with an empire preference, combined with a campaign to stimulate consumption of foodstuffs which are necessary for health and which can be favourably produced in this country, provides the nucleus of a policy to be hammered out in detail by consultation with the Dominions. The guiding purpose of an imperial agricultural policy must be to make the best use of the agricultural resources of the Empire so as to satisfy the needs of its people. The welfare of the people comes first, and a vast and wealthy empire contains the means of supporting a much higher standard of welfare than we now enjoy.

JAPAN IN CHINA: THE NEW FAR EASTERN PROBLEM

THE year 1935 opens a new phase in the chequered history of China's relations with the West. Having pursued a consistent policy through four active years, Japan was able last June to declare herself virtually in control of north China; she was able to show the world that she had altered the political map of the Far East and that her openly stated determination to control the relations between China and the Western Powers was based upon a sense of reality.

Since 1922 the United States and the European Powers with trading interests and treaty rights in China have built their policy upon a dual foundation--the so-called "integrity" of China as an independent State, and a system of collective security in the Pacific resting upon a balance of power artificially contrived through agreed naval ratios. During the years 1922-1931, despite confusion and civil war in China, the main outline of the picture drawn at Washington remained in being. But in September, 1931, a train of events was set in motion that destroyed this picture. China's "integrity" has gone, and with China's "integrity" has gone the Washington corollary--the Pacific balance of power.

A new theory and a new policy will have to be discovered to meet the changed conditions of 1935.

I. JAPANESE POLICY AND THE CHINESE REACTION

THE new Far Eastern situation can best be expressed as the new position of Japan. The Washington formula no longer holds; it is no longer possible for the West to contemplate a relationship with China except in

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terms of a relationship with Japan. It is not only through the creation of Manchukuo that China's "integrity" has become a meaningless phrase; the change goes far beyond the geographical limit set by the Great Wall.

But in explaining the change that has taken place two results of the creation of Manchukuo are important. The first is the weakening of the Russian factor in the Far Eastern balance of power. By selling her rights in the Chinese Eastern Railway Russia has bowed herself out of Manchuria. A potential *casus belli* of thirty years' standing has been removed, and the last symbol of Russia's eastern expansion has been absorbed by the country whose dynamic progress was set in motion in order to meet it. There are still a number of problems to be settled between Russia and Japan, and the frontier will be a difficult one. But the bargain over the Chinese Eastern Railway has greatly diminished the likelihood of war, and Japan's position is doubly strengthened; by pushing forward her strategic frontier against Russia she has freed herself to act in China, and by easing Russo-Japanese tension she has removed a buttress from China's moral defences, from the Chinese will to resist Japanese policy.

The second result has been the establishment of a land frontier against China. Japanese westward penetration in Chahar will leave China enveloped by her military neighbour in the north. The army will now play on land the part traditionally played by the navy at sea--a screen against external interference with Japanese policy in China. The extension of the frontier into Inner Mongolia cuts China away from Russia. It is a phase in the envelopment of China and an element of essential importance in Japan's position *vis-à-vis* other Powers with interests in the Pacific.

There is a certain aspect of contradiction in Japan's attitude towards China. Fundamentally, this attitude is not that of an alien Power towards a subject race. The Japanese understand the Chinese as the West never can; the two races have a common written language and a

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certain feeling of community of interest against the West. Japan herself has been through the whole gamut of foreign concessions and extra-territorial rights. Few who really know the Far East will deny that, however harshly the Japanese may treat the Chinese to-day, it remains within their power to achieve a working relationship with them to-morrow. This depends more, probably, upon Japanese power of restraint than upon Chinese power of acquiescence. A working relationship exists to-day, and has existed all through the last few years, in certain provinces—notably in the rich province of Shantung, where the virtually independent governor, Han-fu-chu, begins his administrative day in conference with the Japanese consul at Tsinan-fu.

In one sense Japan's China policy can be seen as an attempt to gain acceptance of her leadership. First of all she tries persuasion; then Chinese contempt and evasion become unbearable, and we see Japan trying to bully China into acceptance of a Japanese hegemony. The really significant fact is the success of the bullying. The recent example of this in north China culminated in Nanking's abject decree of June 10 admonishing the Chinese people that "it is especially important to be friendly to our neighbours." Shortly afterwards a Chinese editor in Shanghai was sent to prison for writing an article derogatory to Japan. By forceful tactics of pressure and compulsion Japan has broken the Chinese boycott—even in south China, where it was always strongest. There has been an extraordinary moral collapse. In other countries Japan's policy would have driven opposition below ground, where it would become stronger. There is no evidence that this is happening in China, where resignation and non-resistance are to-day the dominant mood.

This is one aspect of Japan's attitude towards China. The other aspect is in a sense contradictory to the first. The logic of past events compelled Japan to take her place beside Great Britain in the trading and investment structure associated with foreign concessions and extra-terri-

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torial rights. She also took her place with the Western Powers as a partner in the foreign controlled revenue-collecting organisation—the Chinese Maritime Customs. The Japanese have a dual position in China—as business men and investors requiring the same kind of security for their trade and investments as do their Western colleagues; at the same time as Asiatic leaders, with a "mission" in the Pacific and a relationship with the Chinese different in kind from any relationship that the West can achieve.

Japan's economic policy as applied to China helps to explain her general purpose. The present tension in Japan is intensified by real economic pressure. Her growing dependence upon the export of manufactured goods emphasises her poverty in raw materials. The War Office interpretation of Japan's expansionism is reflected in the desire to control sources of raw material—a twofold "necessity": at the mercy of foreign countries for the raw materials of her industries, Japan risks economic disaster; cut off from essential sources of supply in time of war, she faces national extinction. The picture is incomplete without reference to the feeling of isolation that has been intensified in Japan as a result of the world's condemnation of her Manchurian policy. This feeling adds urgency to the strategic purpose of her general policy.

Japan's growing need for raw materials is reflected in the figures of her trade with China during the past fifteen years. China, as a market for Japanese goods, tends to become relatively less important in proportion to Japan's total exports. But Japan's imports from China are increasing more rapidly than her exports to China, and these imports form an increasing proportion of her total imports. Thus Japan's economic policy towards China can be summarised under three heads. First, China is an export market for consumers' goods of diminishing relative importance for the next decade or two; second, China is a source of raw materials of increasing relative importance;

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third, China is a potential competitor with Japanese industry, if her industrial development is allowed to go uncontrolled. The second point is reflected in those sections of the famous Twenty-one Demands which deal with the development of China's resources. It is reflected more clearly still in proposals that Japan to-day is pressing upon Nanking—proposals covering a scheme for joint Sino-Japanese control of cotton plantations over a vast area in Shantung and Hopei. The third point—Japan's attitude towards industrial growth in China—is exemplified in the Chinese tariff adjustment of 1934, which came as a direct result of Japanese pressure upon Chiang Kai-shek. The duties on imported cotton yarns were reduced, thus striking a blow at a Chinese industry which in 1930, for the first time in history, showed China as a net exporter of a manufactured article. Cotton manufactures have always been an overwhelmingly important proportion of Japanese exports to China; but during the past ten years, although the export of cotton tissues to China has increased, the figures for yarns have shown a striking decrease. The tendency will probably be checked by last year's tariff revision. The same aspect of Japan's economic policy is also reflected in the problems now being faced in Manchukuo, necessitating the control of industrial development in that country so as to avoid competition with industry in Japan.

In April, 1934, Japan astonished the world by making an open declaration of her claim to a right of veto over Western financial assistance to China. The immediate occasion of this declaration of policy was the activities of representatives of the League of Nations (and therefore in Japan's eyes the Western Powers) in the work of planning so-called "reconstruction" enterprises in central and western China, presumably to be financed in due course by means of foreign capital investment under League of Nations auspices. Theoretically, these activities were non-political. Actually, they became essentially political—political internally, owing to their dependence upon the

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American- and Western-educated group of Chinese politicians in opposition to Chiang Kai-shek; political externally, on account of their association with those elements in China most bitterly opposed to reconciliation with Japan. Japan's reaction can best be described as a feeling of exasperation at seeing the West involved in a political issue within China and in activities that were associated (unquestionably in the minds of their sponsors in China) with a desire to build up in central China a structure that might form a basis for resisting Japanese policy.

This question has become prominent once again as a result of the present financial crisis in Shanghai and the consequent discussion of a possible British initiative in extending foreign credits to China. In this connection Sir Frederick Leith-Ross has left England upon a visit of investigation to the Far East on behalf of the British Government. Japan's attitude towards any British initiative in offering financial assistance to China was recently expressed by the *Asahi* newspaper in Tokyo—a very distinguished organ which by no means represents extremist views in Japan. Referring to the question of an international loan to China or an international constructive enterprise in the Yangtze valley, the *Asahi* stated: "Japan holds the view that Japan should not co-operate in China on an equal footing with Great Britain and the United States. Japan should consider co-operation only when she is recognised as being in a position of leadership."

How can Japan enforce her purpose? How can she dictate the terms of China's relations with the West? How can she prevent unilateral action in China by Great Britain or the United States, or action under the ægis of the League of Nations?

Japan's traditional China policy is to have governmental authorities strong enough to grant practical concessions, but not strong enough to refuse them. Her present policy is to weaken what may loosely be described as the American-educated element, and to bully nationalist opposition into

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submission by using for this purpose autocratic organs of Chinese government that are prepared to co-operate with Japan. This has been Japan's historical rôle in China through the past thirty years ; she oscillates between a choice of agents, the tendency being to support provincial autonomy rather than centralised control. The events in north China during the early summer of this year were entirely consistent with this policy. They were concerned with two separate questions. First, there was the question of Chahar, which only in comparatively recent years has been claimed as a province of China, and which is part of the frontier problem and the general problem of Mongolia (problems beyond the scope of this article). Secondly, there was the question of the governorship of Hopei province and the relation of this province to the authority in central China. This question involved the replacement of one set of governmental agencies by another more disposed to work with Japan ; it is an example of what may be described as Japanese indirect control in China through suitably inclined Chinese War Lords. The events in north China reflected Japan's bias towards provincial autonomy. It is extremely unlikely that they mark a prelude to an extension of the realm of Pu Yi (or, as he is now described, the Emperor Kang Teh) south of the Great Wall. Japanese policy aims at securing indirect control in north and central China ; extension of direct control into "China proper" is not in the picture at present.

Through her hold over the north and the part that she can play in the internal political structure and in the inter-provincial balance of power, Japan can bring almost irresistible pressure to bear upon Chiang Kai-shek. In the south, Japan's power is less felt ; but she is well entrenched in Fukien (the mainland opposite Formosa), and there are Japanese agents in the southern provinces of Kwangtung (Canton) and Kwangsi, ready to play a part, if it were so decided, in checking any extension of Chiang Kai-shek's power over these provinces.

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Europeans find it difficult to visualise the establishment over a great part of China of a system of Chinese governmental authority working in co-operation with Japan. Having met, perhaps, only English-speaking Chinese of the American-educated type, they do not realise that in China there is a large and influential body of men—most of them ex-officials—who may be described as "pro-Japanese," who were educated in Japan, who speak Japanese, and who are prepared to fall in more or less with the Japanese scheme of things. Most of the important changes in central and provincial government posts during the past couple of years have been a substitution of Japanese-educated for American- or Western-educated Chinese. Both Chiang Kai-shek and Wang Ching-wei were educated in Japan ; and a long list of other names could be added. It is significant that the stream of Chinese students seeking education in Japan is in full flood once more, assisted and encouraged by the Japanese Government.

II. THE WIDER PACIFIC SCENE

THIS situation may react upon British interests in China in a variety of ways. The next few years will not improbably witness a series of *ad hoc* concessions, yielded unwillingly but perforce by Chiang Kai-shek under the pressure exerted by Japan through the part that she can play in internal Chinese politics. The 1934 tariff revision is an example of the kind of concession that Japan can exact. As the next step we may see a Japanese taking the place of the British Inspector-General of the Chinese Maritime Customs. Concessions may also be of a negative kind, directed against any extension of British and other foreign investments, and weakening investments already established. In this way Japan may be able to exercise the right of veto which she now claims with regard to Western financial assistance for China.

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It is impossible to divorce the China situation from the whole problem of international relations in the Pacific area. Before 1932 we thought of the Far East in terms of Geneva and Washington. To-day the League of Nations is no longer a political factor in the Far East. We can no longer talk in terms of the "open door" or the "integrity" of China. The world has changed. Not only in Manchuria, but over vast areas of China proper, Japan has achieved a position that reduces the China clauses of the Washington Treaty to an empty formula.

If these clauses remain of value, they are of value only as an instrument of national policy to be invoked against Japan—no longer as part of an agreed system of security in the Pacific. In brief, we have to face a new problem in power politics. The occidental terminology of Geneva and Washington has already proved incapable of stabilising an essentially oriental situation. An example is provided by the history of Japan's position in the province of Shantung: she withdrew in accordance with the undertaking made at Washington; by means of a system of indirect control she has been re-establishing herself ever since.

In the broadest aspect of this problem, it is conceivable that we see to-day trends in progress which, if allowed to develop unchecked, may lead the British Empire into direct collision with Japan in, say, thirty years' time. Great raw material resources of the British Empire lie right across the path of Japan—Malaya, Borneo, Australia; one may even add Java, for although not a British colony its strategic security obviously depends on British sea power, and British interests share extensively in the exploitation of its resources, including oil. Added to the prospect of Japan's increasing hunger for raw materials is the prospect of increasing competition in the export of manufactured goods and a growing tension of opposing interests in China. In considering the power problem we are concerned with naval ratios and the Singapore base; with the practicability of a naval accord with the United States in the western

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Pacific centred upon an undertaking to protect the independence of the Philippines.

The difficulties and dangers are great. America's present mood appears to favour withdrawal from the western Pacific: she will be out of the Philippines in ten years' time: as against co-ordination of her naval power with our own, her tendency is to maintain strength in isolation in the eastern Pacific with a large fleet to comfort the traditional sentiments of her Pacific seaboard. Such are the difficulties: the dangers are implicit in possible failure to overcome the difficulties. They are the dangers always associated with the parade, lacking the substance, of power. In the Far East there is the special danger of accelerating, by increasing Japan's feeling of isolation, those trends in her policy which it is to our essential interest to mitigate and control.

It is not the purpose of this article to enquire whether a bold and costly policy of power competition with Japan might not be the best course for us to take, in the interests of the Empire as a whole, over the broad Pacific scene. Such a general policy, however, or any other, would have to be based partly at least upon a consideration of the present position in China, its effect upon British interests there, the character and extent of those interests, and the possible policies towards the Chinese problem that are available for their defence and furtherance. That is the more limited scope of this article. Nevertheless, one aspect of the wider problem must be stressed. Whatever naval and political policy it may prove necessary to adopt towards Japan for the moment, no lasting mitigation of the China problem can be found unless the ultimate achievement of our general policy in the Pacific is to establish an understanding with Japan over the economic difficulties that increasingly disturb our relations with her. Such an understanding can only be complete if it assures to Japan security of access to the raw materials that she needs, if it controls the impact of our mutual trading interests in the world's

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export markets, and if it contrives a carefully defined adjustment of our respective investment and trading policies in China.

III. THE BRITISH STAKE IN CHINA

AN examination of the immediate British stake in China leads round to the same conclusion, not without offering real elements of hope that such a consummation may be achieved. Exports of British goods to China to-day average about £15,000,000 a year. But the stake is an investment interest rather than a trading interest. Here the generally accepted figure places British investments at about £200,000,000, an impressive structure, the result of a century of enterprise—mining interests, railways financed by British money and built by British engineers, tobacco manufacture and distribution, oil distribution, huge property interests, and the great British shipping companies which still, despite every difficulty, retain a larger percentage than that of any other nation in shipping China's trade.

To-day China's economic condition has sunk, as a result of tendencies apparent over a long period, to a level that makes her unlikely to develop as a market for consumers' goods during the period immediately before us. In future it is doubtful whether we can expect much improvement in the China market without the steady and continuous importation of capital from abroad. In the near view, we have to regard China not as a purchaser of consumers' goods so much as a field for investment and a market for capital goods. Owing to the peculiar conditions governing foreign investment in China and to the attitude of the Chinese towards all foreign activities, any major scheme for investing capital in China involves political as well as financial problems: any foreign loan to China under present conditions would necessitate an extension of control by

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foreigners over the sources of revenue against which such a loan is secured. Here we are once more faced with the problem of Japan's position in China and with the fact that, even if we were able to extend our investment in the teeth of Japanese opposition, we should thereby involve ourselves in a political commitment resting, in the last resort, upon our power status in the Far East.

The problem can best be restated as follows. Japanese policy and Japan's new position in China have to-day become a source of danger to the British trading and investment stake there. Possibly the preservation of this stake, and almost certainly the growth of British trade with China, will depend upon the importation of foreign capital into China. Japan opposes British—indeed any Western—initiative in this matter because she is genuinely afraid that the West may assist developments in China inimical to what she regards as her own essential interests. Japan, on the other hand, is herself an importer of capital; although in the past we have seen her in the paradoxical position of exporting capital to China, she is most unlikely to be able to continue this process. She may prefer to retard China's economic growth (assisted by the West) rather than allow her to develop along lines that might conflict with her own vital interests.

When the problem is stated in this way (which gives a new significance to the title of Mr. Lionel Curtis's book, *The Capital Question of China*), we see the one essentially hopeful factor in the whole situation. Japan herself, sooner or later, will need foreign capital. She will find it increasingly difficult to finance her expanding foreign trade, she will need capital for Manchuria and she will need it for developing China's resources as her dependence upon these resources grows.

Further, as her exports gradually reach saturation point in world markets, she will have to turn back to China as an outlet for her industries, and that in turn requires a development of the Chinese economy which only fresh

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capital investment can bring about. Hence, on the long view, our own economic interest in China should coincide, rather than conflict, with that of Japan.

In this new China of 1935 our objective must clearly be the attainment of conditions under which—with Chinese co-operation and under adequate protection—Western capital may be utilised for the development of China's resources with the assistance and willing consent of Japan. Attention has been drawn already to the dual rôle of Japan in China, as Asiatic leader and as business associate. It is our obvious interest to strengthen the second rôle—to integrate, so far as we safely can, our trading interests with hers and to convince her that it is her best policy in the long view to accept the West as a partner in the great trading structure in Shanghai and in the process of assisting the Chinese to develop their country.

What of China herself? In this scheme of things are not the guests at the feast reckoning without their host? Here we approach the whole complex question, whether or not the Chinese to-day possess within themselves the capacity for their own regeneration: whether they are capable of developing themselves into a progressive and stable State organised on Western lines. Whatever may be the correct answer to this abstract question, the fact remains that we are faced to-day with a practical situation in which that question does not immediately arise. The bulk of evidence to-day shows that, despite Chinese nationalism and despite the forces of hatred and fear, Japan's position is accepted in China and is unlikely to be violently opposed. Nevertheless, those elements in China which to-day seem to represent the greatest stability and constructive force are prepared to reserve a position for the West—acting, it may be, to a certain degree upon working terms with Japan. Such a position, if maintained, might obviate for China a feeling of utter dependence upon the guidance of her nearest neighbour.

NEUTRALITY AND SANCTIONS

THE Abyssinian affair has brought both the League of Nations system and our own foreign policy to a point of crisis. For it has forced us to consider, in the fierce light of the fact that our decision may be one for peace or war, what collective security really means, to us and to other members of the League of Nations. Collective security has been a principle to which all British Governments since the war, and all sections of British opinion except frank isolationists, have paid at least verbal respect. In the recent "Peace Ballot" organised by the League of Nations Union, among eleven and a half million voters a majority of 96 per cent. answered "Yes" to the question, should Great Britain remain a member of the League of Nations? Eighty-seven per cent. held that if a nation insisted on attacking another the other nations should combine to compel it to stop by economic and non-military measures, and 59 per cent. were ready to support military measures if necessary.* Here was a clear enough expression of British public opinion in favour of collective security. But the very difference between the last two percentages is a hint that the implications of collective security have not been clearly thought out.

When the League of Nations was first founded, the prevalent British view seems to have been that the universal promise to use sanctions against the aggressor would itself be sufficient to prevent war. In that case, support for collective security is equivalent to little more than the

* These percentages reckon the abstentions and doubtful answers among the negatives. Of those who expressed themselves definitely one way or the other, 74 per cent. said "Yes" to military sanctions.

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general obligation of every citizen to come to the aid of the law in a crisis if need be—an obligation which sits lightly upon his shoulders because he knows that he is extremely unlikely ever to be put to any severe sacrifice in carrying it out.

To-day, however, we plainly do not live in a world without war, certainly not in a world without the use of the threat of war to gain national ends. What does collective security mean in these circumstances? To what obligations have we committed ourselves; how far are these obligations consistent with what public opinion would be ready to carry out when the time came for action; and what should our national policy be, having regard both to our existing undertakings and to the state of public opinion? Until we decide what our general policy is, our particular policies to meet changing circumstances are bound to be weak and vacillating.

I. THE NEW NEUTRALITY

OBVIOUSLY we are "against war." That is to say, we are not going to become involved in war unnecessarily; we regard resort to war by others as wicked; we repudiate war as an instrument of national policy. There are two broad ways of approaching the problem of war as an international evil. The first is the way of collective sanctions, the second is the way of national neutrality.

The extreme of the neutrality approach is isolationism. The extreme of the collective sanctions approach is the view that immediately an act of war is committed or even threatened, all third parties should combine with the aggrieved State to use all their available force—military as well as economic and moral—on its behalf. The first extreme is ruled out by geography and by economic connection, as well as by existing obligations, themselves based

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on equally hard facts. The second extreme is ruled out by the natural unwillingness of public opinion to be committed to war anywhere in the world whenever a misguided statesman or military commander in an aggressive State should choose to pull the starting lever.

Between these extremes lies every kind of variation on the theme of collective security. The conception of "collective neutrality" is popular nowadays among large sections of opinion in Great Britain and in the Dominions, as well as in other countries. According to this view, it is the duty of members of the collective system, in the event of a war, (a) to express and exert their moral disapproval of the conflict, (b) not to take any part in it themselves, (c) to offer mediation or conciliation, (d) to localise and limit the war by stopping the export of munitions to both the belligerents.

Now it is doubtful whether, in international law, the concept of impartial neutrality (modified, as compared with pre-war ideas, by the ban on the supply of munitions) which is implicit in this policy still remains valid for signatories of the Covenant and the Kellogg Pact. What is certain is that such a world policy is incompatible with a genuine collective system, and by the same token is repugnant to the international moral sense that has certainly developed in the past score of years. A potential aggressor is not going to fight on anything like equal terms, but expects to win. If his plans are laid aright, he will win, and he may even be helped by a ban on the export of arms both to himself and to his victim. The doctrine of collective neutrality, therefore, means "a fair field for might, whether right or not." The only possible train of consequence from this starting point is military alliances, balances of power and eventually world war. Although public opinion cannot, perhaps, see so far ahead, it is to-day quite unwilling, in Great Britain at least, to acquiesce in such impartiality. Neither morally nor materially can we disinterest ourselves in war, wherever it occurs.

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This fact is recognised in the principle of "qualified neutrality," expressed in the so-called Budapest articles of interpretation of the Kellogg Pact, which were accepted by the International Law Association at its 1934 conference. Article 3 of that document lays down that a signatory State which aids a violating State thereby itself violates the Pact. This in itself rules out strict "impartial neutrality," which requires neutrals not to discriminate between belligerents, for example, in port facilities or trade. Article 4 declares that—

In the event of a violation of the Pact by a resort to armed force or to war by one signatory State against another, the other State may, without thereby committing a breach of the Pact or of any rule of International Law, do all or any of the following things:—

- (a) Refuse to admit the exercise by the State violating the Pact of belligerent rights, such as visit and search, blockade, etc.;
- (b) Decline to observe towards the State violating the Pact the duties prescribed by International Law, apart from the Pact, for a neutral in relation to a belligerent;
- (c) Supply the State attacked with financial or material assistance, including munitions of war;
- (d) Assist with armed forces the State attacked.

This, it must be noted, is all permissive. The Kellogg Pact, by itself, does not compel any of its signatories to take active steps in its defence. As Sir John Fischer Williams put it in an address to the Royal Institute of International Affairs:—

The third State has to make up its mind as to whether or not one of the belligerents has violated the Pact; when it has made up its mind, all that the Budapest Articles affirm is that it is then open to it to consider itself free from the obligations of neutrality.*

Indeed, these articles are not put forward here as legally binding, but as expressing the kind of qualified neutrality that seems to be implicit in support for the collective system. For reasons connected with the particular incident—e.g., the unwillingness of other countries to act

* *International Affairs*, May-June, 1935, p. 356.

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with us, or the difficulty of deciding which belligerent must be treated as the aggressor—we might decline to do some or any of the things which the international lawyers tell us we could do under the Kellogg Pact while retaining the status of non-belligerency. Nevertheless, the general duty of "partial neutrality" must be recognised as the minimum that is implied in acceptance of "collective security" as a world principle.

II. SANCTIONS MEAN WAR

THE purpose of such a device is to prevent war, by making war unprofitable, but at the same time to avoid committing third parties actually to go to war. It must nevertheless be clearly understood that such qualified neutrality might involve us in war. It would, in fact, be wholly emasculated as a deterrent unless we were prepared in the last resort to go to war; for otherwise the aggressor could compel us to desist from discriminating against him simply by threatening war against us. It might suit his book to treat such discrimination as itself an act of war. To say that every exercise of discrimination, from unilateral stoppage of arms supplies to a complete economic embargo, must inevitably drag us into war would, of course, be absurd. In the majority of actual conflicts, perhaps, we might be able to maintain partial neutrality, reinforced by economic sanctions of varying severity, for an indefinite period of time. But among the fateful minority of conflicts, in which we might have to prove our willingness to back our action by the final sanction of armed force, would be numbered all those occasions on which a strong nation had deliberately decided upon a course of power politics—that is to say, gaining its national ends by war or the threat of war. And these are the critical cases for the collective system.

It is well to insist upon this, because coercive neutrality and economic sanctions are often put forward by pacifists

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as an alternative to the use of military sanctions. They are so only if the aggressor is prepared to submit to them; if he is not, his readiness to go to war will always overtrump the neutrals' unwillingness to go to war. Moreover, if only some of the chief "coercive neutrals" were unwilling to go to war, the aggressor could divide and rule.

Still less can we base our policy upon the assumption that the mere threat of economic sanctions will be enough to prevent war. The determined aggressor then has two bets, one of which he can feel pretty certain will prove right—that when he actually goes to war we will not impose the threatened sanctions, or that, if imposed, they will not be rendered effective by our readiness to go to war if we are pressed. Bluffs are unreliable gambits in democratic politics; in the presence of megalomaniac dictators they are positively dangerous to ourselves as well as others.

This being so, is there not much to be said for the argument that instead of slowly becoming involved in an ever-spreading war, in which the aggressor alliance would always have the great strategic advantage of deciding the time and occasion of conflict, we should be prepared immediately to exert to the full all our coercive powers against the aggressor—diplomatic, financial, economic, military? In fact, should we not recognise our international duty by being ready to go straightaway to war with the breaker of the peace?

This would be the perfect, in fact, the only plausible, solution in a world in which all the great Powers were solidly united in their readiness to uphold the collective system, not merely negatively by renouncing war and threats of war for themselves and by denouncing them in others, but also positively by allowing necessary changes to take place in the international order by peaceful means. Article 16 and Article 19 of the Covenant hang together; for only if Article 19 is effective in securing peaceful revision where revision is due will third parties be ready to make Article 16 effective in preventing revision by force of arms. These conditions are obviously not fulfilled in the

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world of to-day. There are certain issues—the future of Manchukuo, of Austria, of Memel, of Abyssinia—on which different countries or groups of countries are apparently prepared to back their views by force of arms if need be, collective system or no collective system. In such circumstances, to commit ourselves here and now to go to war immediately a certain set of conditions—say, violation of a frontier—was fulfilled would be sheer folly.

The present shortcomings of international solidarity, coupled with the existence of geographical danger-spots, make it possible that automatic and universal sanctions, so far from preventing war, would turn every local spark into a world conflagration. For example, if Great Britain were to intervene between, say, Poland and Lithuania, without considering the ultimate consequences but merely on the ground that one had attacked the other, all too probably within a very short space of time France and Germany would be at war, with this country allied with one or other of them.

Moreover, public opinion is quite unprepared to commit itself in more than name to such universal, instant and complete sanctions. This is true of Great Britain, and still more true of the Dominions. The hatred of war is deep, and there is a wide distrust of any system that offers war as any but the last desperate remedy for the disease of war. Hence a system that relied only on the promise of such sanctions must inevitably break down, because it would be based on a sham—a paper promise, not given from the heart. The sanctions would not work as a deterrent because no potential aggressor would believe in them. That, in very broad terms, is the pass to which the League of Nations has been brought to-day.

The League Covenant does not, on the face of it, oblige its signatories to go to war with every country that breaks the peace. There is, to begin with, the "gap in the Covenant," which legitimises war after certain delays and forms of investigation have been gone through. The

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actual Covenant-breaker is deemed to have "committed an act of war" against every member of the League, but even that does not pledge those members to go to war, in the sense of using armed force. However, under Article 16 the members of the League undertake, towards any country that has resorted to war in disregard of its covenants,

immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a member of the League or not.

This, as we have seen above, is meaningless unless there is behind it a readiness to go to war if need be. How, then, in cases that have arisen, have these obligations been squared with the obvious unreadiness of most members to go to war? They have been squared, in the last resort, by means of the doctrine that "it is the duty of each member of the League to decide for itself whether a breach of the Covenant has been committed." When this was laid down in a unanimous resolution of the Second Assembly, it was doubtless intended to be interpreted in good faith; but one cannot escape the conclusion that in the past member States have eased their consciences by carefully avoiding bringing the issue to the point. They have, indeed, escaped from an impossible position by finding excuses for evading their paper obligations.

III. REGIONAL PACTS

THE result of this whittling away of universal obligations has been an intensified demand for specific guarantees. It is unfortunate that limited security pacts should be needed to reinforce the Covenant, but in the existing state of world politics and of national opinion in

Regional Pacts

the different countries they are inevitable and, if properly safeguarded, wise.

The danger to be avoided is the degeneration of such limited guarantees into mere alliances and balances of power. To put them legally "within the framework of the League," as the phrase is, is not in itself a sufficient preventive against this danger, because the League obligations themselves are largely either misunderstood or ignored. The standards of "qualified neutrality" are far more effective a test, because they accord much more closely with what governments and public opinion are prepared to undertake in practice. It is important, therefore, that the rights and obligations of qualified neutrality in the event of war should be understood and recognised, so that they may be treated as superior to all limited pacts. While they are by no means inconsistent with the League Covenant, they have been shown to be implicit in the much wider Kellogg Pact.

Regional pacts, then, which are required to give a sense of security, should conform to the concept of rights and obligations of qualified neutrality. No pact would be compatible with that concept which promised help in any circumstances, whether the country to be helped was the aggressor or not. No pact would be compatible which forbade a signatory to exercise its rights of qualified neutrality—that is to say, which pledged it to be neutral in all wars between other signatories and third parties. No pact would be compatible which might require a signatory to aid some other country which had entered into war through refusing to recognise a state of qualified neutrality maintained by others. Under these safeguards—the significance of which may be clearly seen if we apply them hypothetically, for instance, to the Franco-Soviet treaty of mutual assistance—regional pacts conforming to the vital interests of the signatories would be a support to the collective system. For it is only if undertakings to go to war conform to vital interests that they are believed in by

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potential aggressors, and it is only if they are believed in by potential aggressors that they act as an effective deterrent against war.

From the British standpoint, the co-operation of the United States, to the extent of undertaking not to treat as an offensive act any violation of strict neutrality committed in support of the system, is essential if we are to accept a general system of qualified neutrality, because naval power, in which we share supremacy with the United States, would be the principal instrument for carrying it out. Declarations by Mr. Stimson, Mr. Cordell Hull and Mr. Norman Davis fortunately allow the hope that such negative co-operation might be forthcoming.

On a wider scale, it might be possible to secure among the signatories of the Kellogg Pact an interpretative convention, of a permissive kind, on the lines of the Budapest articles. That is to say, they might agree, first, that to aid a State committing a breach of the Pact must be considered as itself a breach of the Pact, rendering the country concerned liable to be treated as an aggressor; second, that any signatory has the right, in the exercise of which it will not be hindered by other signatories of the convention, to deny to a violator of the Pact the duties claimed of neutrals and to refuse to supply it with financial or material assistance for the prosecution of war. The first clause would prohibit help to the aggressor, the second would authorise hindrance without enjoining it.

The convention, it might be argued, should also provide that the aggressor must be named by an appropriate international tribunal before the breach of strict neutrality could be permitted. This, however, would go far to nullify the deterrent effect of the undertaking. It is a question of time. The war might be over and the spoils won before the international authority had made up its mind. Besides, the only available general authority is the League of Nations, to which three great Powers do not belong. Nevertheless, an international authority is an

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essential element in such a system, if only to persuade the parties against war beforehand, to propose armistice terms, and to investigate the dispute. As a means of focussing world public opinion it is invaluable, not only when war has broken out but also in the earlier phases when there is still a chance of deterring the potential aggressor. The countries called upon to recognise and endorse a state of qualified neutrality would be far more likely to concur if the belligerent against whom discrimination was used was flouting an international authority like the League of Nations. Thus even a vestigial League would be necessary for a collective system based on the outlawry of war.

IV. THE POSITION OF THE COMMONWEALTH

THE idea of a dual system of collective security, comprising general acceptance of the principles of qualified neutrality in the event of war, together with specific regional pacts that conform to those principles, has a peculiar importance for the nations of the British Commonwealth. For it is now commonly accepted that whatever the purely legal position may be the Dominions have the right to decide for themselves to what extent they will take an active part in a conflict in which Great Britain or some other Dominion may be involved. This right presents the most obdurate conundrums in the logic of Commonwealth relations so long as we think in terms of "impartial neutrality." But if each signatory of the Kellogg Pact, not to say the Covenant of the League, is bound to qualify its neutrality—in what measure must depend on its own decision and on the circumstances of the case—then there is nothing contradictory or impossible in a difference between Great Britain on the one hand, and some or all of the Dominions on the other, in the form and extent of their interference in an international conflict. At the same time, the fact that in place of a bare choice between war

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or neutrality the choice now lies among a gradation of kinds and degrees of pressure, which interest or duty may induce each country to use for the maintenance of world peace, in no way modifies the need for united Commonwealth action.

Since defence must always be founded upon policy, the principles of imperial defence must be founded upon a recognised Commonwealth policy towards the problem of world pacification, whether through League sanctions or through qualified neutrality. The geographical situation of the Dominions has led them to lay greater stress upon neutrality and less upon military sanctions than we have felt bound to lay in Great Britain; but the preservation of neutrality, no less than the enforcement of military guarantees, demands defensive preparedness. If they are to combine neutrality with any degree of support for the collective system, they must also have some defensive understanding with Great Britain, as the naval Power that commands and guarantees their economic lines of communication. For the least exercise of sanctions, even though they are purely economic, is an attempt to coerce a sovereign State against its will, and may therefore lead to war. Thus a Commonwealth security plan is a realistic consequence of the Dominions' membership of the collective system. Support for the collective system is for them in no sense an alternative to Commonwealth understanding on foreign policy and defence.

Both we and they, in a world where power politics once more threaten to bring about complete international disorder, must be ready to take our due share in the responsibilities of maintaining world law and order. However attached we may be to peace, however anxious to restrict sanctions to measures short of war, we must recognise that support for collective security may, in the last resort, mean war. If we are afraid of, or if we are unready for, that ultimate conclusion, our lip-service to collective security

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is not only hypocritical but positively injurious to the cause of peace. To be ready, in plain words, means that we in Great Britain, with our strategical weaknesses and our world responsibilities, must have a navy second to none, an army sufficient for the needs of our situation, and an air force equal to the largest national air force in Europe.

It may be that world collective security through the League of Nations is an impracticable hope. Certainly a system that accepts exclusive national sovereignties as its material cannot be the ultimate solution of the problem of world peace. But although our more distant objectives may be of a different order, somehow the world as we find it must be prevented from immolating itself upon the hideous altar of modern war. War anywhere is a matter of direct concern to the nations of the British Commonwealth, and that central fact implies a continuous effort on their part, both to help in the removal of injustices that may cause war and to use their power and influence in preventing wars of aggression from creating fresh injustices.

HAVES AND HAVE-NOTS IN THE UNITED STATES

I

THERE are to-day, as ever, two Americas. One of them is inhabited by people, and the other by political beings, relatives of Aristotle's man. The America that is inhabited by people is enjoying an exciting summer. The political beings are in the throes of the most portentous constitutional crisis in this country since the Civil War. Of course the two groups over-lap. By taking an average, we can learn something of the future of the New Deal experiment in this country, and its probable effects on the world.

It is much more profitable to look at real America first. Almost everywhere in the country the crops are thriving. Even where the drought ravaged last year, and the dust storms produced a Sahara this spring, there is a dappled mantle of green and gold, rich and fecund. Only a few isolated districts are troubled by local catastrophes: floods, as in New York State, and stem rust which will cut down the wheat crop somewhat. In the central west, before you get to the corn and wheat belt proper, they have almost a bumper crop, and the only trouble is getting harvest hands. Of that much more later. Otherwise it is a glorious summer, pretty warm, but fruitful and sleepy and terribly welcome after the ghastly experiences of recent years.

In the cities, too, the ordinary people are getting on very well. Industrial production has kept well above the usual

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seasonal figures. The automobile industry is just rounding out its biggest year since 1928, two-and-a-half times as great as in 1932. Bank clearings are a fourth higher than last year, and in New York City almost a third higher. The construction figures are also high; building contracts run 20 per cent. over last year, and home-building some 40 per cent. over. Steel is well above its seasonal average, with plate mills reaching 85 per cent. of capacity, an unheard-of event. Power production—that same power industry which has just spent millions of dollars to fight the passage of the Holding Company Bill with its “death sentence” clause—has passed its 1929 all-time peak.

Which means that people are working longer hours and there are more jobs. But the reflection in the relief figures has not been great. Only 6.6 per cent. were stricken from the number of families on the relief rolls between May and June. That means that 3,830,871 households are still receiving relief; some 16,000,000 individuals are dependent upon Uncle Sam's bounty. And this proves to Americans what Great Britain learned long since—that it is vastly easier to start a relief system than it is to end it.

The effects on American society and politics of the vast federal relief system are probably greater than in any other country, thanks to some well-known traits in the heterogeneous American character. A sense of dependence upon government has taken hold of millions of people. “I’ve got it coming to me,” is the typical attitude, or “They owe me a living.” This is true of a great floating class. The real American character, at bottom, is as solid as that of any other country. But it does not have the particular stability that obtains in an older and better disciplined community like Great Britain. Millions of immigrants came to this country during the present century with the idea that the streets were paved with gold, or something like it. They were willing to work—nobody works harder than the American on the trail of his pot of gold—but at the same time they expected the “breaks.”

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So the establishment of a relief system here was fraught with peculiar danger. It was, of course, an imperative bulwark against violence. The bull had to be grasped by the tail to keep us all from being gored, and now the problem is to steer him into the pen. The problem has been brought to a crisis in the farm belt. There, as for example in South Dakota, the relief rolls have been absolutely closed. On one day, 19,000 heads of families were dropped from relief. There were plenty of seasonal jobs for them, and they had to take them. This new "hard-boiled" attitude on the part of relief dispensers is welcomed with great enthusiasm by all vocal sections of the country.

If the Administration can achieve the objective it has set up for November 1—the complete abolition of all federal direct relief, and the substitution of work relief for remaining "employables" who cannot get jobs—it will have achieved its major economic victory. There is little likelihood that complete success will be won, but even if the direct-relief system is cut down by half it will be a triumph.

You could not find a community in America today where the relief system is not operative, supporting from ten to fifty or actually ninety per cent. of the inhabitants. You could not find a community where some employers are not protesting they cannot hire hands because of the relief system. In the complaint there is some truth and some exaggeration. In many instances the work offered is not at a subsistence wage. But it is doubtful whether, in the days of prosperity, wages for these types of seasonal employment were upon a subsistence level. Here is one dilemma. Is it possible for the Administration to force certain types of work up to a higher plane? Will consumers pay the immediate price?

Here are some cases.

We are in a small town in Illinois. We sit around the dead stove in the grocery store. All the men in the store are on relief, wearing newish dungarees and shoes that have come off the relief wagon. They are war veterans, and

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their talk is of the bonus, which they expect soon, and of pensions, which they expect ultimately.

"Everybody else is takin' all they can git, why don't we?" is a typical comment.

A tall, worried-looking man joins the group. After a while he asks: "Say, could any of you fellers help me with cultivatin' out my corn? Need somebody for three weeks. Pay him well."

There is a long, an embarrassing silence. Somebody spits into the stove. Somebody says: "Can't do it. Got my hands full right now."

The same comment goes around the circle. The farmer pleads. "Gosh, I git the same answer everywhere. Can't hire a hand no-how. Need one awful bad, too."

Heads shake. The farmer leaves mournfully. Somebody says: "You'd think Fred had more sense than to come around here askin' us that. He knows we couldn't git back on the rolls once we'd git off."

More silence.

Out in South Dakota they are meeting this problem by direct action. They had to. With political and economic courage, the same thing will happen in many other communities.

But it is not always the same story. In New Jersey recently raspberry-picking time came. The fields are in the hands of Italian "padrones" who used to go into nearby towns and cities and recruit their labor, mostly whole families with the preference for big families where all the children could work. This year the padrones could not get labor, and complained bitterly that their crop would fall to the ground and rot. But they were unwilling or unable to offer wages which according to any decent American standard could reach subsistence levels. The workers were to be housed in shacks as primitive as anything to be found in the worst slums.

Yet it was under such conditions that raspberries have been picked for decades in New Jersey. It is thus that

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onions are harvested in the rich Scioto marshes of Ohio, where the workers struck long and violently last summer. The owners are not in a happy position. They feel unable—and probably are unable—to pay higher wages and market their products at the price set by the general competitive system. A compromise is the only solution, and a compromise was worked out among the raspberry canes as it was in the onion marshes.

Relief has therefore become the most obvious and glaring problem on the American scene. It has unexpected angles. For instance, one of the major reasons for establishing NRA was to end the sweatshop conditions that prevailed in the black winter of 1932-33, and before. Yet since NRA collapsed under its own weight and that of the Supreme Court, we have seen only minor instances of revived sweatshops, and in many of them workers are striking or bargaining their way to subsistence. Why? Because the relief system is there as a bulwark. It is possible, if not quite legal, for people to leave sweatshops where they had to work at subsistence levels and get on the relief rolls. It is also possible for people out on strike to draw relief money or food. The effect of these two weapons on the economic structure is enormous, and little realized.

II

THAT is the surface picture of the American nation today on the farms and in the cities. It is a picture, however, of the working-people or the relief-people alone—of those who are mostly "Have-nots." It is emphatically not the picture of the "Haves." Very few of the "Haves" are at all satisfied with the way things are going. It is the "Haves" you will meet in American clubs and dining-cars, in hotel lobbies and banks. It is the "Haves" with whom you will have social intercourse. It is the "Haves" who guide the editorial policy of most of the newspapers.

And most of the "Haves" are in a dreadful state of

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mind. The ordinary middle-class people, to say nothing of the upper crust, reflect an enormous and almost fanatical dislike of Franklin D. Roosevelt. Political scouts report that today not more than five per cent. of the business and financial community supports the President. The tide of bitterness is seeping down and down the social strata. Democrats of orthodox or conservative persuasion are even more bitter than are Republicans.

In short, people are terribly disturbed. Whether these wrought-up groups constitute more than twenty or thirty per cent. of the voting population would be hard to say. Probably they do not. Some of the same sort of dislike fell upon Theodore Roosevelt when he was pursuing his "malefactors of great wealth." A similar pathological bitterness met Woodrow Wilson when the isolationist reaction began in 1919. Herbert Hoover met a duller but more widespread hatred in his last two years in office. The general phenomenon is traditional in American politics, but today's feeling is new in its intensity, in its incidence, and its emotionalism.

The correspondence columns of the newspapers are crowded with invectives against President Roosevelt that are sometimes unbelievable in their bite. A clergyman recently told the writer of an incident in his church which is seemingly typical. He had invited a State Senator to speak on Sunday evening—as is common in American evangelical churches. The State Senator delivered an attack on President Roosevelt. At the end came questions, and finally the State Senator dropped his voice and stepped closer to his audience to say:

"Now, this is a subject that nobody likes to discuss. But physicians will tell you that the disease of infantile paralysis affects not only the limbs, but ultimately the brain. A friend of mine was recently told by a Cabinet member that Roosevelt's disease has reached that stage. I have said enough. Perhaps you can now interpret some of his actions!"

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This whispered charge gained enormous currency in the nation generally. It was, of course, spread only by the irresponsible or the gullible. It was elaborated on and ornamented with wholly fictitious incidents. So strident became the tongues that a number of Opposition newspaper correspondents in Washington, who see the President and question him as freely as they like twice a week, wrote articles describing his buoyant state of physical and mental health. But the whispers did not cease, nor will they cease until President Roosevelt himself travels from coast to coast this summer, as he plans to do, and shows himself in person to millions of the people. This, too, is not new in American politics, and it is well known in the whispering galleries of all countries. It is tragic that such a medieval barbarity should persist.

III

WHY does this state of emotion persist in the United States? That brings us at last to the major problem in America today, the constitutional question. Where the Constitution is concerned, any American can run the full gamut of emotions. For the issue involved is the entire basis of government in this country—the system rotating around a rigid Statute, providing for president, legislature, and judiciary all in their water-tight compartments. It is the eighteenth-century mechanism of preserving liberties, to which the United States clings as passionately today as it did in 1787, when everybody believed with Montesquieu and Blackstone that freedom lay only in the separation of the three branches of government.

In the United States, a vast continental nation with enormously diverse regional interests, with an impetuous people at the mercy of propagandist devices growing stronger daily, there is still powerful justification for the separation of powers. But it is all a matter of degree. To the conservative, any further breaking down of state authority in

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the interest of the federal power means the final arrival of collectivism and of the authoritarian state. This doctrine is firmly believed by a great number of people, and former President Hoover is their spokesman.

At the same time, another powerful group is convinced, in Mr. Roosevelt's words, that the American government should enjoy the powers vested in every other government—the right to enact and administer laws regulating economic life “to the extent that our civilization makes imperative.” Some feel, with Professor Corwin of Princeton University, that the Supreme Court's decision outlawing the NRA was “a challenge to the viability of judicial review in modern conditions.”

There are three major groups of opinion. One is composed of those who oppose any constitutional amendment on the ground that it would break down the “American system.” Thus the Republicans at their Springfield Convention in June solemnly declared:

We believe in the maintenance of our American political and economic system as established by our forefathers and developed over a century and a half of unparalleled progress. We believe that they (*sic*) are sufficiently flexible to meet all of the needs of a complex civilization while preserving those enduring principles derived from the accumulated experience of mankind.

This is the Hoover view, and he foresaw that it would be the issue as long ago as the 1932 campaign. Probably it did not affect a handful of votes at that time. It is the view shared by the right wing of the Republican party, by all conservatives including a large Democratic group led by the two Senators from Virginia, whence the Constitution sprang.

The second view is that of those who believe that with more careful framing of Statutes the New Deal can reach its objectives within the Constitution. “When the smoke of battle has cleared away,” says Mr. Walter Lippmann, “it will be found that the Supreme Court has laid down no political rule which throws the nation back to ‘horse and

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buggy' days. It is far more likely that the Court will find ample powers in the Constitution when Congress and the Administration have the patience and ability to frame a Statute that shows some careful thought about what it is intended to do."

To which the third group, composed of those who would amend the Constitution, reply with Professor Raymond Moley, who often speaks for President Roosevelt: "The Court says that the time has come to end subterfuge and hypocrisy and legal flim-flam. The Court tells us to say what we mean and to do what we say."

The Court says to Congress that if they want fair trade practices, collective bargaining, minimum wage and maximum hour standards in certain industries, an orderly agriculture, federal protection for investors, Congress and the American people ought to protect their efforts to attain these ends through an amendment to the Constitution, and not through a distortion of the words "interstate commerce" or any other words that have been used to enable legislation for one purpose to be enacted under a clause of the Constitution clearly intended to cover something else.

As a background to this three-sided debate, President Roosevelt urged Congress to pass all legislation regardless of constitutional doubts. Meanwhile, the circuit courts of appeal have been handing down decisions mostly unfavorable to New Deal legislation, and storing up a mighty agenda for the autumn and winter term of the Supreme Court.

That meeting of the Nine Old Men, which will reach its climax in January, February and March—just as the political situation is shaping toward the presidential election—will be one of the most momentous in American history. Nearly every major piece of New Deal legislation is challenged. And in the eyes of constitutional lawyers there is grave doubt of the constitutionality of most of them.

Perhaps the most critical is the Agricultural Adjustment Act—the AAA—under which American farmers have

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received their benefit payments for growing smaller crops, while the processors were levying a tax and recouping the Treasury at the expense of the consumer. This Act is enormously important. It was farm revolt, as much as any other factor, that swept President Roosevelt into office. If the Supreme Court outlaws the first effective measure of relief that the stricken millions of farmers have received since prices began to slip a decade ago, then the Republican issue of "Back to the Constitution" may become pretty sour.

Similarly, the new social security system of insurance and compensation is in danger of being thrown out; the experiment in regional reconstruction in the Tennessee Valley is threatened; the Coal Bill, seeking to introduce order into the long and tragically disordered bituminous industry, is perhaps most vulnerable of all; the Trades Disputes Act, labor's chief trophy in the New Deal, is as weak; the Utility Holding Company Bill is no stronger than any of its fellows.

In short, sooner or later it is possible that the Supreme Court may disappoint (1) the farmers; (2) organized labor; (3) the old people, the pensionable; (4) the coal miners; (5) the would-be rehabilitated folk in the Tennessee Valley; (6) electrical-power or gas consumers; (7) small investors in general.

Altogether, this makes a mighty vested interest on the side of a constitutional amendment in case all their hopes are dashed by the Nine Old Men. President Roosevelt seems deliberately to be piling up a mighty mass of questionable legislation, perhaps with the intention of challenging the Court to declare it unconstitutional. The Court's two greatest decisions this year throw some light upon its possible action. In the gold clause cases, it upheld the Administration—with a scolding—and its apparent reason was not only the divided and interpretable legality, but the fact that an adverse decision would have produced intolerable confusion. In the NRA case, it ruled against the

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Administration, not only because of dubious legality, but evidently because scrapping of NRA in its then moribund state did not make two pins of difference.

Mr. Dooley's classic remark was that "Th' Supreme Court follows th' illiction returns." President Andrew Jackson, when confronted by an adverse decision of the great Chief Justice, said "John Marshall has made his decision. Now let him enforce it." The fact is that in the NRA case there was nothing to enforce. Nobody was in a position to collect from the government. In the gold cases, if the Court had decided otherwise than it did, people could have tried to collect from the government. Had the government refused, Mr. Chief Justice Hughes would have been hard put to it to "enforce" his decision.

So the prospect for next winter is a Court as sage and sane as ever—making no decisions that it cannot "enforce." And the chances are that its decisions will be split pretty well down the middle of the body politic, some favorable to the New Deal and some unfavorable. The Court has ever followed a rule of reason. It has bowed to economic or social facts when they were unmistakable. It is likely to do so again.

And if that happens, the Constitution will not be a very good issue for the Republicans in next year's campaign. "You can't eat the Constitution," cried the nation a year ago, when unemployment was most acute and relief not mobilized. The issue, perhaps unhappily, may be between the "Have Nots" and the "Haves." But a good many of the "Haves" are likely to be more favorable to President Roosevelt than they are today. For he is now the only target in sight, and it is easy to blame him for everything. In the campaign a year from now, there will be a Republican nominee in the field, and it will not be "Do you like Roosevelt?" but "Is Blank better?"

Alas, the Republicans have as yet no decent candidate remotely in sight. They are terribly torn by difficulty, despite the strong wave of Roosevelt criticism that runs

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in their favor. But this wave, however impressive it may be in all the circles with which polite society comes into contact, must be discounted heavily.

Though they will be challenged in the clubs and pullmans, the following views of a keen-eyed American back from a 14,000-mile tour of the states have a ring of reality. He says:

Roosevelt is in the bag for 1936. He is not as strong as he was last autumn at election time but he will carry between 36 and 40 states.

Huey Long has lost two-thirds of his strength in the past six months. The magic that was Father Coughlin is greatly lessened. The threat or promise of a strong third party in '36 is a myth.

The Supreme Court decision ending the old NRA did little harm to F.D.R.

Three-quarters of the farmers affected by the crop reduction are for AAA.

The average citizen feels the Republican Party has neither a cause nor a leader. Labor feels it has been sold down the river on a boat called Recovery, but it only partly blames the President. Veterans' resentment against the bonus veto is already lessening and probably by election time will largely disappear.

The \$4,800,000,000 public works and relief fund creates, even with the best of intentions, a great reservoir of political pressure.

The advancing machine constantly checks the most determined efforts to end unemployment. America is faced with the permanent problem of giving federal and state work and aid to from three to five million people.

For the great mass of common citizens Roosevelt no longer has wings but they still look upon him as the one man who is daring to try to help them all.

We shall see.

The United States of America.

July 31, 1935.

NATIVE POLICY IN SOUTH AFRICA

By An Afrikaner Correspondent

THE long awaited report of the joint committee on native policy, which was published in May, 1935, has behind it a chequered history. Briefly, the facts are that in 1926 General Hertzog as leader of the Nationalist party and Prime Minister published four Bills. These Bills dealt with the political rights of the coloured (as distinct from the "native") population, with the representation of natives in Parliament, with the establishment of a Union Native Council and with the allocation of land for native occupation. They thus embodied a comprehensive policy dealing with the whole complex of race relations in South Africa; indeed, General Hertzog announced that his policy must be judged as a whole and that the Bills would stand or fall together. After they had been dealt with by a select committee, taking evidence, for a few years, the first two Bills were laid before Parliament early in 1929. But the Representation of Natives Bill failed to obtain the necessary two-thirds majority of both Houses required by the Act of Union for an alteration to the franchise. Both it and the Coloured Persons Rights Bill were therefore withdrawn, and all four measures were referred, in 1930, to a joint committee of the two Houses, in an attempt to arrive at an agreed policy. This committee, composed of the leading South African statesmen, met behind closed doors and took no further evidence.

It is important to remember that two years ago the political balance of forces was upset by the union of the two great parties, each sloughing off an extremist wing.

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When Generals Hertzog and Smuts joined forces the whole aspect of native affairs changed, because united they were able to ensure the passage of any legislation upon which they might agree. It was for a time expected that the united party would avoid native affairs, since so dangerous a subject might destroy the happy union which it had at one stage nearly prevented. While it is true that the union of the two parties was achieved by an agreement by the leaders to differ on native policy, there is justification for the view that, among the rank and file, the new alignment was welcomed as a means of achieving an agreed adjustment of racial questions. If, therefore, the Government is united on the legislation proposed by the joint committee it will be sure of the two-thirds majority of both Houses. But it is necessary to remember that the Government is not committed to any policy and that the original agreement to differ still holds good. The record of the proceedings shows that there were marked differences of opinion among Ministers, differences which have been emphasised publicly since.

The committee did not deal directly with the rights of coloured persons, as these are in the hands of a commission which will probably report in 1936. Their report, however, proposes two Bills. The first is the Native Land and Trust Bill, which provides for the establishment of a South African Native Trust. The Trust may acquire land for native occupation, additional to the existing reserves of some ten million morgen, to a maximum extent of seven and a quarter million morgen.* The basis of the Bill is that of the partial territorial segregation laid down in the Land Act of 1913. Under that Act two commissions attempted to demarcate land suitable for native occupation and failed owing to pressure of public opinion. Whether the present Bill will have more success remains to be seen. The amount of additional land made available is small enough, but the

* One morgen = $2\frac{1}{4}$ acres. The area of the Union is about 143,000,000 morgen.

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difficulty in the past has always been to find land where native occupation will not infringe European rights and interests. To meet this difficulty the Bill provides for compensation for European owners in those areas where it is proposed to carve out new land for the natives.

The South African Native Trust provided for by the Bill is to be constituted as a corporate body, and the Governor-General (in practice the Minister) is to be trustee with power to appoint a board in each province to advise him on the acquisition of land for native occupation. Each board is to consist of an officer of the Native Affairs Department and two other persons, one of whom shall be a native. The Trust Fund will have an annual income consisting of a grant from Parliament and of fines, fees, rents and licences obtained from land held by the Trust. This income will be used to acquire and develop land for native use, to assist groups of natives to obtain land and to promote the agricultural and pastoral interests of the reserves. The establishment of the Trust is sound, but a very great deal will depend upon whether Parliament is prepared to be more generous than in the past.* In South Africa it is very difficult to get Parliament to vote money for purely native interests, and the general rule is that the native must pay for what he gets. In the existing reserves bad farming, overcrowding and inadequate attention to soil erosion are creating a dangerous amount of denudation, and fine pastoral country is becoming impoverished. This could be counteracted only by the expenditure of much more public money on agricultural schools and demonstrators and on an active campaign against soil erosion. But if the principle is to hold that the reserves must pay for themselves the Trust Fund will immediately be faced with great demands upon its inadequate resources. What is required is something on the scale of the Tennessee Valley Authority with large government credit behind it. Without that, the newly created reserves will rapidly slip into the

* Cf. Wyndham's Irish Land Purchase Act, 1903.

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condition of the old. The present Government is spending millions on irrigation works in European areas, and unless something like this is contemplated in native areas also, the Native Trust will be given an impossible task.

The second of the two Bills proposed by the joint committee, the Representation of Natives Bill, will probably attract far more public attention and criticism than the first. At the present moment there are approximately six million natives in the Union. Of these about one million live in European urban areas, about two and a quarter million in European rural areas, and the remainder in native reserves. In addition to these there are more than half a million coloured people, chiefly in the Cape Province, and about 170,000 Indians, chiefly living in Natal. The remainder of the population, about two million, is of European descent. The existing franchise position is that there are just over nine hundred thousand voters in the Union, and of these about eleven thousand are natives living in the Cape Province. In the Free State and the Transvaal non-Europeans may not qualify as voters, but in the Cape Province non-European males may qualify provided they, unlike the Europeans, satisfy a property and education test. In Natal there is a paper provision that non-European males may become voters, but it is practically of no account, and there is only one native voter in Natal.

The old Nationalist party was always opposed to what is known as the Cape native franchise. In his original Bill of 1926 General Hertzog proposed to abolish it and, as a substitute, to give representation to all natives in the Union by allowing them to elect seven members of the House of Assembly with restricted voting power on, for example, a no-confidence motion. This original attack on the franchise in the Cape was bitterly resented by natives throughout the Union. Those in the northern, unrepresented provinces maintained that they would sooner wait fifty years for representation than have the Cape franchise abolished. They value highly the immunity that the vote

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in the Cape brings from certain restrictive legislation; they know that, by decision of the courts, the right to acquire the franchise preserves to the Cape Bantu the right to acquire land anywhere in their own province, and that if the franchise goes, that freedom will go too; and they regard the franchise as a badge of citizenship. It is obvious that eleven thousand voters are not able to effect much positively in an electorate of close on a million, but the natives argue that to deprive them of the right to qualify in the Cape is to kill all prospect of the extension of the franchise to the north and to debar them for all time from the rights of full citizens of the Union.

Political division among the Europeans prevented the passage of General Hertzog's Bill, but that division has now largely disappeared, and the Government, if it can agree about the Bills proposed by the select committee, now has a sufficient majority to abolish the Cape native franchise. This the new Bill proposes to do without disturbing the rights of existing voters. It will provoke bitter criticism from the natives and from many Europeans, but there seems to be little prospect of preventing it in face of the fact that the overwhelming majority of South Africans desire this form of political segregation. As before, the Bill proposes to allow "coloured" males, who satisfy a property qualification, to vote. In this connection the definition of "native" given by the Bill is of great importance. A native will mean someone who is a member of an aboriginal tribe, or someone one of whose grandparents was or is a member of an aboriginal tribe.* This will greatly restrict the number of racially coloured people who may, in the future, qualify as voters by having themselves legally declared "non-natives."

Having abolished the old native franchise in the Cape, the Bill proceeds to provide for native representation throughout the Union. In the first place there will be four

* In other words, only great-grandchildren can hope to pass into the non-Bantu ranks.

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European Senators, additional to the existing Senate, who will be elected by four constituencies. The method of election will be described presently, and it is sufficient to say here that it is so indirect that while the elected Senators may possibly be men who "understand the native" they will scarcely represent native opinion. Further, it is impossible to attach much political weight to four members out of a body of forty-four when that body is merely a part of the legislative machinery, and a part, at that, weaker in political power than the Assembly and with restricted control over finance. It has been said in support of this representation in the Senate that there are already four nominated Senators who, according to the South Africa Act, are appointed by reason of their acquaintance with the wants of the native population. But in the past Governments have sometimes made party allegiance rather than acquaintance with the wants of the natives the test of fitness to become a nominated Senator. In any case, eight Senators are hardly adequate to represent five-eighths of the population.

Part III of the Representation of Natives Bill proposes to establish a Natives Representative Council which is to be the channel for native opinion to reach the legislature. The Council will consist of twenty-two members and is to be constituted as follows: the Secretary for Native Affairs as chairman; five European chief native commissioners as advisory members; four nominated native members; and twelve elected native members. There are to be four electoral areas: Natal, Transvaal and Free State as one, the Cape Province excluding the Transkeian territories, and the Transkeian territories. Each area has an electoral college constituted as follows: in the Transkeian territories it is the native members of the United Transkeian Territories General Council (the Bunga); in the remaining areas the electoral colleges consist of recognised chiefs of tribes and native members of local councils, advisory boards and reserve boards of management. Each of these voting units

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has as many votes as there are taxpayers and exempted taxpayers in its area and casts its vote collectively and indivisibly; where more than one candidate is nominated it can indicate second and third or more preferences.

It is necessary to analyse the probable effects of this electoral machinery on the composition of the Council. The native members of the United Transkeian Territories General Council are not directly elected by the native taxpayers. The district councils, from which the General Council draws its members, are partly nominated by government and partly elected, and the members of the General Council, in their turn, are partly elected and partly nominated by government. The result is a reasonably efficient administrative council which does excellent work. Whether it may be said to represent native opinion is another matter. As regards the remaining constituencies it is necessary to concentrate attention on the voting units. Over seventeen hundred chiefs are recognised and paid by government, and each chief will have as many votes as he has taxpayers in his tribe. As regards local councils, these were instituted under the Act of 1920, but very few have been established and the existing ones are partly elected and partly nominated. Native reserve boards of management exist in the Free State reserves and are purely nominated bodies. All these units represent rural areas and it will be noticed that the voting units are almost entirely nominated by government. Administrative experience in South Africa and elsewhere suggests that only what the natives term "good boys" will be so nominated. Can it reasonably be maintained that a council elected by these nominated natives will really represent the views of the native population? Moreover, the opportunities on the part of Native Commissioners to exercise a judicious moral suasion will be great. A subsidised native chief who controls four thousand votes, or three nominated native members of a council that controls five thousand votes, will be given a

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responsibility and exposed to temptations that they may not be able to bear.

So far the voting units have all been drawn from the reserves. The Bill provides further that one of the three members for each electoral area, except the Transkei, is to represent urban natives and will accordingly be elected by the native members of advisory boards. In other words, of the twelve elected natives nine will represent rural and three urban areas. The Urban Areas Act of 1923, which instituted these advisory boards, provided that the native members should be elected or selected. In towns such as Bloemfontein where the natives themselves elect the members of the advisory boards these members may be said to reflect fairly accurately the opinions of the natives. In most cases, however, the boards are nominated by the urban local authority (municipal council) and the same criticism applies as has been levied in reference to the nominated chiefs and local councils; the native members will be subject to official influence, and anything like real representation will be vitiated. Finally, in this matter of representation, no provision is made in the Bill for the 2,250,000 natives living on European farms.

The enormous size of the constituencies will militate against anything in the nature of an election campaign. In the Transvaal-Free State area, for example, we shall have a constituency of practically twice the size of Great Britain, with widely scattered voting units which must elect four members and one Senator. The great distances, the time and the expense involved, will obviously deter candidates for election from undertaking an election campaign. And, what is more, the member who has been elected in this fashion will, for similar reasons, be unable to keep in touch with more than the fringe of his constituency. It will be surprising if at the end of the five years for which it is elected this Council is in close touch with the people it is supposed to represent.

The qualifications for membership of the Council con-

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tain one clause that will tend to produce an amenable rather than a representative council. Besides the usual qualifications as to residence and freedom from criminal conviction it is a disqualification to have been subject to an order under section one (12) of the Riotous Assemblies (Amendment) Act, of 1930.* Further, a nominated or elected member may have his seat declared vacant by the Governor-General (in practice the Minister) on grounds of misconduct or "other cause." All these restrictions and safeguards can mean one thing only, and that is that the joint committee was afraid to create a body that would genuinely collect and interpret native opinion. With this fear in mind it has created a "toothless" council.

The functions of the Natives Representative Council are to be advisory. It is required to report on any legislation that specially affects the native population and on any matter referred to it by the Minister. No Bill, or draft ordinance of a Provincial Council, that affects native interests may be initiated until it has been referred to the Council, and the Council may also propose to a Minister, or to an administrator of a province, legislation that it may consider necessary in the interests of the native population. The Council is further to consider and report on the proposed estimates of revenue and expenditure connected with native affairs. All reports from the Council must be laid upon the tables of both Houses of Parliament. There is nothing to indicate what will happen if the Council disagrees with proposed legislation, and there is no guarantee that such legislation will not be passed in spite of native opposition. Nor is there any obligation upon Parliament or upon a Provincial Council to give legislative effect to recommendations from the Council. In 1920 the Government set up a Union Native Conference, consisting of nominated native members and Europeans,

* The original Riotous Assemblies Act was passed in 1927, in the teeth of much liberal criticism, to give government an additional weapon in dealing with "agitators"—a much abused word.

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which was to meet from time to time to consider proposed legislation. But the Conference developed too pronounced a taste for criticising government proposals and since 1930 it has not been summoned. Under the new Bill this failure to summon the Council will be impossible; but if it is too critical European public opinion will react unfavourably towards it and the Council will find itself in the unhappy position of pleasing neither its electorate nor the Government.

The argument is frequently and even officially used that the Bunga, or United Transkeian Territories General Council, works well and that the proposed Natives Representative Council is merely an extension of the same principle. But this argument ignores two vital facts. In the first place the Bunga has a considerable financial responsibility and the Council has none. And even if this difficulty could be avoided there is a functional difference that can never be altered. The Bunga deals with matters in the Transkeian territories, the one extensive reserve area in the Union, and its decisions do not affect the European population as a whole. In the nature of things the Natives Representative Council will have to deal with matters affecting Europeans and natives over the whole Union. The Council will doubtless pass resolutions criticising such measures as the Riotous Assemblies Act (1927-30), the Native Service Contract Act (1932), and the so-called Colour Bar Act (1926); it will certainly ask for increased facilities for the education of native children, for modifications of the pass laws and for better economic opportunities. And in acting thus it will find itself at once in conflict with European public opinion. The truth is that the Natives Representative Council, considered as a final method of political segregation, can never have powers such as are exercised by local councils. If it is considered as an interim arrangement to act as an educational agency until the natives are ready to assume the rights of citizenship it could, with considerable modifications, be a very useful

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body. But it would have to be more directly elected and greatly enlarged; provision would have to be made that its recommendations should not be over-ridden by a bare majority of Parliament—perhaps a two-thirds majority might be required to pass a Bill that has been rejected by the Council. Given such changes, the Council would, in a measure, bridge the gap between the native population and the legislature, and would educate natives up to the proper use of the franchise. As it stands, the Bill in reality side-tracks native representation.

It is customary to say that the Union has no native policy and that the question of transferring the administration of the protectorates should wait until such a policy has been enunciated. In reality this is far from the truth. The Union has a very definite native policy, and the present Bills merely propose to add the finishing touches to a policy that has been built up since 1910.* The policy of territorial segregation was first enunciated by the Botha Government in 1913, when the Land Act was passed forbidding natives to acquire land outside certain defined areas. Public opinion in South Africa has never swerved from that policy. Parliament, it is true, has failed to provide the necessary land to give effect to segregation, but this is because the European population apparently wants to eat its cake and have it too; in other words, to have cheap unskilled labour to hand, and the rest of the Bantu population out of sight on its own agricultural land. The administrative policy towards the natives in the reserves is laid down in various Acts of Parliament and especially in the Native Administration Act of 1927. This Act,

* On Union native legislation, 1910-32, see Edgar H. Brookes, *The Colour Problems of South Africa*, being the Phelps-Stokes Lectures, 1933, delivered at the University of Cape Town (Lovedale Press, 1934). The author discusses with admirable temper and complete clarity the social and economic causes and effects of the thirty-four Statutes that have been passed during that period specially or differentially affecting natives in the Union. It is a book that should be read by all who are interested in the present state and probable future of southern Africa.

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which contains some excellent provisions, provides for the recognition of native chiefs and gives them a limited jurisdiction in native civil cases; it regularises the whole machinery of native commissioners and their courts, which are to apply native law where possible in civil cases; it makes the Governor-General supreme chief in Natal, the Orange Free State and the Transvaal, and gives him very wide powers of legislation by proclamation. In the Transkeian territories a pre-Union system prevails, derived from the old liberal Cape Colony and imperial Basutoland. There is a General Council with fairly wide administrative powers, and the district councils provide excellent training in local self-government and financial responsibility.

It is with regard to its urban native population that the Union's policy is not so clear. The Urban Areas Act of 1923 laid down a policy with regard to natives living in locations next to European towns. So far, however, very few municipalities have availed themselves of the powers given under the Act and most of them have, in practice, done very little to improve the conditions in the locations. The white labour policy, which the present Fusion Government inherited from its Pact predecessor, was extensively used during the depression (1930-32) to replace native by unskilled white labour. There is no indication that the Government is preparing to depart from this policy, but the poor white will never really displace native labour and we can safely reckon on an urban native population of three-quarters of a million. Apart from subjecting these urban natives to restrictive legislation such as the pass laws, refusal of trading rights in their own locations in the Free State, and the penal sanctions of the masters and servants laws, the Government has no settled policy. The new Bills are silent on this urgent matter. It is urgent because it is in the urban areas that the most advanced natives are found, the natives who resent most intensely their inability to become citizens in the land of their birth.

Both for what they say and for what they do not say

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the two proposed Bills have greatly disappointed those who anticipated a more liberal land policy and who expected that, with the question of the protectorates to the fore,* the joint committee would have given some indication that the native was not to be condemned to a perpetual civic impotence.

Union of South Africa.

July 1935.

* Another article in this issue (see below, p. 746) deals with the problem of administration in the protectorates in anticipation of eventual transfer.

BRITISH EMPIRE BROADCASTING

I. THE BACKGROUND OF AN EMPIRE SERVICE

THE nineteenth of December of this year will be the third anniversary of the opening of the Empire Broadcasting Service. This fact is much more remarkable than appears at first sight, for it was only in 1922 that broadcasting started in this country, while in the overseas Empire countries it is even more recent. Here in the United Kingdom we have had no great difficulties in organising broadcasting under a public utility corporation holding a monopoly and entirely independent of advertising and commercial interests. The other British countries have not been so fortunate in this respect. Their experience has been more chequered, and in Canada, Australia and New Zealand the establishment of central broadcasting authorities dates no farther back than 1931 or 1932. The African Broadcasting Company in South Africa was formed in 1927, but it is a private company which the Government has only recently determined to take over. The years following the inception of broadcasting in the overseas British countries have been years of difficult problems of domestic organisation and policy, added to the formidable technical problems that have faced them in common with this country also.

The opening of the Empire service in December, 1932, was not only a technical triumph. It was an expression of the determination of all those responsible for it to use this new medium of communication in the highest service of the Empire. At this stage in the history of broadcasting there is no need to dwell on its power and

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significance either from the national or from the imperial point of view. In the Empire jubilee programme, broadcast on May 6, we had an outstanding example of how broadcasting can unite all the peoples of the Empire, irrespective of race or creed, in a common emotional experience which must remain as a permanent bond between them. But Empire broadcasting does not depend on such "high lights" as this for its general value, which is to be found rather in the daily services rendered in bringing the entertainment, the recreations, the news, the interests of the ordinary citizen in one Empire country to the ordinary citizens of the others. At present the Empire service is very much a one-way traffic from this country to the overseas countries, but the future should see it develop as an increasingly reciprocal affair. This has been one of the main objectives of those responsible for it. The service is not, and has never been intended to be, propagandist, for that would be destructive of all its best aims. Stated in the simplest possible terms, Empire broadcasting is designed to keep the different countries of the Empire in daily touch with each other, and to make them all as well known to each other as is possible through the medium of this particular form of communication.

Sooner or later television will be joined to broadcasting, and the two will then stand forth without any possible rival as the *speculum mundi*, the mirror of life, culture, entertainment—the whole human scene. It is not for a moment suggested that television will be perfected within the immediate future. A long time will elapse before it can be of any great practical importance for programmes broadcast over the great spaces that separate the different countries of the British Empire. But for a generation which has seen within its own lifetime the rise and development of the motor-car, the aeroplane, broadcasting, and now television the developments here contemplated contain nothing inherently impossible. They are merely a matter of time.

The Background of an Empire Service

It is fortunate, indeed, that we should have been able to call in broadcasting to redress the balance of the film during these crucial years, when the peoples who compose the British Commonwealth of Nations have been finding a new basis of association. For it must be admitted that, promising as is the future of the British film, British standards and the British point of view have gone largely by default in the past, so far as this particular instrument is concerned. It seems that the British film industry will in the end be able to hold its own against even its most powerful competitor, and the growing importance of the topical or news film favours London as the chief international centre. But, as things are at present, it is fortunate that we have in broadcasting an alternative medium of expression. Evidence accumulates that the Empire programmes broadcast from Daventry are increasingly popular outside as well as inside the Empire. Besides being received by British subjects living beyond its borders, they are growing in favour in such foreign countries as those of South America. It is worth while bearing this broader aspect in mind when estimating the general value of Empire broadcasting.

The organisation of broadcasting in the chief British countries overseas is of obvious importance to the whole scheme of Empire broadcasting. In this country we are familiar with the concentration of broadcasting in one national authority, and we are conscious of its great merits. It is easy, therefore, for us to assume that what is possible for the B.B.C. is also possible for the broadcasting systems of the other countries in the Empire. This is true only up to a point. The B.B.C. is an excellent example of that typically British development, the public utility corporation, which combines public ownership and ultimate control with the minimum of political interference, leaving individual initiative in the conduct of the business concerned practically unfettered. In Canada, Australia and New Zealand the Broadcasting Commissions (or Broadcasting Board in the case of New Zealand) are now all organised

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on public corporation lines, and so approach, in varying degrees of closeness, the position of the B.B.C. Sir John Reith went out to South Africa at the end of last year to advise the Union Government on the future development of broadcasting in the Union, and his report recommended the entrusting of broadcasting to a public corporation on B.B.C. lines. The Minister of Posts and Telegraphs announced in March that the Government intended to adopt Sir John Reith's recommendations and that the necessary Bill would be introduced during the next session. When the present licences of the African Broadcasting Company lapse in March, 1937, they will not be renewed. Already the Canadian, Australian, New Zealand and South African broadcasting authorities can control broadcasting throughout the length and breadth of their countries, notwithstanding the existence of private companies in Canada and the "B" class stations in Australia. These latter, of which there are about forty, are commercial stations which depend entirely on revenue received from advertising or from their association with newspapers. It is true that at present there are still a few areas not covered by the national broadcasting commissions, but this is a temporary feature. In Canada, the Canadian Radio Broadcasting Commission seems to be vested by law with greater and more definite powers over private stations than is the Australian Broadcasting Commission. Thus the Canadian Act empowers the Commission to "make recommendations . . . with regard to the issue, suspension, or cancellation of private broadcasting licences," to "allot the channels to be used by stations in Canada" and "to prohibit the organisation or operation of chains of privately owned stations in Canada."

It is, perhaps, a little early to talk of India yet, since the organisation of broadcasting on a national scale is only about to begin. The broadcasting authority is the state or province, and for linguistic and other reasons the provincial governments will have to play a very active part

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and exercise a fair amount of autonomous power for as far ahead as we are able to see. There is every appearance, however, that the central (in the future, the federal) government will retain control of broadcasting policy, and exercise, no doubt, the same sort of supervisory control over provincial broadcasting as it will exercise under the new constitution over the general government of the provinces. In any case, the great and increasing popularity in India of the Empire service will ensure its welcome by every provincial government, no matter what the latter's authority in broadcasting may ultimately be.

When we turn to the colonies, we find, of course, a completely different state of affairs. The West Indies have a few small transmitters privately operated; Kenya has a broadcasting service operated by Cable and Wireless, Limited, and Southern Rhodesia has a small service operated by the Postmaster-General. The Gold Coast, Sierra Leone, and Nigeria have the wireless exchange service (to be explained later) but, apart from these, there is no other established broadcasting service in any British colony or protectorate in Africa. It will be seen, therefore, that while, in the Dominions, the Empire service can supplement and vary the home programmes, in the colonial empire it provides practically everything. In the West Indies, of course, the Empire service gains additional importance because of their proximity to the United States.

II. THE MATERIAL OF PROGRAMMES

IN view of all these considerations, it is not surprising that the Empire broadcasting service has grown and extended rapidly, a convincing proof both of the demand for it and of the technical skill that makes it possible. At first, the Empire service comprised ten hours of programmes out of the twenty-four. To-day, the number of hours is sixteen. Side by side with this increase of actual

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listening matter, improvements have been made on both the programme and the technical sides. One obvious difficulty arises out of the differences in time between the United Kingdom and most of the overseas parts of the Empire. Clearly, in many cases the best listening times, that is to say, in the evening, will be times when no home programme is being put out. This difficulty is surmounted to a large extent by electrical recording, but there has also been a steady growth in the direct relays of programmes. When the Empire service was first started it was not possible to do much more than relay portions of the home programmes eked out by recorded material. This tentative and experimental stage has now been well passed. To-day, all important items in the home broadcasts are simultaneously transmitted to the Empire, and also go out later on from the electrical recordings. A very notable advance during the past twelve months has been the formation of the Empire Orchestra, whose director is also responsible for all the music sent out in the Empire programmes. The Empire Orchestra broadcasts the music of composers in the various overseas countries, and sometimes selections from it are given in the home programmes at the same time as it is going out from Daventry. Visitors from the overseas Empire to this country also give talks or performances in the Empire programmes and in this way a very real contribution is being made to the cultural side of inter-imperial relations.

It is not necessary to dwell at any length on the all-Empire broadcasts of famous sporting events like the Derby, the Grand National, or the Boat Race. These are becoming important features of the lives of millions of British subjects who have never seen this country. Although "highbrows" may affect to despise these things as of no cultural value, they do "project" England to the rest of the Empire as nothing else can. In any case, apart from great ceremonies that affect the Royal family—the wedding of the Duke and Duchess of Kent is an excellent case in

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point—these are the items that make the widest and most powerful appeal in the Empire programmes.

Another very notable development of the past twelve months has been the formation of a separate news section for the Empire programmes. Until last September, the Empire news formed part of the home news department, but it has now been strengthened, given its own news-receiving facilities, and organised so as to be able to give more "up-to-the-hour" news in the Empire broadcasts. The importance of this development to dwellers in the lonelier parts of the Empire can easily be imagined. Again, weekly bulletins of commercial intelligence, intended to keep listeners in touch with general movements in the commodity and metal markets, are about to be incorporated in the Empire service. Weekly produce market information has also been regularly broadcast since shortly after the service began. These valuable contributions to imperial trade and commerce are supplemented by talks on trade, financial, industrial, agricultural and general economic affairs by speakers of recognised standing.

Religious services have been broadcast regularly in the Empire programmes from Westminster Abbey and elsewhere, and these have always proved to be a peculiarly welcome feature. This summer the Dean of St. Paul's has initiated a series of monthly services in the cathedral for the Empire overseas. British men and women from all over the Empire who happen to be in London are invited to these services, and already there is evidence that in them we may find a new and intimate link between the King's subjects at home and overseas.

III. TRANSMISSION AND RECEPTION

ON the technical side of the Empire service a noticeable advance has been effected during the past three years. Electrical recording, which still necessarily plays an important part in the programmes, has been improved to

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the marked benefit of listeners. In regard to transmission, the outstanding development has been the decision to increase the number and power of the Empire transmitters at Daventry. At present there are two transmitters which broadcast simultaneously to the Empire. When the improvements now under way have been completed there will be three transmitters at work for the Empire programmes. From the very beginning of the service extensive technical tests have been continuously carried out, and these are going on all the time. Already the conditions of reception have improved in many parts of the Empire, and this, in turn, has led to increasing popularity of the programmes and a growing demand for their extension. Indeed, for the present at any rate, the work of the engineers is quite as important as that of the programme builders. In order that the work of their engineers and other officers should not suffer from any preventable cause the B.B.C. send out post free to listeners all over the Empire a pamphlet showing which British-made receiving sets are suitable for use in any particular country.

For the purposes of the broadcasting service the Empire is divided into six transmissions, in which programmes go out at times to suit the convenience of listeners and the physical conditions of propagation. The timing of the six transmissions is a little complicated because the actual times have to change for technical reasons and for such special causes as summer time. Transmission I goes out for two hours in the early morning, so as to be picked up in the late afternoon or early evening in the Antipodes. A special programme is required for this transmission. Transmission II, for Malaya, the Far East and Western Australia, goes out from 11 a.m. to 2 p.m., and consists of items from the home programmes then being broadcast, special Empire programmes, talks and records of events. Transmission III is picked up in India, Burma and Ceylon in the evening, in the Mediterranean countries and the Near East in the afternoon, and in the American continent in the

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early morning or at midday. The later part is also heard in East Africa. This transmission includes many special items, as well as talks and recordings. Sporting events in this country can often be relayed in it direct. Transmission IV is the longest of all, being broadcast between 5.45 p.m. and 10.45 p.m. The early parts are for South and East Africa and the Mediterranean countries, and the later parts for West Africa, the South Atlantic and British citizens in South America. In the main this transmission consists of extracts from the home programmes supplemented by talks, recordings and special features. Transmissions V and VI, between 11.0 p.m. and 1.0 a.m., are meant to serve Canada, Newfoundland, the West Indies, Western Canada and British listeners generally in North and South America. A special programme is necessary for these transmissions, which are so popular that their length will probably be increased in the near future.

Of course, listeners in all parts of the Empire can hear any of the transmissions—they are not necessarily confined to that specially intended for their own country—if they are willing to put up with possibly inconvenient times of reception. The Empire transmissions can be picked up in a variety of ways. Listeners with short-wave receivers can pick them up in their own homes. Failing this, they can be picked up at a central receiving station and re-broadcast for the convenience of listeners whose receiving sets are suitable for local reception only. The appropriate authorities in Hong-Kong, Ceylon and various other colonies, and in the mandated area of Palestine, have co-operated with the B.B.C. by relaying programmes for listeners within their jurisdiction. Lastly, the programmes may be picked up at a central receiving station and transmitted thence over a line network, analogous to an ordinary telephone system, directly to the homes of listeners. These three systems can all operate at the same time in the same area. The third system is the one best suited to areas of dense and compact populations. It has

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the further merit of appealing to people who cannot afford the price of a good receiving set. For them the only apparatus necessary is the loud-speaker, and they can rent the programme service on a small weekly payment. This system of "wireless exchanges" is in operation in parts of West Africa, and also in Gibraltar and the Falkland Islands; its extension to other parts of the Empire is under contemplation. In the Falkland Islands, one of the most remote of all the Empire countries, it has been a marked success. Any local authority empowered to do so may set up a high-power receiver and amplify and transmit programmes to subscribers via land-lines and a loud-speaker.

One of the programme improvements during the life of the Empire service has been the replacement of much recorded by "live" matter. But, as will be easily understood from the times at which the Empire broadcasts take place, recorded programmes will, for long enough, have to play an important part. In addition, special series of programmes representative of the best types of broadcast in the United Kingdom have been prepared by the B.B.C. and recorded on wax. These have proved very popular, especially where broadcast material is limited and where direct short-wave reception is difficult.

Earlier in this article the desirability was stressed of changing the still largely one-way traffic, from the United Kingdom to the rest of the Empire, into a more reciprocal service. Within the last year a long step forward towards this consummation has been taken. Important programmes from the Empire have been well received by home listeners. Among the more important of these were the 1934 Dominion Day programme from Canada, an Empire Day programme in Australia last year, the Melbourne centenary celebrations, an Empire Day programme from Canada in May of this year, including a talk by Mr. Bennett which was broadcast simultaneously here and in Canada, and the Union Day programme from South Africa this

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year, in which the Earl of Athlone took part. All these programmes were broadcast throughout the Empire. These are the examples of the more serious programmes, but some excellent entertainment material from the overseas Empire has also been relayed in the home programmes. Listeners all over the Empire are helping immensely in the development and improvement of the service by constructive suggestions and criticisms. By the beginning of this year about twenty-five thousand letters about the service had been received from overseas.

From all that has been said it is clear that the Empire broadcasting service is in a very lusty infancy. It has grown rapidly during its two and a half years of life, but by far the greater part of its growth has yet to come. Technical and other difficulties exist, but the basic condition of further progress, universal demand for the service, is fulfilled, and neither the technical resources nor the good will to surmount difficulties will be found wanting.

REFORM IN THE PROTECTORATES

A FEW months ago THE ROUND TABLE was expressing the reasons that had led it to the conclusion that an early transfer of the High Commission Territories in South Africa to the administration of the Union Government was desirable in their own best interest.* At that time there seemed to be a real danger that when General Hertzog broached the matter in London he would be met with a bare negative, a result that would have gravely prejudiced the future welfare both of the Protectorate natives and of our own relations with the Union Government. Fortunately, things did not turn out that way. The understanding reached between General Hertzog and Mr. Thomas may be described as a compromise, but it was more than that; it was a constructive effort to bridge the gulf between the present state of native opinion in the territories on the one hand, and on the other all the forces (which we need not again review) making an early transfer advisable.

Briefly, the British Government renewed the promise expressed in the South Africa Act that government under the Union must be regarded as the eventual destiny of the three territories (though with a caveat about the possible effect upon the northern part of Bechuanaland of the establishment of Southern Rhodesia as a self-governing colony). At the same time they drew attention once more to their undertakings to consult both Parliament and the inhabitants of the territories themselves before transfer should take place, and they declared that since native

* See THE ROUND TABLE, No. 98, March 1935, p. 318.

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opinion seemed to be strongly opposed to transfer the time was not yet ripe for such consultation. The conclusion drawn was

that the policy of both Governments for the next few years should be directed to bringing about a situation in which, if transfer were to become a matter of practical politics, it could be effected with the full acquiescence of the populations concerned. With this end in view we feel it important that the closest possible co-operation should be established between the Union Government and the Administrations of the Territories.

General Hertzog has since expressed his cordial acceptance of this understanding.

What form the co-operation between the Union Government and the Administrations of the territories will take is not yet clear. Some of the possibilities are indicated below. But whatever kind and degree of co-operation may prove practicable, the United Kingdom Government itself has a grave responsibility to discharge in the next few years. It has a duty, in short, to be able to hand over the territories, when the time comes, as a healthy, going concern, instead of in their present state of destitution and neglect. This is required in the name of statesmanship in Commonwealth affairs as well as in that of trusteeship for the backward peoples under our charge.

The possible lines of a programme of reform are to be traced mainly in the three reports written by Sir Alan Pim, with the advice of Mr. Milligan, and published in 1932, 1933 and 1935. These reports reveal the territories as very small political units, producers of low-grade primary products which have to face serious transport difficulties and to compete with the products of the surrounding country in its own market. Relief here must mainly come from the indulgence of the Union towards a competition that annoys the white farmers. Here is the first and clearest field of co-operation with the Union Government. In the limited sphere open to him Sir Alan Pim has recommended the construction of a

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creamery to treat the milk production of northern Swaziland at a cost of £5,000, and, for Basutoland, a system of preparing and marketing wool in special sheds which would cost £2,800. The Commissioner also shows himself a believer in producers' co-operative societies.

But these provisions aim only at the handling of what has been produced. The next problem is to improve the products. Swaziland and Bechuanaland are mainly, and Basutoland largely, pastoral. Not only is the stock poor but the evidence points to its progressive deterioration. Plans have therefore been put forward to accelerate the grading-up of cattle by the introduction of Shorthorn or selected Afrikaner bulls. The cost for Bechuanaland, which is almost entirely dependent upon the cattle trade, is put at £7,000 over five years, and for Basutoland at £1,390 over two years—a modest figure, since it promises help also for sheep, horses and mules. For Basutoland two further measures are suggested, the introduction of new crops such as fruits and vegetables and the improvement of the very valuable "strong" wheat grown in the highlands. This crop is exclusive to Basutoland in South Africa and has a ready market in the Union; and, as her wool and mohair are exported to Europe, Basutoland is fortunate in that her two main products do not compete with those of the Union.

If the programme could stop here it need not be a very costly one. But these measures would still be dealing only with the surface of the problem. The gravity of the position in these territories arises from a decline in the basic physical resources upon which the production of stock and crops depends. If this decline is not arrested now it may continue until production beyond mere subsistence—and with it the sources of revenue—reach vanishing point. In Basutoland and Swaziland, as in most of the Union reserves, the destruction of resources must be attributed indirectly to the coming of the white man. He has penned semi-nomadic peoples within narrow and

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rigid bounds, and has then expected them to treble their production before they have had time to learn intensive methods. Such methods alone would make continuous production on this scale possible to them, but they would also mean fundamental changes in their way of life. The result has therefore been a destructive exploitation of the land, with its disastrous consequences of erosion, the spread of noxious weeds, the drying-up of water supplies, and the deterioration of crops and stock. No cheap, superficial alleviations are possible here. Basutoland presents the major problem, and measures, immediate and long-range, against erosion, with the appointment of an ecologist to make a five years' study, are recommended by Sir Alan Pim at a total cost over ten years of £183,500. In Bechuanaland, where human agency can hardly be blamed either for the shortage of water supplies or for the gradual drying-up of those which exist, £10,000 has been requested for immediate measures, while an extensive programme over a long period of years, "essential for avoiding an imminent calamity," might cost up to £200,000.

But the protection and improvement of natural resources will end in expensive failure unless some change can be brought about in the people who handle them. Here we reach social problems of even longer range than a ten years' erosion programme. Ignorance and disease are the great public enemies in the territories, and, with the exception of education in Basutoland, the struggle against them, begun all too late, has been half-hearted. Medical provision in all these territories is inadequate even by African standards, and the sanitary position among the Bamangwato is really grave. Mr. Thomas has announced that a grant of £100,000 from the Colonial Development Fund, mainly for educational and medical services, is under consideration, and a grant of £10,000 from the South African mine-owners is to be used for medical purposes. Already dispensaries have been set up in Swaziland. Agricultural and veterinary education is to be extended, especially in the highlands of

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Basutoland, which are being opened up to cultivation as the pressure on the lowlands increases. It is not very easy to estimate the total sum that will be required yearly to finance such a programme, to meet any deficits in the smaller territories, and to allow for any adjustments in personnel during the next five or ten years, but it will probably be between one and two hundred thousand pounds for the three territories. One thing is certain, that the territories will not be able to meet any of these extra charges themselves. Sir Alan Pim has been unable to recommend either increase of revenue or decrease of expenditure on anything but an inconsiderable scale.

No official statement brings us quite up to date with regard to the money actually granted, loaned or earmarked for the territories. Basutoland, we know, has so far received nothing. On June 18, 1934, Mr. Thomas, in reply to a question, stated that between 1909 and the end of 1933 the two smaller territories had received £374,000 between them. The Colonial Development Fund had issued or promised £61,000. Replying to a question on June 20 of this year he stated that in the past four years these two territories had been voted £427,000 by the House of Commons. Presumably the money will come in the future from the same two sources as in the past.

Last, but by no means least, comes the administrative problem. No progress in the economic or any other sphere is possible in these territories until the energies of chiefs and people can be harnessed in their own interests. Above all, the large powers exercised by the chiefs need to be regularised and controlled. In Bechuanaland two Proclamations issued early this year with this object are being opposed by at least one of the chiefs. In Basutoland the opposition to such measures is likely to be even stronger. The chiefs resent any diminution of that quasi-independence which has so long been allowed to them and which they claim as part of the original agreements made with them. (In Swaziland, where the paramount chief appears

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to be progressive and willing to work with both the European administration and his more educated subjects, the difficulty seems to be less acute.) It is certain that any hasty, tactless interference with the chiefs' position would cause all their people, the intelligentsia among them, to fall in behind them. Without a new relationship with the chiefs no progress is possible, yet the enforcement of that relationship may destroy the confidence of the chiefs, upon whose co-operation this progress depends. Only by the most able and sympathetic administration can a way be found out of this dilemma.

Our experience, and that of the Union, in other parts of Africa, suggests that there are four essential measures in the reform of the native administration. The position and powers of the chiefs must be defined, and a new relationship of continuous co-operation established between them and their political officers. Native courts must be regulated, proper records kept, and fines and fees accounted for. Secondly, arrangements for the education and training of future chiefs must be made. Thirdly, commoners, and especially the most educated elements, must be given more scope in tribal institutions. Lastly, the Native Treasury system must be introduced. Under this system funds derived from a rebate of taxation and from court fees and fines are paid into the Treasury. A budget is drawn up by the native authorities under the guidance of an administrative officer, which carries the salaries of all native staff from chiefs down to messengers. The surplus is devoted to such projects as dispensaries, schools, fuel plantations, etc., of which the Colonial budget is relieved. By this means the leaders of the people come, by degrees, to understand the handling of money, to appreciate the significance of taxation and to develop a sense of possession towards those welfare services which they so urgently need.

There is one fundamental condition without which this policy cannot succeed. We have committed ourselves to what is almost certainly the most difficult piece of adminis-

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trative work in Africa, and the difficulty is greatly increased because we have to work against time. Sir Alan Pim points out, with a tact that cannot disguise the strength of his opinion, that the present staff is, on the whole, inadequate to the task of reorganising the administration. This is intended as a criticism, not of the present personnel, but rather of the many handicaps, psychological as well as practical, under which they have carried on with a surprising degree of success. There are serious defects in recruitment, training, allocation of duties, and administrative methods. The senior administrative posts are recruited from men who have served a deadening apprenticeship as clerks or an unsuitable one as policemen. Sir Alan Pim recommends, in effect, fewer and better-trained men, and the separation of the political, police and clerical cadres, so that each may concentrate upon its proper functions. Clerks and other minor employees should be recruited more largely from natives, a policy desirable in itself as well as an economy.

An effective infusion of new blood is only possible from below. The new men drafted into the Protectorates should be at least as good as those recruited for the Colonial Service. This would mean a university degree and a year's training in the Colonial Services Course at Oxford or Cambridge. The suggestion that South African Rhodes Scholars should be recruited has been widely approved. Educated partly over here, they are in a position to understand our ways and to appreciate our traditions of native policy. A number of picked men in the Protectorates who could add such an understanding to their own experience and local standing as South Africans would be able to bridge the difference in outlook and practice in native administration in the Union and British Africa, and would help each side to understand better the different conditions with which the other has to deal. The rates of pay may have to be revised in order to attract better candidates for cadetships, and it would be necessary, by arrangement with the Union Government, to guarantee continuity in office for

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the staff, in the event of transfer. An equally important guarantee of continuity of administrative practice, and of mutual understanding between the Union and this country, would lie in an interchange of personnel between the administrations of the Protectorates and of Union native territories—a measure of co-operation that is as essential as any.*

We have undertaken in the eyes of the world a task that is important out of all proportion to the population or the revenues involved. It is a test at once of our humanity and of our administrative capacity in a sphere where we have great traditions to uphold. It is also an opportunity for us to contribute something towards the solution of South Africa's major problem. Opinion in this country, which has been deeply roused by the issue, would be justified in demanding that no small obstacles, whether administrative or financial, should be allowed to prevent the full achievement of the reforms to which we are pledged.

* An earlier article in this issue (see above, p. 722) deals with Union native policy.

INDIA IN TRANSITION

I. THE EARTHQUAKE

THE event of the quarter dwarfing all others has been the earthquake at Quetta. General testimony is loud in praise of the promptness and efficiency of military action. In many quarters it has been declared almost an act of providence that the military quarters should have escaped so lightly. With thousands of casualties concentrated over a small area, the subsequent dangers to public health were enormous, and when, later on, the whole sequence of events is reviewed, it may possibly be concluded that the placing of a cordon round the ruined city was the most important single action taken.

One of the most regrettable events in connection with the earthquake was the outburst of condemnation in a certain section of the Indian press. In this the Bombay papers achieved a discreditable prominence, and the venomous alacrity with which grossly objectionable motives were attributed to the Government and the Army authorities could not fail to arouse strong feelings of resentment. To suggest, as was done, that Europeans were given deliberate priority, that many lives could have been saved but for an unnecessary ban on entry, and so on, was discreditable and depressing. In this country, where Europeans are so few, and for obvious reasons conspicuous, it is practically impossible for them to escape notice and recognition, and a similar prominence attends them even in death and calamity. This is not to say that the first publicity steps taken might not have been improved. Whoever first thought of using the word "sealing" had

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a most unfortunate brainwave. It is hardly too much to say that the use of this word in the earlier messages gave a start and certainly an impetus to the campaign of misrepresentation. It would have been useful if the authorities could at the outset have provided for the presence of even half a dozen representative non-officials from outside as distinct from pressmen. It may sound an unfortunate statement, but in the present condition of India efficiency is not enough, and where suspicion is never at rest, suspicion plus ignorance can do far more harm than is realised.

The situation, however, was not without its encouraging features. Though the Muslim Mayor of Calcutta wound up the Calcutta Mayor's Fund on the pretext that expenditure from it could not be carried out by its own agents, the outspoken Congress Mayor of Bombay declared that relief was the first duty and that therefore considerations of prestige and so forth must take second place, a commendable attitude also adopted by the Congress President. A Congress paper of Delhi also, referring to the Bombay diatribes and suspicion mania, suggested drily that Bombay might like to offer a reward for anyone who could prove Government responsible for the earthquake.

II. THE POLITICAL FRONT

THE last three months have been a period of comparative quiet on the political front in India. With the passage of the Bill through the House of Commons it might almost be said that the tumult and the shouting have died. India is in the process of digesting the full meal it has been consuming in recent months. It is significant that in Congress circles discussion has been devoted largely to the future; and even that enduring focus of protest, the Communal Decision, has receded in importance. Mr. Satyamurti delivered himself of various conjectures regarding the future participation of the

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Congress in the government of the country and indicated a personal inclination for the post of Minister. He was called to task in other Congress quarters, and almost publicly snubbed by the Congress President. It is not what he said, however, that matters, for his actual words were not particularly well considered; what is interesting is that a man in his position, who has more than once played the part of the straw that shows how the wind is blowing, should have publicly advocated Congress' taking part in government under the new constitution. It may be taken as certain that the Congress party are devoting much consideration to the future constitution, and to their rôle in it. Another practical certainty is that whatever may happen in the tempestuous North or among the Telugus, the Tamil South, whose people are more pragmatic and hard-headed than those of any other region, is extremely unlikely to neglect so promising an opportunity of acquiring power. Gestures are too common in Indian political life, and it is one of the Tamil's chief merits that he has less taste for them than other communities. He might not unjustly claim a primacy in political sense.

With the impending passage of the Bill,* practical preparations come to the fore as the centre of importance and interest. Decisions of policy have already been taken, but their expression is a matter for executive action by the Central and Provincial Governments and authorities; in view of the volume and complexity of the Bill, with its 470 odd sections and its 16 schedules, the work involved in preparing the way for this expression is seen to be colossal. The most obvious, but in a way the simplest and most straightforward, effort relates to the new electoral system—the preparation of the greatly magnified electoral rolls, the delimitation of constituencies, and arrangements for the holding of elections. The electoral rolls will be enormous, and will represent a serious addition to the

* The Government of India Bill received the Royal Assent on August 2, 1935.—Editor.

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expenditure of such struggling provinces as Bihar. The delimitation of constituencies is a matter of delicacy and great importance, in which communities will take an intense interest. Some of the problems are of extreme difficulty: for example, the creation of the new trade union or special labour constituencies. When one thinks of the rudimentary nature of many of the present trade unions, it is difficult not to feel some apprehension regarding their future use as electing agencies. One benefit of the much condemned scheme of separate electorates is that it removes, in relation to the main communities, what would otherwise have been a danger calling for the most careful and intricate precautions, namely, the possibility of gerrymandering. The allocation of seats in the Chambers is not enough; for joint electorates would leave openings for the use of constituency formation to affect the type of member returned—for instance, by making most or many of the occupants of the Muslim or other minority seats dependent on a substantial Hindu vote. Indeed, it is the fear of just such a consequence that is responsible in part for the passion with which general Muslim opinion has clung to separate electorates, and from this point of view no initial electoral system lacking that element would have worked.

The last-minute decision of His Majesty's Government to adopt direct election for the Council of State is a belated but nevertheless welcome recognition of the undesirability of an electoral system at the centre which admitted no form of direct representation at all. It will be accepted by political opinion out here as better than the original system put forward in the Bill, but it will operate even more as a spur to renew the demands for direct election to the Lower House. A Congress daily paper of Delhi, comparing the new Upper House with those of Australia, Canada, South Africa, and other countries, finds it "a political nightmare." Remarking that only 128 British Indian seats in a House of up to 260 will be filled by direct election, and comparing this insignificant element with the

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millions of India's total voters, it finds the system as revised merely "a mongrel scheme." It will certainly be a peculiar position in which an Upper House elected on a very restricted franchise should be the sole vehicle of what is generally considered the democratic force of direct election. Judged by pure political theory the system is topsy-turvy, but there is a good deal in the new political system in India which might incur the same condemnation.

There is a not uncommon impression that constitutional development in India will resolve itself into (1) a period of provincial autonomy with a centre operating much on the present lines; (2) after the minimum of States' accession, the inception of federation. Actually, from the inception of provincial autonomy, the central government will have been fundamentally and irrevocably altered, and the essential changes of the federation stage (with the exception of the States' presence) are bound to operate immediately at the centre. The important clauses are 308 read with 471. Power is given by clauses 471-3 to His Majesty in Council to postpone the date of entry into force of any particular part of the Act, for example the 7th schedule and its distribution of legislative powers. Such postponement would require a specific Order in Council; in its absence the whole Act, except Part II, enters automatically into operation.

It is true that the central executive government, with the Governor-General, Members of Council and so on, will remain and will be widely different from the full federal executive; but its functioning will differ almost as widely from that under the present system, so far as actual administration and powers are concerned. One cannot be certain or even very confident how provincial autonomy will work, but a general idea can be gathered from provincial history of the past 15 years. It is practically impossible, on the other hand, to form any satisfactory idea of how the peculiar transitional system at the centre will work. The irremovable executive will still be there,

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but its relations *vis-à-vis* the provinces will have been widely changed.

During the months, or rather years, of discussion, much has been heard of the safeguards and the special responsibilities with which the new constitutional scheme bristles. The efficacy of these safeguards is one of the most difficult problems presented. The two main opinions regard them either as some kind of strangling cord or as useless. Truth lies, as usual, somewhere between, but one may venture a prophecy that it will be found to lie nearer the latter view. To those who look with assurance on the formidable list of special responsibilities set out in clauses 12 or 52, one can only advise a moderation in expectation. The whole system of special responsibility presumes for its effective exercise that some part of the Government and of the people will be behind the Governor or the Governor-General. If he were single-handed it would be practically impossible for him to carry out any of his duties. The position, in fact, rests upon the assumption that acquiescence plus inertia will be together greater than actively opposing forces. In future the actively opposing element will be greater and the occasions on which an adequate margin will be left will be fewer than under present conditions.

Perhaps the most interesting general speculation is how the more democratic system will fit in with Indian history and idiosyncrasy. The chief characteristic of democratic government in the administrative field is the blurring of responsibility, and it is in this direction that India's chief difficulties will lie. Some would use the word "dangers" instead of difficulties. The parliamentary and ministerial system mask the location of individual responsibility for administrative action. They make it easier to spread blame and to avoid decision.

In reviewing the Indian scene one or two clear lines of possible party cleavage present themselves. The first is the agrarian line. Recent legislation passed in Madras after stormy protests, but not yet assented to by the Governor-

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General, conferred occupancy rights on a class of inamdar tenants by provisions which indignant inamdar interests condemn as sheer expropriation. Pro-tenant legislation in the United Provinces a few years ago was warmly espoused by the Congress and was the cause of serious difficulties in that province. Such differences are not likely to lead to stable parties in the best sense; for the motive is mainly one of interest, not of principle, and a stable political life develops only when party severance transcends frontiers of class or interest. India is still far from basing her political life on broad differences of principle; she has been too much concerned with matters of national status and prejudice. It may be an early and a welcome effect of a wider political freedom to provide such a base.

Another possible line of cleavage is the consumer *versus* the tariff-protected manufacturer. Within a short space of years India has changed from practically a free trade country to one of the most highly protected countries in the world, with the incidence particularly on the agricultural consumer. It may be that the extended franchise will produce changes in the customs outlook and that the electorate will revolt against the regular manipulation of the tariff to protect the profits of inefficient industries.

Such developments are, however, matters for the future. Indian politics so far have been conducted largely on the basis of personalities. In any electoral system personality will always count in that an individual of outstanding idiosyncrasy, in the true sense of individual make-up, will collect more public interest and therefore more votes. India is peculiarly susceptible to the personal appeal, and the chances are that the first elections under the new system will be run largely on personal lines. The question then becomes one of the type of man who will be attracted to political life. The carpet-bagger is by no means unknown in India and there is the risk that he may become more rather than less numerous. On the other hand, the British people are perhaps too prone to look on democracy as

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possessing a purely Anglo-Saxon cast of feature; actually it should be regarded as almost protean, and its Indian expression, while differing widely from the British original, may be quite as genuine.

III. CONGRESS AND THE STATES

AN interesting and as yet unelucidated political problem is the attitude of Congress to the States. This was brought into prominence recently by the engagement of the leader of the Congress party in the Assembly, Mr. Bhulabhai Desai, as an adviser to the States. The significance of the choice should not be lost. Mr. Desai is an able lawyer, but there are many able lawyers in India without pronounced Congress or indeed any political associations. If the States deliberately choose a man of his political commitments as their adviser, it would justify a conclusion that they were at least inclined to preserve a Congress connection. One of the errors of British political parties is to look on the Princes as conservative diehards in the British sense. They are not. They are more or less absolute rulers, and if there is anyone who has to be a realist, it is a despot. The Indian Princes are realists; they are playing for their own hand—not unnaturally, since no one else will play for them. They see before themselves and their States a future in which the British element will play a less, and Indian elements—many of them disaffected or lukewarm towards the British connection—a greater part. They and their States are indissolubly connected with India's political future and they would be failing in common sense if they omitted to establish some sort of nexus with forces which seem likely to govern or at least influence the India of the future. To the British conservative might well be recommended, in a slightly different sense, Strafford's famous words of three centuries ago: "Put not your trust in Princes."

The actual advice given by Mr. Desai was at first sight

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surprising, and it occasioned much clamour and condemnation in the Liberal and in some of the Congress press. In substance he advised the Princes to stand on their rights; to demand that the Instruments of Accession be called treaties; to protest against the use of such words as "usage or sufferance" in any reference to the origin of the authority of the British Crown in regard to the States; to oppose any reference to State subjects in the new Bill soon to become an Act; to object to the Governor-General's having any power to prevent any menace to peace or tranquillity in the States. This advice was elaborated later in an address given to the Mysore Bar Association. Mr. Desai declared that the position of an Indian State, according to international law, was that of a monarchical State, where the ruler was a despot in the Greek sense, the source of all power and authority, whose will was law. In this view only the Prince could represent the State as a unit of the federation in a strictly legal sense. The *Leader* of Allahabad considered these opinions so reactionary and in such opposition to the previous position of the leader of the Congress party that it declared:

We cannot but think that Mr. Desai divided his mind into compartments, political and professional. . . . The memorandum is a sad commentary on the public spirit of its author.

The non-Brahmin paper of Madras, *Justice*, complained that

for giving similar advice to British Indians and advising them to fight along constitutional lines for political freedom, we have been called traitors. . . . What is the secret of this strange attitude of Congressmen towards the States?

The *Servant of India* describes Mr. Desai's advice as calculated to "stiffen up the Princes' attitude against the claims of the all-India Federation and to bolster up their truncated sovereignty."

In a way these comments are natural enough, but it is necessary to look deeper if we are to see the rationale of

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Mr. Desai's attitude. Though pressed from time to time to take up the case of the State subjects as against the Princes, the Congress has always hedged on this issue. Mr. Gandhi himself aroused much comment when he declared that "any attempt on the part of the Congress at interference can only damage the cause of the people in the States. . . . I have not lost hope that the Princes will . . . become real trustees of their people. I do not seek to destroy their status." This almost identically is Mr. Desai's view and presumably the present view of Congress. The demand for the abolition of the Princes and their position is, in Mr. Desai's words, psychologically wrong. His probable thesis might be summed up thus: there is no foreign domination in the States. Therefore keep them strong. If they are now assimilated, to what will they be assimilated? To British India in which for a long time to come His Majesty's Government in some form or other will retain a powerful say. In this theory, the States may be the location of the most effective resistance to and subversion of British authority in India. What will happen to the States after such subversion is achieved is another matter, and the Congress party of those days, under whatever name it passes, will quite possibly be ready to sacrifice them; but at the moment and in the immediate future the States may be a useful tool in the Congress hands. No such theory has ever been expounded by any Congress authority, nor for obvious reasons could such an exposition be expected. It is, however, plausible. One thing is certain: those idealists in the United Kingdom who look upon the Princes as the steadfast bulwarks of the British conservative case have thrust their heads in the sand and lost all power of surveying the future.

IV. MUSLIM EDDIES

THE Indian Muslim world has been seriously agitated by an amendment to one of the vital clauses of the Bill, which began as 285, was referred to commonly in

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the agitation as 299, and has now assumed the number 304. In essence the position is that the original 285, in relation to the matters of present controversy, enabled either the provincial legislatures on a Minister's motion, or His Majesty in Council *suo moto* after ascertaining the views of the Government and legislatures affected, to initiate amendments to the provisions of the Bill relating to the number of Chambers in a provincial legislature or the size and composition of any such Chamber. The amendment that has provoked the Muslim furor took the form of inserting among the matters which could be so revised the provisions relating to "the method of choosing" the members of a provincial legislature. The Muslims say this is a breach of the Communal Decision, and their anxiety was intensified by the accession to the Secretary of State's "Gadi" of one who in their eyes is considered antagonistic towards them.

Amendments to the clause have been moved in Parliament which recognise the Muslim suspicions and propose to make it plain that no alteration will be embarked on without the consent of the minorities affected. Thus in effect we are back to the original position, though with a residue of suspicion which will dissolve only slowly, if at all. Apparently the theory behind the amendment was that it was undesirable to invoke the agency of an Act of Parliament to effect a change in such a matter as separate electorates; but here, and not for the first time, Parliament followed too closely mere theory with insufficient regard for realities and for the fact that in India emotions and suspicions are among the most important political realities. In the very circumstance that a specific Act of Parliament would be necessary to alter the Communal Decision lay most of the confidence felt by the Muslims touching the continuance of the Decision till they themselves should wish it altered. It is important to grasp the psychological aspect, which in political matters in India always comes first. The guiding principle should

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be, not what well-meaning persons in the United Kingdom think would be logical and satisfactory, but how any proposed changes will be regarded by the communities in India who will have to live under them and in whose minds, distorted by long years of controversy, they achieve a disproportionate importance.

There have been signs recently of a growing tension between the sect known as Ahmadiyyas or Qadianis and the orthodox Muslims of the Punjab, and if the division is not healed there may be political reactions of an amplitude much greater than might be anticipated from the present comparative numerical insignificance of the Qadiani sect, whose numbers were not separately recorded at the 1931 census but are said not to exceed 60,000. The Qadianis take this name from the small town of Qadian in Gurdaspur District in which their sect centres, and their other name of Ahmadiyyas from Ahmad, their founder. In essence they claim that Mohammed was not the last Prophet, but that Islam permits the rise of successors to him, one of which successors has appeared in the person of their own founder. This is not the place for a discussion of tenets or points of credal cleavage, but apart from this theoretical doctrine of a still open line of Prophets the Ahmadiyyas are, if anything, fundamentalists rather than reformers.

There have been some bitter references in the press by orthodox Muslims to the growth and still more to the alleged arrogance of this sect. Sir Muhammad Iqbal has declared that in effect they are true heretics and should be condemned by the orthodox Muslim world; and he calls on them to stand forth as the Bahais did before them, as holders of a separate non-Muslim creed. The orthodox attack is that the Qadianis want it both ways. They want to share in the Muslim preferences for electorates and appointments and at the same time to stand out as an individual element in opposition to the general Muslim cause. Extra point is lent to the dispute by the fact that

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the present Mohammedan Member of His Excellency's Council is perhaps the chief and most respected member of the Qadiani community. Before his appointment was announced there were objections in the press on the part of certain Muslims on the ground that no unorthodox Muslim, however competent, should at such a time be the incumbent of a post so representative and important for the Muslim world.

Islam is and always has been jealous of its unity, and its only great sectarian division goes back practically to the beginnings of Islam and therefore has, as it were, a prescriptive right to recognition. Even the Shias, however, widely as they differ from the Sunnis on such matters as the right of individual interpretation, share the essentials with their Sunni and other fellow Muslims; the objection of Sir Muhammad Iqbal and other Muslims to the Qadianis is that they are held not to share those essentials. One opponent goes so far as to brand the Qadiani tenets as a form of Mazdaism.

The political reactions of this cleavage are interesting and important. There is in the Punjab a strong Muslim community known as the Ahrars. This self-assumed title means "free" or "noble," and the Ahrars have in the past arrogated to themselves the title of champions of the true Islam. In this guise they were the prominent movers in the gang invasions of Kashmir which created such a commotion in the Muslim and Indian world generally a year or two ago. They have always been inclined to flirt with the Congress, and there have recently been indications of something in the nature of a definite pact between the two. The bearing of this on the Qadiani problem is that the Ahrars have more or less associated themselves with the extreme anti-Qadiani Muslim view. One of their leaders, prosecuted and sentenced for a defamatory attack on the new sect, was in effect acquitted on appeal, by the reduction of the sentence to imprisonment till the rising of the Court. This decision and still more the details

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of the judgment bearing on Qadiani beliefs and claims have caused a considerable commotion.

With the nice balance of communities effected in the Punjab by the Communal Decision, it is in the most obvious way in the interest of the Hindus and the Sikhs to encourage any Muslim dissensions. If the Ahrar-Congress pact comes into operation, the main Muslim party may be in danger of yielding some seats to the Ahrars, thereby weakening the solidarity of the Muslim bloc in the Punjab Council. It is in the Hindus' and the Sikhs' interests to fish in Muslim troubled waters, in fact to trouble them still more; hence one need not wonder if there are other than Muslim prejudices behind the Ahrar activities against the Qadianis.

V. EAST AFRICAN ECHOES

AS a supplement to Mr. Menon's report on Zanzibar and the clove situation,* there appeared recently his report on the Marketing and other Ordinances in Tanganyika and the adjoining territories in East Africa, together with the views of the African Governments concerned, the Government of India and the Secretary of State. The position is peculiar, but Indian comment, although inevitably overpitched, does not so far seem to have acquired the bitterness and exaggeration of the outbursts over Zanzibar. A perusal of the various ordinances suggests that the Governments of these territories have been too much consumed by modern theories of planning and by a desire for conscious articulation of their territories' development. It is difficult to avoid an impression that some of the elaborate regulations are beyond the present needs or capacities of the territories concerned. On the other hand, it is difficult not to feel that the problems in these territories are of a magnitude and complexity that called for a much longer investigation than the hurried

* See THE ROUND TABLE, No. 99, June 1935, p. 548.

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journey of Mr. Menon could give, and that from the Indian point of view there was need also for the presence behind the enquiry of a greater fund of experience of life and affairs and administration. Thus to the critical reader the report, although clear and competent, inevitably seems on occasion superficial, and it occasionally contains phrases which might have been deleted. "Death knell" and "flagrant instances" are the tone rather of a publicist than of an investigator.

The tenor of the African Governments' comments on the report is admirable; although they might have objected, with some reason, to public criticism of their actions after an investigation of this sort, the only specific comment from this aspect was directed to the shortness of Mr. Menon's visit. It is interesting to observe that to the author of the report the natives of East Africa seem to be all one, whereas, as the rejoinders point out, there exist profound differences not only of culture but of temperament and capacity between the Bantu and the Nilotic or Hamitic Africans.

India,

July 22, 1935.

THE IRISH DEADLOCK

I. THE BUDGET

ACCORDING to one's political outlook, Mr. MacEntee's fourth budget may be said to prove either the success or the failure of the Government's economic policy: its success, because revenue from import duties has seriously declined, owing to the development of our industrial production; its failure, because the increased social services, and the necessity for providing export bounties to assist the impoverished farmers, have forced him to impose fresh taxation on the necessities of life. Faced with the task of providing for an estimated expenditure of over £34,000,000, he filled the gap between that sum and £28,201,000—the expected yield from current tax and non-tax revenues—in three ways. First, by new or increased taxation: from duties of sixpence per hundred-weight on imported wheat, fourpence per pound on tea, a farthing per pound on sugar, eightpence per pound on tobacco, and eightpence per gallon on motor oils, from a 50 per cent. increase of tax on the dearer cinema seats, from new customs duties and minor income-tax changes, including an increase of the property tax by a quarter, he expects to obtain an added revenue of £1,185,000, or a total of £29,386,000. Secondly, by various deductions from the published estimates, including £1,330,000 through the transfer of Local Loans to a separate fund, he decreases expenditure by over £2,000,000. His third method of meeting the situation is the now customary one of separating capital and non-recurrent expenditure from that which

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can be described as normal. This non-recurrent item he intends to meet by borrowing £2,159,000.

There remains a deficit of almost a million, which is taken off for over-estimation. These items, added together, amount to £5,181,000, and leave a net amount of £29,376,000 to be provided out of ordinary revenue, or just £10,000 more than he expects from tax and non-tax yield. On this slender margin he faces the coming financial year. Last year's results may, perhaps, be said to justify his optimism; for, although he estimated twelve months ago that he would need to find by borrowing or otherwise the sum of £7,212,750, he had in fact to borrow only £2,432,811, as revenue exceeded the estimates by £538,000, and expenditure was less by £4,238,000. The latest financial return for the first quarter of the present fiscal year shows, however, that in spite of the increased taxation and the economies effected the Treasury has lost over £2,100,000 of the balance on hand at the beginning of April. Between April 1 and June 30 the amount of revenue collected was down by £399,430, and expenditure was up by £443,523, compared with the same quarter of 1934—a total reduction of £842,953.

Under all the circumstances the ordinary taxpayer is inclined to be thankful for small mercies, and to rejoice in the fact that the fresh burden of taxation is evenly distributed. On the other hand, the tariff policy is having serious effects on revenue. We are painfully discovering that we cannot have our cake and eat it. For instance, the new sugar beet factories will cost the Exchequer about £500,000 a year through the drop in customs revenue on imported sugar. The customs revenue from other dutiable articles also shows a considerable decline, owing to the establishment of native factories. The duties on wearing apparel, boots and shoes, and commodities manufactured from sugar are estimated to yield a revenue in the coming year which will be nearly a million less than in 1929-30.

Reductions of £100,000 in old-age pensions, and of

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£300,000 in unemployment assistance, together with the abolition of free beef and the increased taxes on tea, sugar, wheat, and tobacco, naturally did not please the Labour party, who now find themselves in a difficult position, and who actually voted against the Government in some of the divisions on the financial resolutions. But they have so identified themselves with the Government's policy that retreat is almost impossible. For nearly three years they have kept the Government in office and, by their leaders' "fortnightly conferences" with Ministers, have managed to delude their followers into the belief that they were exercising an important influence on Government policy. Actually they have given everything and got little in return, except humiliation. This budget is, in many respects, the last straw, and during the budget debates Mr. de Valera told them, in effect, that if they did not like it they could go into opposition. They may, however, extract some consolation from the fact that the Government have introduced a Bill to provide widows' and orphans' pensions, on a contributory basis, for the wage-earning classes whose remuneration does not exceed £250 a year, and on a non-contributory basis for widows and orphans of persons who at death were occupiers of small agricultural holdings, or who, though wage-earners, failed to qualify for contributory pensions. One Labour member, however, pointed out that it was difficult to understand the mentality of a Minister who proposed to tax the tea and sugar of widows, orphans, and old-age pensioners in order to provide them with pensions.

Another Bill, dealing with conditions of employment, which has been rendered necessary by the conditions prevailing in some of our new factories, is also, no doubt, intended to placate the Labour party. It embodies some of the principal reforms contained in the conventions adopted by International Labour Conferences, and it will enable the Government to ratify these conventions. Amongst other things, it provides that every industrial worker shall have

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six consecutive days' holiday with pay every year, in addition to the usual public holidays. It lays down for industrial workers a maximum forty-eight-hour week, with a forty-hour maximum for young persons, and provides that a reduction of hours worked is not to involve a reduction in wages. Night work is to be prohibited for women in industry, and to be allowed for men only when they are on continuous process shift work, in which case a thirty-six-hour week of four nine-hour shifts will be permissible. Overtime and Sunday work are to be closely regulated. The Minister will be empowered to give statutory effect to collective agreements. None of these proposals is exactly novel, but the Bill breaks fresh ground by giving the Government power to make regulations prohibiting the employment of women or juveniles in any industry, and to fix the proportion of women to men, and juveniles to adults, in any specified kind of industrial work. No sensible employer will object to these provisions if they are administered in a reasonable manner with regard to local conditions and to the requirements of different industries. It is interesting to note that the Government and the Opposition found themselves for once agreed in resisting Labour amendments of a radical kind. As a result of the Government's economic policy, there has been a fall in wages and a serious decline in the purchasing power of money. The cost of living has undoubtedly increased, and a pound in the Free State is now worth about fourteen shillings in purchasing power as compared with Great Britain. The number of unemployed now stands at over 130,000, or 40,000 more than the figure for this time last year.

In his budget speech Mr. MacEntee announced that in December next the Government proposed to redeem and convert the First National Loan, and he appealed to all parties to co-operate in making this operation a success; for it would mark, he said, a turning point in the financial history of the State. If successful, it would benefit the entire community, and place our national credit as high as

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any in Europe. Its success will, however, largely depend on the policy that the Government pursues between now and December with regard to the maintenance of law and order and the preservation of financial stability. In this connection Mr. E. Stevenson, the President of the Association of Free State Chambers of Commerce, recently reminded us that it was essential to keep our unit of value, and our standard of value as well, identical with those of the people with whom we do most business. He quoted with approval the statement of Professor Parker Willis, the distinguished American economist, who was Chairman of the first Free State Banking Commission, that nothing is so disturbing to trade, and so great a hindrance to success in all importing and exporting, as the existence of a varying unit, or the development of an exchange premium or discount upon the currency unit of a given country. We are, so far, fortunately free from any such condition; for our unit and standard of value are identical with those of Great Britain, with whom we still continue, and must continue, to do most of our business.

Speaking in the debate on the budget resolutions, on May 21, Mr. de Valera admitted that the Free State Government could not prevent the British Government from collecting the land annuities—which, he said, were being stolen from us—and that we were buying more goods from Great Britain than any other country in the world, because it suited us, and because we got better value there than elsewhere. From a fighting point of view, he said, the Government recognised they were in a weaker position than Great Britain; but if the Irish people wanted to make a trade settlement by a surrender of the national position then they must get another Government. They were engaged, he added, in what was really a very difficult struggle, not less difficult because it was going on silently. Mr. MacEntee, in concluding his budget speech, claimed that while other nations were spending millions on buying tanks, aeroplanes, and gas masks, we were spending to grow wheat,

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to make sugar, and to win turf. He conveniently forgot to mention that we were also spending millions to wage the silent and senseless struggle to which Mr. de Valera referred, a struggle which is slowly but surely destroying our agricultural industry—the basis of our national prosperity. Fortunately, or perhaps, in one sense, unfortunately, it takes a long time to bankrupt a country as rich as this country was when Mr. de Valera took office. On the other hand, the smash, if and when it comes, may well be irremediable. A silent struggle frequently ends in an explosion.

II. THE BY-ELECTIONS

FOR the first time since the last general election two by-elections have given the electors a chance of expressing their feelings. These elections took place in Galway and County Dublin during June, and occurred owing to the deaths of two members of the United Ireland party, Mr. Martin MacDonagh, T.D., one of the most enterprising business men in the west of Ireland, and Mr. Batt O'Connor, T.D., who was one of Michael Collins's right-hand men during the Anglo-Irish hostilities. At the general election the Government had a large majority in Galway, and the United Ireland party a large majority in County Dublin, so that, on a straight vote, such as takes place in a by-election under proportional representation, it was clear, as proved to be the case, that each party would win one seat. The candidates in Galway were Mr. E. Corbett, the chairman of the County Council, for the Government, and Mr. Thomas MacDonagh, a brother of the deceased deputy, for the United Ireland party. In County Dublin the Government candidate was a local primary school teacher, Mr. Thomas Mullen, and the United Ireland candidate was Mr. Cecil Lavery, K.C., one of the most able and brilliant members of the Irish Bar. In County Dublin, Mr. Lavery, on a reduced poll, increased the United Ireland

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majority by 4,343 votes in a constituency which has gained more and suffered less from the Government's policy than other parts of the country; for the effects of the "economic war" have touched Dublin slightly, and most of the new factories have been erected in this area. In County Galway, also on a reduced poll, the United Ireland party retained its position, whilst the Government candidate lost no fewer than 11,000 votes. Galway, unlike Dublin, is a poor rural constituency, so that in these two very dissimilar places in different parts of the country the Government's appeal for an overwhelming vote of confidence has, to say the least of it, met with a very dispiriting reply.

If these results reflect the general attitude of the country, then the Government could hardly count on winning a general election. But since the outstanding feature of both elections was the complete apathy of the electorate, it would be very unwise to draw general conclusions from them. It is, apparently, only in a general election that interest is sufficiently stimulated to secure conclusive results. The net effect, however, of the two elections is that the Government gains a seat in the Dail, and now has a clear majority, excluding the Speaker, of two over all other parties. One may, perhaps, best summarise the effect of both these elections in the pungent comment of *Dublin Opinion*, our amusing and impartial humorous journal, that "The Old Lady says Yes and No." Although the Sinn Féin party—which is, in effect, the political wing of the I.R.A.—announced that it was going to contest both elections, it finally did not put forward candidates, and advised its supporters to abstain from voting. There can be little doubt that discretion in this instance was the better part of valour, for in neither constituency would Sinn Féin have done more than reveal the small number of its supporters. The election oratory was neither interesting nor inspiring and was principally devoted to a discussion of the legal aspects of the land annuity dispute, which had been initiated by Mr. de Valera in a denunciation of the so-called

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"secret agreement" of 1923 between the Irish and British Governments.

Agreements of more recent date have recently been discussed in the Dail, owing to the disclosure made by Mr. McGilligan, T.D., that a gold-mining concession in County Wicklow had been granted to two members of the Government party, Senator Michael Comyn, K.C., the vice-chairman of the Senate, and Mr. Robert Briscoe, T.D., who, he alleged, had subsequently disposed of the same to a London company, on terms very profitable to themselves. The entire transaction, he stated, involved 2,982 acres and the foreshore of Arklow, and meant that for merely bringing the parties together these two individuals would get shares to the amount of £12,000 in a new company with a capital of £80,000, together with a refund of anything that they would have to pay to the State. He implied that such a concession, made under conditions of secrecy at a time when the Minister for Commerce was aware that other parties were seeking the same rights on terms more advantageous to the State, was improper. The sensation caused by these statements was so considerable that the Government felt constrained to move for the appointment of a Select Committee to inquire into the whole transaction. In proposing this step, Mr. Lemass, the Minister for Industry and Commerce, complained strongly that Mr. McGilligan had made insinuations rather than allegations, and stated that the lease in question was issued in strict accordance with the Mines and Minerals Act, which was passed in 1931, when Mr. McGilligan himself was Minister for Commerce. When the Committee of Selection met, the Government majority, by a party vote, excluded Mr. McGilligan from the Select Committee, on the grounds that he was the accuser in the matter, and they subsequently took the same course in the Dail. This is a direct departure from the practice which permits each party to nominate its own representatives on such committees, and will, undoubtedly, create prejudice concerning its findings.

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In spite of these signs of personal bitterness, it must be said that, on the whole, there is a marked improvement in the relations between the Government and the Opposition. During the recent visit of Mr. Lyons, the Australian Prime Minister, to Dublin, prominent members of the Opposition attended the official banquet in his honour. This is the first time such invitations have been given and accepted. Moreover, after the introduction of the budget, leading politicians of all parties were, for the first time, given an opportunity of broadcasting their views on the subject. This is all to the good.

Another item of political interest is the report of the Irish Press Ltd., Mr. de Valera's paper, for the year 1934, which shows that the loss on working for that period was £12,616. This compares with a loss of £20,696 for the previous year, and with one of £59,387 for the first sixteen months' working of the paper. The detailed figures reveal the ominous fact that, as compared with 1933, the revenue of the paper fell by £25,504, and the working expenses were reduced by £31,957. The repayment of the American loan* to the Free State may enable Mr. de Valera, out of the considerable portion thereof assigned to him by some of the American subscribers for political purposes, to prevent, or at least postpone, the logical result of these figures.

III. THE HOME FRONT

BUT if the "economic war" is a silent struggle in its external aspects, this description certainly does not apply to events on the home front. Large numbers of farmers have failed to pay their land annuities, alleging that it is impossible for them to do so in existing circumstances. This default has been greatest in County Cork, where the United Ireland party is strongest. Early in May the special force of bailiffs and detectives, which had been operating as

* See THE ROUND TABLE, No. 92, September 1933, p. 876.

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a "flying squad" in other counties, descended on Cork, and established their headquarters in the old military barracks at Fermoy. From this base they send out what can only be described as raiding parties in motor cars and trucks, heavily armed with machine guns, rifles, and revolvers, who descend on the defaulting farmers, seize their cattle, motor cars, and other chattels, and subsequently sell them at Fermoy to government bidders or agents at ridiculously low prices. These cattle are then removed to Great Britain or Northern Ireland, under special escort, and there sold at their full value. In many cases, however, their owners have bought them in for the amount due.

It was impossible for the farmers to try conclusions with these heavily armed forces, or to interfere with their operations, but unfortunately some of their number have sought other means of showing their resentment. On May 2 an attempt was made to burn down the house of Mr. Patrick Murphy, T.D., near Mitchelstown, County Cork. Mr. Murphy, who is a solicitor and a member of the Government party, Fianna Fail, was in Dublin, attending to his parliamentary duties, when the outrage was committed. Armed and disguised men entered the house at one o'clock in the morning, removed Mrs. Murphy, the children, and servants, and, after placing straw saturated with petrol in the premises, set them on fire. Fortunately, the neighbours helped to put out the flames eventually, and although considerable damage was done the house was saved from total destruction. Subsequently, Mr. John L. Sullivan, who is director of the League of Youth, the Blueshirt organisation, in West Cork, and a member of the National Executive of the United Ireland party, was convicted by the Military Tribunal of having taken part in this outrage, and sentenced to five years' penal servitude. Evidence was also given before the Tribunal that an attempt to burn the house of Mr. Martin Corry, T.D., another member of the Government party, was under consideration, but failed to materialise. On June 10, near Kanturk, in the same county, nine cattle

belonging to Mr. Timothy Guiney, a prominent Fianna Fail member of the County Council, were fired on with shot-guns at close range, and as a result two were killed and three had to be destroyed later. At the same time the telephone and telegraph wires in this district were cut.

On May 22 the proceedings in the Dail, during a debate on the Dairy Produce Bill, were interrupted for five minutes by six people who, from the public gallery, shouted such remarks as: "Give us back our cows," "What about the people who are starving?" and "Take back your bailiffs from Cork." The interrupters subsequently informed the press that they had come from County Cork to make a protest to the Cork deputies against the seizures of their cattle, and that they had had no intention of interrupting the proceedings until they listened to a speech from Deputy Corry, one of the militant members of the Government party, and heard the attitude he took up. They spoke for themselves and others whose farming business had been ruined. One man had 18 cows seized and sold for a £38 decree; another had 34 beasts seized for £60, and the spokesman had five cows and four other cattle seized for £24. Five young cows were taken, and he was left with four old ones. He stated he had no means of buying them back or replacing them, and he had a wife and five children to provide for. Hundreds of cases of a similar kind could be cited, and the farmers believe, rightly or wrongly, that the Government forces are deliberately singling out their political opponents for this punishment. Deputy Dillon recently stated in the Dail that 80 cows, sold after a seizure for £90, were ultimately taken to Northern Ireland and re-sold for £725. There are believed to be many cases of this kind, and the public are naturally asking who gets the profit.

In the poor mountainous areas of Kerry and Cork the small farmers are finding it very hard to make ends meet, and in some cases the necessities of life can scarcely be procured. Many farmers in these districts did not sow any

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oats this year, as they were unable to purchase the seed. Farm labourers in some parts of these counties are receiving only ten shillings a week cash wages this year, as compared with twenty shillings in 1931. The drawback to the government schemes for growing wheat and beet to replace cattle-raising is that the soil becomes exhausted with rapid production, and requires rest and renewal, which can only be given by a return to grass and cattle. In other words, mixed farming is essential. Moreover, the extent to which tillage can be increased by the demand of the home market is extremely limited, and there is no other market available. The farmers have also shown their resentment towards the Government's policy by boycotting the Cork Agricultural Show and similar functions, on the grounds that there is no use in raising pedigree cattle or improving their stock under existing conditions.

The Most Reverend Dr. Cohalan, the Catholic Bishop of Cork, in a series of extremely outspoken addresses, has recently commented strongly on the farmers' plight. Speaking at a religious ceremony in Ballincollig parish church on June 5, he said that two years ago he had expressed his sympathy with the whole rural community, farmers and farm labourers, and their condition, if anything, had since grown worse. It was heartbreaking to one who remembered the land war, when the landlords were supported with all the might of England, to see re-introduced into the Free State the English methods of fifty or sixty years ago. At that time, said the bishop, "suspects" were arrested and lodged in gaol without trial; there were innumerable seizures; the tribe of "emergency men" appeared, who bought at a nominal price, and made a small fortune on the re-sale of animals that regular buyers would not touch. Now they had it all back again. He said he was not talking politics, nor for or against any political party. He was speaking in the interest of morals. He saw the country becoming torn by political hatreds. He saw class war and faction war. The suspicions of the people

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were as bad, as prejudicial to charity, as real facts. It was widely asserted that the agents of the Government—without authority from the Government, he was sure—discriminated in the matter of seizures on account of unpaid rates and annuities between their political friends and opponents. It was a duty for both Government and farmers to put an end to the present war. The Government should consider the position of the farmers, and the farmers should pay their rates and annuities if they could.

On another occasion the bishop declared that the shooting of Michael Lynch by the armed detectives in the fracas at Cork in August, 1934,* had exasperated a multitude of young men and had generated crime. That shooting, he said, was wrong, and the Government should make reparation to Lynch's parents. These statements, publicly made by a leading member of the episcopacy who has no political axe to grind, indicate quite clearly the grave nature of the present situation, and the possibility of more serious developments, if it continues indefinitely. On July 12 a well-organised crowd of farmers' wives and daughters attacked the Civic Guards at Fermoy outside the pound where the cattle were being sold, and a fierce hand-to-hand conflict raged for two hours, after which the women marched in procession through the town. The political leaders of the Opposition have quite properly condemned the outrages that have taken place, and admit that the Government is entitled to continue collecting the land annuities if it sees fit, but they point out that it is wrong to administer the law in a violent, punitive, and unduly oppressive manner, without regard to the farmers' capacity to pay. Such a policy will, they believe, develop a spirit of bitterness which can only result in serious damage to the nation.

Meantime the I.R.A. continue to attack the Government on the other flank. As most of their leaders are now in gaol, their activities seem to be somewhat curtailed, but during the last few months faint-hearted attacks have been

* See THE ROUND TABLE, No. 97, December 1934, p. 157.

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made on Civic Guards' barracks in a few places. Their newspaper, *An Poblacht*, has been suppressed and censored so often that it has now ceased to appear. No doubt it will shortly be revived in some other guise. During the annual celebrations at Wolfe Tone's grave the I.R.A. and the communist faction of the extreme republican party came to blows in an unseemly fashion because the latter body insisted on carrying a red banner. During the mêlée the poles supporting the banner were broken and used as weapons in the fray, two men being injured. The communists, who apparently got the worst of the encounter, subsequently denounced the "Hitlerite" conduct of their opponents.

A rather amusing situation recently arose concerning Mr. Tom Barry, a prominent southern leader of the I.R.A., who is at present serving a sentence of six months' imprisonment for his republican activities. Mr. Frank Aiken, the Minister of Defence, having reflected on Mr. Barry's martial prowess during the civil war, Mr. Barry demanded to be released on parole to answer the charge, and on obtaining his freedom managed to prolong the correspondence, and his liberty, for several weeks. It must be confessed, however, that few people are interested in these gentlemen's rather indiscreet revelations concerning their past activities.

General O'Duffy has also contributed to the gaiety of the nation by announcing a new political programme, which promises something to everyone and everything to everybody. It is to be feared that the General has no sense of the ridiculous, or he would not at this hour of the day proclaim himself a better republican than Mr. de Valera. After all, it is still true that one cannot fool all the people all the time. His "National Corporate Party," which promises, amongst other things, to abolish party politics, create a vocational government, oppose communism, capitalism, dictatorship, and interference with individual liberty, and establish a régime of social justice for every class and section in an all-Ireland Corporate State on a

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republican basis, can only be looked on as a rather poor political joke.

Mr. de Valera's reactions to these events are indicated in a speech that he made at Ennis on June 30. What they wanted, he said, was to find some basis on which they could get united national action, and he claimed that Fianna Fail had given that basis to the country. If there was no oath, and nothing to prevent any section of the people from electing representatives to the Dail, then the obvious way to secure unity was to accept the principle that the majority of the nation's representatives should decide for the time being what the national policy was to be. For years Fianna Fail was prevented from doing that, but now the oath had gone; every section was free to put forward its programme to the people, and if it secured a majority all the administrative machinery and resources of the nation would be under its control to pursue its policy. No other basis for unity could be found. A short time ago, he said, he received a resolution from the Clare County Council, asking the Government to remove Article 2a of the Constitution, which created the Military Tribunal. Was there anybody who thought the Government wanted that Article in operation if they could do without it? It was in operation simply because machinery was needed to preserve for the people the order and peace that were necessary for the nation if there was to be any real progress. There was no country in which it was easier for anybody who had a democratic programme to put it before the people. Why, then, should anybody resort to arms? The Government had been elected by the Irish people, and they would hand back to their successors the democratic institutions they had received.

Referring to the Blueshirt movement, he said they were threatened with an artificial movement, based on happenings in other countries, and aiming at some form of dictatorship. It was to meet that menace that they revived Article 2a of the Constitution. There was no other machi-

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nery by which they could keep the peace. The Article had to operate impartially in all directions. The Government alone must be responsible for the defence of the country. He asked the young men not to allow themselves to be led into positions that would ultimately conflict with their conscience. They could not possibly succeed by these methods. He hoped that before the present Government left office they would have a constitution that was Irish from top to bottom, but he was sorry to say it would have to contain emergency provisions for dealing with armed conspiracies of that kind. Fianna Fail, at any rate, believed that democracy was the best form of government, and they were not going to stand for a dictatorship from the Left or the Right. One may, perhaps, be permitted to regret that Mr. de Valera did not act on these admirable principles in 1922; for had he done so the country would have been saved from the civil war and all its terrible results.

Fortunately for the Government, one of their most serious difficulties has been removed by the settlement of the Dublin tram and bus strike, which took place on May 20, the seventy-sixth day of this unfortunate dispute. The men then decided, by a big majority, to accept the terms of settlement suggested by the Ministry for Industry and Commerce, which embodied wage increases ranging from 2s. 6d. to one guinea a week, and arranged for the establishment of a conciliation board. The settlement provides that no further stoppage or strike can take place for eighteen months from the resumption of the services. It was obvious from the first that the dispute was really one for an increase of wages, and why two months and a half were wasted before this was discovered it is difficult to understand. The only net gain is that the citizens of Dublin have learned to use their legs, a result which neither party to this senseless dispute appears to have contemplated.

The disgraceful religious disturbances which started in Belfast on July 12 have unfortunately had repercussions

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in the Free State. On July 20 a mob in Limerick broke windows in the houses of Protestant clergymen and Protestant shops. About the same time a Masonic hall was burnt in Clones, County Monaghan, and a Protestant church in Killmallock, County Limerick. Labourers also refused to handle the cargoes of Belfast ships at several ports. It is easy to understand but impossible to justify conduct of this kind. If it is persisted in it will destroy our reputation for fair play towards the Protestant community in the Free State. It is, however, universally condemned. The services of that community to Ireland are well exemplified in the life of Dr. George Russell, better known as "Æ," patriot, poet, painter, and philosopher, whose death has left a serious and indeed irreparable gap in Irish life. His lifelong and unselfish devotion to the service of our literature, art, and agriculture will long be remembered by his fellow countrymen.

IV. THE PRIVY COUNCIL DECISION

THE decision of the Judicial Committee of the Privy Council,* delivered on June 6, that the Constitution (Amendment No. 22) Act 1933, which abolished the right of appeal from the Supreme Court of the Irish Free State to the Judicial Committee, as provided in the Treaty of 1921 and in the Free State Constitution, is valid, is one of considerable importance, and may have far-reaching effects on the relations between Great Britain and the Irish Free State. In its own way it is, perhaps, as momentous as the recent decision of the United States Supreme Court up-setting Mr. Roosevelt's industrial legislation. Its effect, as the Lord Chancellor pointed out in his judgment, is that the Statute of Westminster gave the Irish Free State the legislative power to abrogate or repeal the Treaty of 1921,

* Moore and Others v. Attorney-General for the Irish Free State and Others. *Times Law Report*, June 6. See *THE ROUND TABLE*, No. 96, September 1934, p. 838; and No. 98, March 1935, p. 383.

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and that, as a matter of law, they have availed themselves of that power. This power, according to the Judicial Committee, flows from the fact that the Treaty and the Free State Constitution form part of the statute law of the United Kingdom, which the Statute of Westminster gave the Irish Free State legislature power to upset. The abolition of the oath of allegiance and the other alterations that have been made recently in the Constitution by the Free State legislature are therefore legal and valid.

It follows that the Free State legislature can, by unilateral action, further modify and alter the Treaty if it desires to do so. The exact point to which this modification or alteration can be carried is not quite so clear. Of the eighteen Articles contained in the Treaty it may be said that eight—namely, those dealing with liability for the public debt of the United Kingdom, the exclusion of Northern Ireland, the setting up of a provisional government in the Free State, and the ratification of the Treaty—have expired, or have been abrogated by express agreement between the parties; and that, of the remaining ten, six imposed upon one or both of the parties certain specific contractual obligations concerning defence, compensation of officials, and religious liberty, whilst the remaining four defined the legal and constitutional powers of the Irish Free State and its Parliament. It would seem, therefore, that the exercise by the Free State legislature of a sovereign right expressly guaranteed by the Statute of Westminster must be carefully distinguished from a denunciation of the international or inter-imperial undertakings given in the Treaty concerning defence, compensation, and religious liberty. These undertakings, as far as defence is concerned, comprise an agreement by Great Britain to undertake the coastal defence of Ireland pending an arrangement to the contrary, and an agreement by the Free State not to maintain an army greater in proportion to its population than Great Britain's, and to afford the latter in time of peace certain prescribed defence facilities, and in time of war or

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of strained relations with a foreign Power such defence facilities as may be required, the ports of each country to be freely open to the ships of the other on the payment of the customary dues. These undertakings remain as part of an international agreement, and, no doubt, it was to them that the Lord Chancellor referred in a rather obscure passage of his judgment when he said the Committee were expressing no opinion upon any contractual obligation under which, regard being had to the terms of the Treaty, the Irish Free State lay.

That this point is one of vital importance is obvious. Speaking during the Dublin by-election on June 6, Mr. de Valera said that a free Ireland in times of common risk could be for Great Britain only a friendly Ireland; an Ireland in subjection could only be a hostile Ireland. He then referred to the defence provisions of the Treaty, and said that nothing so much menaced good relations with Great Britain. Were any British Government to make the demands indicated in Article 7 of the Treaty for defence facilities in time of war, no Irish Government could accede to them and hope to retain for one moment the confidence of the people. He knew nothing more urgent than that there should be a proper understanding between Great Britain and themselves on that matter. The Irish people did not want to be dragged into any European or other wars, but they would be prepared to strain themselves to the utmost to defend their own territory, and to see that no nation suffered because of their freedom. It was, he said, to prepare for such an emergency that their Volunteer Force was established.

As it is clear that the Treaty, in spite of the Privy Council decision, remains valid in respect of these matters, until denounced or altered by mutual consent, it is certainly desirable that their exact implications should be fully and frankly discussed by the two Governments concerned, with the object of arriving at a *modus vivendi*. There is no doubt that Mr. de Valera is quite sincere in

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his assurance that our territory will never be permitted to be used as a base for attack on Great Britain, and this ought to furnish a definite basis for agreement. The effect of the Privy Council decision is to make it clear that the Statute of Westminster removed all restrictions on the legislative powers of the Free State, and placed its parliament in possession of similar powers to those enjoyed by the British parliament as regards the United Kingdom. It does not, however, appear to affect the validity of the Treaty as an international or inter-imperial compact.

The Free State legislature can now, apparently, abolish the office of Governor-General, and this Mr. de Valera has recently announced he intends to do in the near future. But, when Mr. MacDermot asked him in the Dail, on June 4, whether he aimed at separating the twenty-six counties of the Free State from the Commonwealth, he said he was not such a fool as to reply yes or no. He added that the people knew perfectly well that the Government were not going to declare a republic during their present period of office. As Mr. Thomas, the Dominions Secretary, stated in the House of Commons on June 20, the real difference between the Free State and Great Britain is not only economic, but political; in fact, one might add, it is far more political than economic, for the economic difficulties would soon adjust themselves if the political were removed. The Privy Council decision enables the British Government to admit that the constitutional changes made by Mr. de Valera's Government are legal and valid, and so greatly reduces the questions in dispute. It does not, however, seem to alter the position as regards the land annuities; for the British Government claim these payments by virtue of the agreements arrived at with Mr. Cosgrave's Government, and not by virtue of the Treaty.

There remains the question of what would be the position if Mr. de Valera denounced the entire Treaty. Would the Free State then become absolutely independent? To answer that question one must first decide the vexed

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question whether the Treaty is an international or a domestic document. If it is merely a domestic arrangement between two parts of the British Commonwealth, implemented by an Act of the British Parliament, as the Judicial Committee has now decided, then, of course, the abrogation of the Treaty would not release us from our allegiance to the King, however attenuated. If, on the other hand, it is an international document, made between two equal States, as Mr. Cosgrave's Government always contended, then its denunciation would undoubtedly mean that we would become an entirely independent State, with full power to decide our future form of government. On the other hand, if it is an international treaty, unless it were denounced or repudiated in breach of international law, it could only be altered with the consent of both Governments, and not by unilateral action. It is ironical to reflect that a decision of the Judicial Committee that the Treaty exists only by virtue of a British statute has practically destroyed its validity, whereas the contrary opinion of many Irish statesmen that it is an international instrument equally binding on both parties and only alterable by mutual consent would have preserved it in its integrity. It would appear, however, that whilst the Free State legislature, under the powers given by the Statute of Westminster, can virtually repeal the Treaty, it cannot legally terminate our connection with the Crown without the King's assent; for to do so would be to secede from the British Commonwealth and to commit a revolutionary act, not a legitimate exercise of legislative power.

Mr. Lemass, the Minister for Industry and Commerce, speaking at a luncheon in Dublin on July 1, expressed the hope that an early solution to the problem of the "economic war" would be found, and added that temporary difficulties might have arisen "but would soon be removed." The Government would lose no opportunity to secure an agreement favourable to the Free State. Mr. MacEntee, the Minister for Finance, has since made a similar kind of

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statement in the Senate. This kind of politico-economic couéism leads nowhere. The fact is that the two Governments are no nearer real agreement than they were at the beginning of the dispute. Both seem to act in sublime disregard of things as they are, on the assumption that by doing so they can make them what they would like them to be. Mr. Thomas, in his own clumsy way, was nearer to realities when he informed the House of Commons, on July 10, that no possible British Government could agree to Mr. de Valera's proposal for "external association," under which the Free State would become an independent republic in close alliance with the British Commonwealth. Speaking for the Government, he said they were not going to be a party to—and would take every step they could to prevent—the Free State's going out of the British Commonwealth. Anxious as they were to be friends, there were certain fundamental facts to be faced, such as the oath of allegiance, the position of the Governor-General, and the description of the King by Mr. de Valera as "a foreign King." He also revealed that at Ottawa the British Government had suggested that the matters in dispute should be referred to a Commonwealth Arbitration Tribunal, on which neither the British nor the Free State Government would be represented. Writing afterwards to Mr. Frank MacDermot, T.D., Mr. Thomas stated that the suggestion that he advocated the use of force against the Free State was entirely inconsistent with the whole trend of his speech. It is greatly to be regretted that he seems incapable of dealing clearly with the matter, and that his speeches only make confusion worse confounded. At all events, the present deadlock shows no sign of ending in the immediate future. To the outside world it must already appear somewhat *démodé*, if not absurd; but for us it is fast becoming tragic.

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GREAT BRITAIN

I. MR. LLOYD GEORGE'S SCHEMES

BEFORE the general election of 1929, Mr. Lloyd George published *How to Conquer Unemployment*. Perhaps it was as well for him that he was not given an opportunity of putting his programme to the test; for so overwhelming was the tide of world depression for three years thereafter that no purely national efforts to counter it could, it seems, have prevailed. To-day, as another general election approaches, although the economic tide has turned in this country and unemployment has fallen by a great deal in the last two years, it nevertheless remains greater than in 1929, when it was recognised as the major election issue. Mr. Lloyd George thus finds public opinion ready with sympathy for bold and imaginative plans for solving the unemployment problem, and he has seized the opportunity with both hands.

The last issue of *THE ROUND TABLE** recorded his submission to the Cabinet of a memorandum containing his proposals. After protracted discussions between their author and a Cabinet committee, these proposals were published on July 16 under the title *Organizing Prosperity*. It was impossible not to feel disappointed in a document that had been so much talked of. Judging by its frequent resort to generalities and its lack of detail on certain practical points, the memorandum seems to have been written more as a manifesto for the public than as a blueprint of policy for the Government. Thus we read, for instance,

There is unlimited room for the expansion of international trade in the vast territories of Russia and China. . . .

* See *THE ROUND TABLE*, No. 99, June 1935, p. 576.

Great Britain

And again,

It is reasonable to suppose that a skilful and firm handling of fiscal negotiations with other countries could be made fruitful of reduced tariff barriers and better openings for trade.

These initial comments are not put forward in criticism of the more definite elements of Mr. Lloyd George's programme but rather in order to show that by those elements, extracted from the rhetoric that surrounds them, must his programme stand or fall.

The gist of his plan is this. The Government should set up a permanent National Development Board, responsible to the Cabinet but independent of changes in the party in power. The Board's duty should be to survey the economic resources and potentialities of the country and report on practicable developments which would increase employment and enhance national prosperity; to prepare plans for land development, industrial organisation, improvement of the nation's services and amenities; to "consider the application of the national credit with a view to the proper financing of the programmes it proposes to carry out." The Board, adds Mr. Lloyd George, "would be there to get things done." The existing Cabinet, an assembly of Ministers immersed in departmental affairs, would have to be replaced by a Cabinet of five or six, including the Prime Minister and the Chancellor of the Exchequer, the remaining members being Ministers without departmental duties.

In later chapters of the memorandum Mr. Lloyd George outlines in varying detail some of the forms of development and expenditure that he believes likely to be approved. There is housing; "upwards of two million additional dwellings ought to be provided for the nation within the next few years." Housing plans should be directed, among other aims, to accommodating the urban population more healthily in suburbs and satellite towns; and under the same head of regional development come the construction and improvement of roads, the provision of

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water supply and other amenities and services. "Far-reaching reforms of our road construction are needed with an urgency that cannot be overstated." The memorandum, after describing the general improvements required, mentions a number of major projects, such as the Charing Cross bridge, the Cromwell Road extension, and the Severn bridge. Cheaper and more rapid transport should be developed between the cities and their suburbs and satellite communities. Financial help should be furnished, maybe under the Trade Facilities Acts, towards suburban electrification and reform of the structure and use of rolling stock. More air ports must be constructed and a better imperial air service fostered. "Canals could be made far more valuable to the public service, and certain new canals might with value be constructed." Ports and harbours should be improved. The modernisation and expansion of the telephone service that have already been carried through come in for praise, but more could be done, especially in extending telephone facilities in rural districts. "There would appear to be a strong case for proceeding to organise a unified system of the retail distribution of electricity—a step forward which would bring the great advantage of enabling the nation's electrical service, like its postal service, to introduce a uniform charge throughout the country."

When he turns from services to other industries, Mr. Lloyd George is on more difficult ground. For coal there is a definite programme

- (i) The nationalisation of all mining royalties, at a fair valuation.
- (ii) The extension of the powers of regional Statutory Boards to control the distribution of coal produced in each area.
- (iii) The regional Statutory Boards to devise methods of facilitating the concentration of output within each district.
- (iv) The more vigorous examination of the scientific utilisation of coal and its by-products.
- (v) The revision of railway charges in order to enable coal to enter the export market at a more competitive price. . . .
- (vi) The achievement of greater economy in coal transport by the pooling of wagons.

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An iron and steel board, to be set up under the National Development Board, would have to decide on the best places to locate modern iron and steel plants and on the extent to which existing out-of-date plant should be scrapped. The National Board would have to provide the requisite finance. The cotton industry also, according to the memorandum, needs a controlling authority to co-ordinate its efforts and to provide the necessary finance for its re-equipment. A policy of maximum efficiency in merchant shipping "involves a scrapping of uneconomic ships and the renewing of a proportion of our mercantile marine, for which the necessary capital can hardly be provided by the industry itself." As new industries arise, the Development Board must encourage them to

establish themselves in districts where they will best contribute to reducing our unemployment problem, and it should be prepared to further this process by assisting them on approved lines to obtain the capital they will require for setting up their works.

Naturally Mr. Lloyd George seeks to forestall the criticism that the money cannot be found for all these plans. Using the figures of new capital issues and of idle bank deposits he comes to the conclusion that

on a conservative estimate there are £200 million a year of national savings available in this country for sound and useful investment, which are to-day being largely sterilised for lack of an outlet. . . . And, meanwhile, the State itself is expending yearly a sum equivalent to the income on a capital of nearly £3,500 million in order to finance, not industry, but idleness.

This latter argument is used partly to answer the question, how the Treasury, as distinct from the nation, is to find the money. Its force will obviously vary with the extent to which the desiderated policies would absorb unemployment, on which point Mr. Lloyd George is more optimistic than most of us would probably feel inclined to be. He also writes of ensuring that the local authorities gain a

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proper share of the increased site values created by publicly financed improvement schemes, and he presses for the conservation of the Road Fund for the specific purposes it was originally intended to meet—a policy which, by the way, would to an equal extent weaken the general resources of the Exchequer.

But the key to Mr. Lloyd George's policy, as he himself would admit, is in his plans for the development of agriculture. These include the reclamation of waste lands; the reconditioning of land by drainage, by liming and the provision of fertilisers; the repair or replacement of farm buildings and equipment; the provision of rural housing, rural roads and rural amenities; the stimulation of country industries—all with the aid of government assistance or government guarantees of credit. Increased employment on the land is to be sought in the greater demand for labour on existing farms, in the creation of small holdings (including family farms, market gardens and poultry farms), in the work of afforestation. "The aim ought to be in course of years to settle an additional 500,000 on the land, either on family farms, market gardens or poultry runs." Later Mr. Lloyd George speaks of still another half-million people drawn into the countryside to engage in the trades and services that meet the needs of the village population, and in occupations ancillary to agriculture.

The scope of these ambitions is plainly stupendous, and the first question that springs to the mind is, where are markets to be found. To this Mr. Lloyd George has a double answer.

So far as a market for increased output from our soil is concerned, we are to-day buying from abroad not far short of £200 million worth of foodstuffs of kinds which can be grown profitably in this country, even when cereals and sugar are excluded from the reckoning. Of raw wool, raw hides, timber and wood pulp—again of kinds that can be produced here—we import nearly £80 million worth. . . .

Indeed, the demand which could be fostered is even greater than these figures indicate. The measure of our present consumption is

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far from being the limit of our potential market. Many people here are under-fed to-day, judged by every accepted standard of sufficient nourishment to sustain health and strength. The unemployed and the less well-paid wage-earners could all with advantage increase very considerably their consumption of foodstuffs. So they could of boot leather and woollen clothing.

In a speech at Cambridge on August 2 Mr. Lloyd George specified £80 million as the extent to which home agriculture could, with proper equipment and marketing, capture the market now filled by imported products, without putting up prices. Assuming that this means, roughly, £25 million as the extra net income of agriculturists (that is, after allowing for transport and distribution costs and all cash outlay at the farms), it would support an additional rural population of, say, half a million, men, women and children. But, as Mr. Lloyd George himself points out, "something like one-third of the total employment in this country has been dependent, directly or indirectly, upon the production and transportation of goods for oversea trade"; and how is oversea trade to be expanded if we buy £80 million less agricultural products from abroad? If Mr. Lloyd George's plan merely means £80 million less orders for our export industries, it can hardly be treated as a cure for unemployment.

Let us examine the other suggested source of an additional demand for the products of British agriculture, an improved standard of living. The increase in incomes must not arise, clearly, simply from an advance in the general level of prices, but must represent a rise in the aggregate *real* income of the community; nor must the added expenditure on food be merely a diversion of expenditure from other products, for that would merely redistribute, not lighten, the burden of unemployment. Now, for every £1 rise in real income ten shillings at most would be spent on food, and in existing circumstances a large proportion of it would inevitably come from abroad. Hence the real income of the community would have to increase by at least

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£200 million if there were to be even a chance of creating sufficient new demand for British agricultural products to bring half a million people on the land. Such a rise in national income would in itself virtually solve the unemployment problem, quite apart from the increased agricultural employment. Hence whatever may be the intrinsic merits of Mr. Lloyd George's schemes, the scale of his expectations is optimistically inflated.

The Government's reply to his memorandum was cold and critical. The increased output of agriculture proposed, even if practicable, could not be secured unless the producer were offered a considerable increase of prices. A detailed estimate had been placed before Mr. Lloyd George showing that if £92 million a year of imported produce were to be replaced by home produce, the wholesale price of the foodstuffs concerned would inevitably rise by approximately £100 million. (It would be interesting to see the details on which this calculation was based.) The plan would gravely injure certain Empire countries, and, by hampering our export trade, create industrial unemployment. The effect of the rest of his proposals upon the volume of employment was highly speculative.

The plans, it is claimed, would bring unemployment substantially and promptly to an end. This claim seems, however, to be entirely out of relation to the actual proposals submitted.

The net employment value of the suggested public works schemes would prove small and slow in coming. Their effect would, moreover, be all the slower for the new administrative machinery proposed by Mr. Lloyd George. Capital expansion in industry would be held up if there were thought to be a chance of obtaining government assistance, so that the immediate effect might well be a diminution of the employment offering.

It seems to the Government to be a misconception to suppose that a vast quantity of hitherto undiscovered work capable of giving employment to large numbers of people lies waiting to be put in hand.

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In the matter of housing, Mr. Lloyd George had made no mention of the progress already being effected under the present régime. Approximately a million new houses had been built in the four years ended March 31, 1935, and in the last of these years the number built was 327,000; thus Mr. Lloyd George's figure of two million houses would be achieved within a comparatively short period. The proposals for expenditure on roads and on railway electrification were either exaggerated or already part of official policy. The Government mentioned particularly the raising of £35,000,000 under Treasury guarantee for the electrification of London suburban railways and the extension of the underground system. For this scheme, recently announced, an interesting piece of financial machinery is to be employed. A public company with a nominal capital, controlled by the Treasury, has been formed, with powers to borrow under government guarantee up to £40,000,000, and to re-lend the money to the transport undertakings as and when it is required. The rate of interest charged will be the effective rate paid by the company on the bonds it issues. This device is being used primarily in order to save the railways the cost of raising money on the market in advance of their requirements, but it is an important precedent capable of being used as an engine of nationalisation and state capitalism. In the practice of socialism, though of course not in the theory, there is no great gulf fixed between the parties of Left and Right.

The Government were equally emphatic in their rejection of Mr. Lloyd George's proposals for new administrative machinery.

The plans, by their proposal to create a National Development Board and a Cabinet of Ministers mostly without departmental responsibilities, would tend to divorce policy from administration, and would introduce into the present system of government a new advisory body which would be unable to enforce its own recommendations. So far from conducing to rapid action, these proposals would cause delay and confusion.

The "Council of Action"

Although the Government expressed agreement with Mr. Lloyd George's general aim of reorganising and developing our national resources and improving our national conditions, in every field that he explored they claimed to have already taken action that had produced results wider, more comprehensive and more beneficial than any that his programme could effect.

It was doubtless passages of this kind, together with the fact that the Government took the opportunity to review the successes of their own economic policy in various fields, that inspired their critics to describe their reply as "complacent." This is certainly an unfair epithet if applied to the detail of the document, but the general effect that it left upon the reader was confessedly one of a relative contentment with present conditions that accords ill with the fact of two million unemployed. This impression was most unfortunate for the Government because, whatever else Mr. Lloyd George's campaign may have done, it has stirred the public conscience about the unemployment problem and stimulated the belief that a bolder policy is required than the Government have yet adopted.

II. THE "COUNCIL OF ACTION"

IN the middle of June there appeared a manifesto entitled "Peace and Reconstruction: A Call to Action," over the signature of a number of eminent Free Churchmen, as well as those of Mr. Lloyd George, Lord Snowden, Sir Walter Layton, Mr. G. N. Barnes, Lord Lothian, Sir Basil Blackett, Professor Gilbert Murray and others. Here are the key passages of the manifesto:—

Believing that war is contrary to the mind of Christ and is a crime against human brotherhood, believing too that the position of Great Britain gives to it an enormous influence and power of initiative in world affairs, we hold that the time has come for the British people, irrespective of party, to demand that the power of Britain shall be used positively and energetically to promote peace,

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to prevent the alignment of nations in rival camps, and to arrest the present fatalistic drift towards war. . . .

The persistent and widespread shortage of opportunities for employment which dooms millions of our fellow-citizens to an existence of unwilling idleness upon a scanty allowance from public funds inflicts upon them an intolerable wrong. . . .

We therefore call upon the State to put forth a great effort of national reconstruction and to organise the full resources of our social and economic system for the revival of our industrial life and the provision of work on schemes of useful and necessary public development. . . .

"Lovers of peace" were called upon to give their support at the general election only to those candidates who pledged themselves to exact from the Government "the positive and courageous use of British initiative towards redressing injustices, economic and territorial, which breed the spirit of war," and to support energetically "practical measures of disarmament and the maintenance of peace through conciliation, arbitration and collective action within the League of Nations." Men and women of whatever party were also invited to secure at the general election the return of members "committed to insist on measures that will apply to the problem of unemployment remedies commensurate with the magnitude of its dangers to the moral and physical well-being of the community." Direct attack upon the Government there was none, but the implication of such phrases as "the present drift" was unmistakable. Mr. Neville Chamberlain referred in a public speech to criticism of the Government "half concealed in the guise of an appeal to Christian principles," which seemed to have "a flavour of the underhand." More searching was the criticism of a group of members of Parliament, who wrote :—

As to the ends to be attained there is general agreement. Disputes arise mainly as to the method of attaining them.

The manifesto had announced that a Council of Action for Peace and Reconstruction would be set up forthwith, and that for this purpose a convention of sympathisers

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would be called in London on July 1 and 2. Before the convention met, it was conveyed to the press that plans were afoot to put up, if necessary, as many as 350 independent "Peace and Reconstruction" candidates at the general election to fight constituencies where answers from party candidates were unsatisfactory—an incident that resulted in the defection of four of the Free Church leaders.

The meeting to establish the Council of Action was almost wholly an assembly of the converted, but it was noteworthy that among those who spoke sympathetically were Mr. Lansbury and Sir Herbert Samuel, the leaders of the Labour and Liberal Oppositions, Lord Cecil, and Captain Harold Macmillan, perhaps the foremost of the "young Tory" group. Mr. A. C. Crossley, M.P. (Conservative), put the audience in a quandary when he asked : "If Italy enters Abyssinia, do you desire to go to war with Italy?" ; for some cried "Yes" and others "No." When the details of means fall to be considered the unanimity of ends becomes less impressive. Nevertheless, an influential "Council of Action" has been set up, and it will certainly carry its campaign into the constituencies, though with what effect it is hard to foresee. *The Daily Herald* remarked with some justice that "when the signatories cut themselves off from party, they cut themselves off from the only instruments of effective parliamentary action."

III. THE DEPRESSED AREAS

LABOUR not unnaturally regards itself as rightful heir to the benefits of such public disappointment and discontent as the Government has provoked. Undoubtedly the Government has to face a good deal of uneasiness among middle political opinion, a feeling not allayed by the reports of the Commissioners appointed to approve and carry out plans for ameliorating the condition of the population in the specially depressed areas.* At

* See *THE ROUND TABLE*, No. 97, December, 1934, pp. 150-154.

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the end of 1934, under a special Act of Parliament, two Commissioners, Sir Arthur Rose and Mr. Malcolm Stewart, were appointed for Scotland and for England and Wales respectively. They were to be unfettered by departmental routine, and were to spend at their discretion from a fund into which was paid an initial sum of two million pounds. Mr. Stewart, in his first report, written after six months' work, refers feelingly to the discrepancy between the Government's promise of wide and untrammelled powers and the many legal and administrative obstacles with which he was confronted under the actual terms of the Act. Thus he found himself debarred from giving any financial assistance to undertakings towards which Treasury grants might legally be paid, even though in practice they might not be attainable. Virtually the whole fields of education and housing, for instance, were thereby closed to him, although, in his words, "the overcrowding problem in the Special Areas in the north-east is acute, and there is a pressing need for more houses to be let at low rents." In spite of such handicaps, he had entered into commitments involving eventually an expenditure of over £2,000,000 from the fund, including £950,000 for works of public utility, £100,000 (estimated) for a housing society, and £800,000 for the settlement of unemployed men on the land. "Land settlement," declared Mr. Stewart, "is one of the most helpful methods which should be employed to reduce unemployment, but we shall be misled if we think that it can be effected quickly or on a large scale." Sir Arthur Rose reported that for the Scottish special area he had approved schemes involving commitments against the fund to a total of nearly three-quarters of a million.

The concluding section of Mr. Stewart's report contains many suggestions that drive deep into public policy on social and economic affairs. Of national capital works Mr. Stewart asks:—

Is there not a reasoned case for such expenditure on its merits apart from any question of relief to unemployment? Is there not

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to-day the need for the creation of national physical assets to replace those inherited from the past, which are steadily declining in value as the advance of science and the increased knowledge of its application makes them daily more obsolete?

Still more trenchant were the Commissioner's remarks on such long-term measures as limiting the labour force—the corollary of increasing mechanisation—by later entry into industry and earlier retirement, or by shorter working hours.

What real justification is there for employing raw youth and the aged when, between these extremes, there is a vast number of unemployed from sixteen years of age and upwards, single and married, daily seeking work? The first step is to take those of from fourteen to sixteen years of age out of industry, making their employment illegal. What are we to do with them? I do not suggest they should continue at school in the generally accepted sense. Those who show exceptional ability can take advantage of the opportunities offered by the secondary schools, but the remainder should be given a compulsory practical training: a system of general training should be devised to fit a boy for practical work in industry.

Shorter working hours could clearly contribute to the reduction of unemployment, though their effect would be much less than is usually anticipated, since every reduction would furnish an incentive to further mechanisation. The workers themselves, very reasonably, did not wish for any reduction below 48 hours a week at the price of their taking home less wages. Shorter working hours would have to be introduced one industry at a time; and the industry must be sufficiently organised to be able to bind all its members. Mr. Stewart suggested that the manufacturers should bear one moiety of the wage-cost of shortening hours and that the Government should offer to bear the other over a period of, say, three years on a downward sliding scale. He also urged that an effort be made to see that all workers continuously in employment for one year with the same firm or company should have a week's holiday with pay.

All these proposals, together with others that there is

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not room to mention here, require closer scrutiny, no doubt, than they could receive in an individual report of this kind. Nevertheless, associated as Mr. Stewart has associated them with the conscience-stirring problem of the distressed areas, they provoke still further the anxiety that is felt by members of all political parties for a more vigorous economic policy. If adopted by the Government as part of official policy, they would greatly narrow the gap between their own practical programme and that of the Opposition, and would take a good deal of wind out of the latter's sails. At present the latter stand to gain electorally, not only from the reaction from the crisis election of 1931, and from the inevitable discontent that grows among various groups against any Government that has been in office for four years, but also from the public desire, agitated though not created by Mr. Lloyd George and his Council of Action allies, for a bolder attempt to solve the problem of unemployment.

IV. THE ELECTORAL OUTLOOK

THE general election, it is fairly clear, will be fought more upon policies for the future than upon achievements or failures of the past, although the contrast between the difficulties that the last Labour Government accumulated at the end of its term, and the economic recovery that the National Government can put to its credit, will not be forgotten. In a competition of promises, an Opposition has a great advantage over a sitting Government, and this fact alone will weight the scales in favour of the Left. The continuance of the present gigantic Conservative majority is in any case out of the question, and the main issues of interest are how far the swing will go and whether Mr. Lloyd George's campaign will succeed in reviving a substantial Middle bloc, inheriting the latter-day rôle—and perhaps the name—of the Liberal party. It is not impossible that the net result of his endeavours

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will be to divide and thus to weaken the forces of the Left and Left Centre. Be that as it may, a swing of the parliamentary balance to the Left is the one certain result of the election, and on a first view the natural consequence would then appear to be a swing to the Left in the Government itself. But under a system of party majority government, the opposite outcome might emerge; for the safest Conservative seats are on the whole those held by the "safest" Conservatives, and those who would lose their seats would include a great many of the more radically minded "young Tories." Hence the centre of gravity of the Government might move in the opposite direction to the centre of gravity of the electorate and the House as a whole—unless, of course, the pendulum swung so far that a Labour Government was returned. Such an eventuality, though rendered less likely by the growing difficulties of the international situation, which dispose people against rash change at home, cannot be entirely ruled out. The Government received a remarkable reverse in July at a by-election in the West Toxteth division of Liverpool. Labour regained the seat, which they had lost to a Conservative in 1931, by a larger majority than they had had in 1929, though the poll was much smaller. The Conservative vote dropped by nearly 7,000 votes compared with 1929, and was less than half the 1931 figure.

The reorganisation of the Cabinet early in June has had in itself no obvious effect upon the prospects for the general election. Mr. Ramsay MacDonald and Mr. Baldwin exchanged the offices of Prime Minister and Lord President. The political effect of this key move has been to place a less tired leader at the head of the Government—a leader, moreover, with the confidence of the Conservative party—without seriously altering the balance of forces in the Cabinet. Of the remaining changes, the most important was the translation of Sir John Simon from the Foreign Office to the Home Office, making room for Sir Samuel Hoare, who is to be assisted by Mr. Anthony Eden

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as Minister without Portfolio attached to the Foreign Office for League of Nations affairs. The broad result of a far-reaching "general post" is to keep the political complexion of the Government much as it was, though with a certain hint (in the appointment of the bold and energetic Sir Kingsley Wood to the Ministry of Health, and of Lord Eustace Percy as Minister without Portfolio) of an intention to "ginger up" economic policy.

The economic scene itself is definitely encouraging, not only to the Government, who can claim the credit at least for the general conditions under which such progress has been possible, but to all observers. At the end of July the unemployment total fell below two millions for the first time for five years, and the numbers employed in insurable trades, at 10,381,000, were higher than ever before in the fourteen years covered by the statistics. Employment was greater by nearly a quarter of a million than it had been a year previously. A particularly heartening feature of the unemployment returns is the fact that the improvement, compared with 1934, has been shared by every main industry, the list being headed by coal-mining, which in July had nearly 38,000 fewer unemployed than a year previously.

CANADA: THE PARTIES AND THE ELECTION

I. THE RECORD OF THE SESSION

THE active life of the seventeenth Federal Parliament of Canada came to a close on July 5, when Lord Bessborough, the outgoing Governor-General, performed for the last time the ceremony of prorogation. Members of the House of Commons went home in the certain knowledge that they would not all meet again in Ottawa next winter, as the statutory term of Parliament expires on August 18 and a general election must be held not long after that date.* The session, which began on January 17, was of normal length but it was productive of an abnormally large and varied crop of legislation, the fruit of the Government's efforts to give effect to the reform programme that Mr. Bennett outlined to the Canadian people in a series of broadcast addresses, delivered just before the opening of Parliament. The Government found itself greatly handicapped during the middle period of the session by the unfortunate illness that overtook Premier Bennett early in February and kept him out of his place in Parliament until May 20; but the Opposition groups, to their credit, generously refrained from taking advantage of the difficulties thereby imposed upon the Ministry, and only in the closing weeks did the spirit of keen partisan controversy, which usually enlivens a pre-election session, manifest itself. Moreover the Liberals, in their anxiety to avoid exposure to the charge that they were unsympathetic to desirable reforms, were sedulously careful not to oppose in principle

* The date of the election has now been fixed for October 14.

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many of the Government's measures. While they derided some of them as futile or misconceived and often pressed for important amendments, they were content for the most part to fill the rôle of vigilant critics, who wanted to improve Ministerial legislation and carry the reforming process to greater lengths. The C.C.F. group, for its part, took the view that the Conservatives had been at least partially converted to their view of the necessity for comprehensive reforms of the capitalist system and for state intervention with business on collectivist lines; accordingly they persistently adopted an attitude of friendly benevolence towards the Government and most of its legislation.

As a result, while it is true that not a few of the reforms originally proposed by Mr. Bennett in his radio addresses have reached the statute book in a somewhat denatured form, the legislation actually passed promises to effect very important changes in the economic, financial and social structure of the Dominion, and represents a sincere attempt on the part of Ministers "to ensure the more effective and equitable operation of the capitalist system"—to employ the phraseology of the closing Speech from the Throne. The measures enacted in regard to minimum standards of wages, hours of work and a weekly rest, and a scheme of unemployment and social insurance, which commanded general approval, will help to bring Canada, which has been relatively backward in such social legislation, into line with other units of the Commonwealth in this respect. Material for another batch of important legislation, planned to suppress proven evils and abuses in the business world, was supplied by the report of the Price Spreads Commission, but not all the Commission's recommendations were accepted by the Ministry. A convenient excuse for rejecting some of them and modifying others was available in the doubts expressed by eminent legal authorities about the competence of the Federal Parliament to undertake, without fear of successful

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challenge in the courts, any drastic regulation of business activities.

This uncertainty about its constitutional authority enabled the Government to gratify its business supporters by whittling down the proposed powers and jurisdiction of the Federal Trade and Industry Commission, whose creation and equipment with very wide and drastic powers had been urged in the Price Spreads report. The Commission has been established; but it is to have the same personnel as the present Tariff Board, reinforced by the assistance of a Director of Prosecutions. Moreover, it will confine its activities to investigation and, beyond making decrees for the enforcement of existing laws, will exercise no regulatory powers over business. However, amendments that were passed to the criminal code, the Companies Act, the Combines Investigation Act and the Natural Products Marketing Act should be effective, if the law is sternly administered, to suppress unfair business practices and unjust exploitation of labour, to protect the investing public against fraud, to establish higher standards of quality for consumers, and to secure a healthier atmosphere of fair competition in industry. The facilities for providing credit at reasonable rates to the farming community were improved by another Bill, and its benefits extended to fishermen. A National Economic Council to advise the Cabinet has also been brought into existence, and authority was secured for a generous programme of public works and a scheme for the improvement of housing conditions. Two important financial measures were passed, empowering the Government to establish an exchange stabilisation fund and to revalue the gold stocks of the Dominion, and the Government has already acted upon the authority given by the latter Act.

The most controversial measure of the session was a Grain Marketing Bill, which the Government introduced towards the end of the session. In its original form it contemplated a wholesale revolution of the system under

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which Canada has marketed her grain crops for many years. It proposed to establish a Federal Grain Board armed with very drastic powers and operating as the only marketing agency under a compulsory pool scheme for all grain grown in the prairie provinces. However, while it was backed by the wheat pool organisations, it encountered violent opposition from the private grain firms, who foresaw that its passage would wipe out their business ; and the Liberal party, while accepting the principle of a grain board, took strong exception to conferring upon it compulsory and monopolistic powers and threatened to offer a resolute resistance to these features of the Bill. Eventually, by agreement, it was referred to a special committee of the Commons, which, under the chairmanship of Mr. Bennett himself, heard the representations of interested parties for and against the Bill. The Government had to bow reluctantly to the insistence of the Liberal members of the committee that they could not reach a satisfactory conclusion about the merits of the Bill unless they were put in possession of detailed and accurate information about the complicated transactions undertaken in the wheat market since 1931 on behalf of the Government by Mr. J. I. McFarland, its agent in Winnipeg.

Mr. McFarland was unable to appear in person owing to illness, but his assistants unfolded a very disturbing story. They disclosed that, when Mr. McFarland in 1931 took over the wheat stocks of the embarrassed wheat pools with a view to their disposal, he found himself in possession of roughly 76 million bushels of wheat standing at an average cost of about 60½ cents per bushel. But instead of disposing of these stocks he had, under instructions from Ottawa, embarked soon afterwards upon a policy of supporting the wheat market, and, while at one period he could show a substantial paper profit on his operations, it had soon been transformed into a deficit. By June, 1935, the commitments of the Government in wheat and wheat contracts had mounted to the prodigious total of 228 million

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bushels, standing at an average cost of 85.9 cents per bushel. The witnesses who gave these figures supported the Ministerial thesis that the plan of supporting the wheat market had put at least 100 million dollars into the pockets of the prairie grain growers since 1931 and was therefore fully justified. The business community and the general public, however, were shocked to discover that a sum of public money not far short of 200 million dollars was involved in the vagaries of the wheat market, and that, if the existing debit balance of 11½ million dollars was to be wiped out, the Government's stocks of wheat would have to be sold on an average at about 5 cents per bushel above the present market price, which, being artificially pegged, does not represent the real value of wheat for export purposes.

Faced with an adverse popular reaction from these disclosures, the Government felt it would be wise strategy to avoid any prolonged controversy about the Grain Marketing Bill, and so, when the committee came to redraft the Bill, Mr. Bennett agreed to drastic changes, which altered it out of recognition and went far to meet the objections of the Liberals. In its amended form the Bill provides for the establishment of a Federal Grain Board, which, however, will at first be restricted in its scope of action to wheat and will only extend it to coarse grains by special authorisation of the Government. The compulsory features of the Bill are not actually deleted but their operation is to be suspended, until evidence is forthcoming that the new marketing system has completely failed. There is to be a fixed minimum price for wheat, but the Board will only buy wheat when the export price level falls below the minimum, and then it must buy direct from producers and not on the Winnipeg Grain Exchange ; the farmers for their part are left free to sell either to the Board or to private grain merchants as they desire. The Board is empowered to investigate the workings of the grain exchanges, when it feels an inquiry into them is advisable,

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but it is forbidden to conduct any more stabilisation operations. Furthermore, what is tantamount to a declaration of a national wheat policy is embodied in certain clauses of the Bill, by which the Board is authorised to take over the wheat holdings of Mr. McFarland and to sell them to the best possible advantage. These particular clauses are being interpreted as an intimation to Argentina, Australia and other exporting countries that Canada has renounced the policy of holding wheat for higher prices and is determined to sell her wheat and meat whatever competition is offered.

However, when the publication of the terms of the amended Bill caused a sharp recession in wheat prices in Liverpool, Mr. Bennett, during the debate on the third reading, intimated firmly that there were to be no bargain-counter sales of Canadian wheat, and the Senate struck out the words "as speedily as possible" from the clause referring to the disposal of the wheat stocks. The Liberals wanted a time limit up to March 1, 1936, set to the operation of the Board, but when the Government refused to concede this point they did not press it, and they supported Ministers in resisting an attempt of the C.C.F. party to restore the compulsory pool provisions, the elimination of which had in their eyes completely vitiated the Bill. The grain marketing system, which has now been established, is analogous to that which has been followed by Argentina for some years past, but it remains to be seen whether it will get rid of the huge exportable surplus of wheat, which a carry-over of about 200 million bushels, added to a crop that promises to be excellent, will make available in the coming months.

The Government also, by dropping a Bill for the application of the alternative vote to the province of Saskatchewan, and to that province alone, in the federal election, avoided a prolonged fight over it, as the Liberals were determined to frustrate what they regarded as grossly unfair discrimination against them. Concessions were made on other

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measures in order to facilitate their speedy passage. In the closing days of the session the Senate, whose debates and general proceedings have in recent years been raised to a higher plane by the leadership of Senator Meighen, asserted its rights by making a series of drastic amendments in certain Bills, and there ensued between the two Houses several bouts of wrangling, which eventually ended in compromises. In the last two months of the session imperial and international affairs were cheerfully neglected as of small consequence compared with domestic problems. The special committee of the Commons that had been appointed to investigate and report upon ways and means of securing amendments to the British North America Act produced an inconclusive report, its chief feature being a recommendation for the holding of a Dominion-Provincial conference on the subject as soon as possible.

In the last week of the session the Government had to face an awkward debate upon the unemployment problem, arising out of an unfortunate fracas in Regina between the police and unemployed men, which had resulted in the loss of two lives and in many injuries. The problem presented by the million and a quarter people who are still upon some form or another of public relief threatens to be a source of worry to all Canadian Governments for some time to come, and will constitute one of the main issues at the coming election.

II. PROSPECTS FOR THE ELECTION

THE exact date of the election has not been announced, but it will probably come in the latter half of September. However, for all practical purposes the campaign is already in full swing; over 300 candidates have already been chosen for the 245 seats in the Federal Parliament, nomination conventions are being held daily, and the whole

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country is being flooded with election literature and propaganda. The presence of four competing parties for the first time in Canadian politics ensures a multiplicity of candidates, whose total will far outnumber the 531 nominated for the election of 1930, and it promises to turn the contest into a confused *mêlée*. At the time of writing all the political experts, even Conservative pundits, admit that the odds are strongly in favour of a decisive victory for the Liberals. They have their party organization in better shape than any of their rivals, the superior forwardness of their preparations being proved by the fact that they have already 148 candidates in the field, almost twice as many as any other party has. They enjoy press support which is both more solid and in abler hands ; and they have the advantage of the assistance of the political machines of six Liberal provincial administrations, which can be very useful allies in a federal election, and of the probable friendliness of two more. Their chief weakness is that, beyond Mr. Mackenzie King's specific pledges to lower the tariff, and somewhat half-hearted commitments by some of his lieutenants about nationalising the Bank of Canada, they have not so far put before the country any comprehensive programme for the solution of its basic problems. They are accused of a disposition to rely for victory upon the unpopularity of the Bennett Ministry, rather than to take the risk of sponsoring bold reformative proposals.

While assurances have been publicly given that, as the campaign proceeds, the Liberal party will be found with a definite progressive policy for every problem, some of its leaders are notoriously conservative in their outlook upon economic issues and the question of constitutional reform. Their influence will be exerted for the avoidance of any gestures of extreme radicalism, with two objectives : first, to allure the votes of Conservative business men, who despair of the fortunes of their own party and want to see a stable Government with a good working majority installed

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in office ; and, secondly, to recapture most of the 20 seats lost in 1930 in the great Liberal stronghold of Quebec. The Liberals count confidently on regaining three-fourths of these with the help of Premier Taschereau's well-oiled provincial machine. They feel assured that the unpopularity of the Government's high tariff policies will yield them gains in the prairie provinces, and that, in view of the result of the recent provincial election in New Brunswick, where they carried 43 out of the 48 seats and swept a Conservative Administration out of office, they cannot fail to improve their position in the maritime provinces, where they now only hold 7 out of 26 seats. They are less optimistic about Ontario, where the strange antics of Mr. Hepburn's Liberal Government in its first year of office have done a good deal of harm to the cause of Liberalism, but even there they do not expect a net loss. A great deal may happen before election day, but at present the Liberal leaders have some justification for their serene belief that they can offer the country the only prospect of a firm Administration with a clear majority in the Commons behind it, and that public opinion has made up its mind to give them another chance in office.

The Conservative party is fighting a desperate rearguard action ; for the initiative which it achieved at the beginning of the year by the " New Deal " programme, propounded by Mr. Bennett, has now been largely lost, and the party has been thrust back upon the defensive. Indeed, no Canadian Government has ever entered an election with the omens so unpropitious for its success, and the average Conservative member left Ottawa in a very despondent mood. Then, two days after prorogation, came the birth of the new Reconstruction party, headed by Mr. Stevens ; inasmuch as it represented an insurgent movement within the party, this must seem " a sorrow's crown of sorrow " to Mr. Bennett and his followers. However, one problem has been happily settled for the party by Mr. Bennett's definite announcement that he feels his health sufficiently

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restored to permit him to retain the leadership for the campaign. Although his physicians may impose some limitations upon his activities, he can be relied upon to put up a very strenuous fight, however severe the odds against him may be. Before he opens his campaign he will have to reorganise his Cabinet; for Mr. Rhodes, the Minister of Finance, and Mr. Matthews, the Minister of National Revenue, have both announced their impending retirement from public life, and four other Ministers are known to be anxious to escape from the cares of office. Unfortunately, in the Conservative ranks at Ottawa there is a singular dearth of Cabinet material, and it will be difficult, under existing conditions, to induce distinguished figures outside Parliament to take office.

III. THE PARTY PROGRAMMES

MR. BENNETT will base his chief appeal for a vote of confidence in his Ministry on the grounds that it has guided the country satisfactorily through the worst economic depression in its history, that it has already remodelled in a sane progressive fashion the economic, financial and social structure of the Dominion, and that it will persevere with the process of judicious reform, provided it is given a mandate for amendments to the constitution conferring upon the Federal Government authority to deal effectively with problems essentially national in scope. The Conservatives also propose to make considerable play with the Ottawa agreements, and depict them as most profitable pacts, which have been a material help to Canada in surmounting the trials of the depression and have proved beneficial to the whole Commonwealth. If they cannot get the negotiations now in progress for a reciprocity treaty with the United States brought to fruition before the election, they will insist that they should be kept in office as the only party that can be relied upon to exercise

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vigilant guardianship over Canadian interests in trade dealings with so powerful and aggressive a neighbour.

Undoubtedly Mr. Bennett will retain behind him the solid core of the Conservative party, but the threatened desertion of its radical elements, whose political hero is Mr. Stevens, may cost it a number of seats. It is difficult to see where the Conservatives can hope to make any substantial gains to compensate for the heavy losses that are inevitable, and apparently the party strategists are now chiefly concerned about salvaging enough seats to ensure that the Conservatives, as the second largest party in the new House of Commons, will be able to claim the right to be the official Opposition in the new Parliament. If they were to fail in the attainment of this objective, the eventual disappearance of the historic party founded by Sir John Macdonald would become almost inevitable.

The Co-operative Commonwealth Federation (C.C.F.), which is a holding organisation for the different units of a Farmer-Labour alliance, will be fighting its first election as an organised national party, and it hopes to add considerably to its present representation in the House of Commons, which numbers 15. It will fight on its official programme, which is frankly socialistic but with the Marxian flavour modified in respect of its rural policies, lest its farmer supporters be frightened away. Its election manifesto boldly contends that the real issue of the election is the choice between the reform of capitalism, which the other parties urge, and its abolition, which is the goal of the C.C.F. It proposes to nationalise the banking and monetary system, to launch an elaborate programme of public works, which will absorb many of the workless, to furnish the remainder with relief on a scale calculated to assure them decent standards of living, and to guarantee a minimum income to the farmers. These, however, are only the main features of a long programme which, in the words of its prelude, is designed to rescue the country from the clutches of an autocratic and irresponsible plutocracy.

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The C.C.F. is strongest in the two most westerly provinces, British Columbia and Alberta, but in the latter its hold upon the radical vote is now threatened by the rise of a Social Credit party, organised by one William Aberhart, a Calgary schoolmaster, who is a Canadian replica of Father Coughlin and preaches a brand of Social Credit doctrines analogous to the Douglas creed, but not identical with it. Mr. Aberhart is what the Americans call "an expert rabble-rouser," and this spring he had collected such a following in Alberta that its United Farmer Government felt it advisable to send out a Macedonian call for help to no less a person than the original parent of Social Credit, Major C. H. Douglas, who came out for a substantial fee and proceeded to expose the fundamental errors and flaws in Mr. Aberhart's plan. But Mr. Aberhart was undismayed by this exposé and, having nominated an array of candidates for the approaching provincial election in Alberta, now contemplates an invasion of the federal field, which would impair the chances of C.C.F. candidates. However, by way of compensation it is reported that the C.C.F. is now securing a considerable foothold in Montreal, and that in spite of the thunderous denunciations of the Roman Catholic hierarchy of Quebec, which has virtually placed the party under a ban, its socialistic doctrines are for the first time winning converts among the French-Canadian working classes. Nevertheless the strength of the C.C.F. east of the Ottawa river still remains feeble, and, since its organisation is sporadic and it has only the support of a few weekly papers, it can scarcely hope at this election to challenge seriously the supremacy of the two historic parties.

There remains the new Reconstruction party launched by Mr. Stevens and his supporters. Like the C.C.F., it has set up Canada's plutocracy as its chief target, but it parts company with the older organisation when it comes to the best method of curbing that plutocracy's misdeeds and oppressions ; for it renounces socialism as a dangerous

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adventure and believes that drastic reforms applied to the capitalist system can make it workable. Yet its fifteen-point programme has many points of similarity with that of the C.C.F. ; it advocates, for instance, a generous programme of public works for the relief of unemployment, and the nationalisation of the banking system. It also proposes a drastic lowering of interest rates (suggesting that 5 per cent. should be the legal limit for mortgage interest) and a stern reduction of tariff duties on imports from Great Britain, especially such as are necessary or advantageous to the farming community. The insertion of this last item in his programme will keep the protectionist elements in the Conservative party away from Mr. Stevens' banner, but it may win support for him in rural constituencies, where he is at present weak. His main strength, however, will be in the towns and cities. It remains to be seen whether he will be able to retain for polling day the support of the very substantial personal following which he had undoubtedly at one time accumulated by his crusade against "big business" and its ways. So far no Conservative paper, no member of either House of Parliament, and no politician of prominence has thrown in his lot with the newest party, though it has secured the benediction of the United Farmers of Ontario and of some associations of retail merchants, who regard Mr. Stevens as their faithful champion against their pet enemies, the great department and chain store organisations. It is difficult to see how Mr. Stevens, in the two months that are the outside limit of time at his disposal, can create an efficient nation-wide organisation and make good his threat of placing a candidate in every constituency. But the new party, representing as it does a revolt within the Conservative party, is bound to add to Mr. Bennett's embarrassments and difficulties.

Altogether a lively election seems in prospect, and it will be spiced by the activities of some novel candidates. Mr. J. R. Booth, an Ottawa millionaire, is fighting a rural seat adjacent to the capital as an Independent Liberal with a

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radical platform, and Mr. Tim Buck, who recently served a prison term for seditious conduct, is contesting North Winnipeg as a Communist. The whole tone of all the party programmes reveals a general leftward movement in outlook and policy; and doctrines and ideas, which isolated cliques a few years ago were discussing in whispers, are now quite fashionable in all circles of society. There is no widespread enthusiasm over the prospect of another Liberal Administration, dominated as it is almost certain to be by the ingrained conservatism of its Quebec contingent, and bereft, as it most unfortunately threatens to be, of two of the ablest Liberal politicians in the country, Colonel J. L. Ralston and Mr. Charles Dunning. Indeed, grave doubts are freely expressed whether Mr. Mackenzie King, if he wins the election, will be able to construct a Ministry competent to tackle with success the unemployment, railway and other fundamental problems of Canada.

Despite many rebuffs the advocates of a National Government, who include most of the leading figures of the financial and business world, have never abandoned their dreams; there has lately come into existence a League for National Government, which claims to have 35,000 members and which proposes to exact, as the price of its members' support, pledges from candidates of all parties that they will, if returned, work for a National Ministry. The sponsors of this League think that a chance of achieving their objective will come possibly two years hence, when a Liberal Administration finds itself reduced to a state of baffled impotence in face of the Dominion's basic problems. But nothing would please the C.C.F. quite so much as the emergence of a National Government, merging the Liberal and Conservative parties, as the field would then be opened for their party to become the official Opposition of the Left, and the cohorts of Mr. Stevens would almost be forced to join them. Accordingly the coming election, whatever its immediate result, may well prove to be an important transitional episode in a long

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overdue process of political realignment, which will give Canada two vigorous political parties, one of the Right and another of the Left, advocating completely divergent philosophies and programmes.

Canada.

July, 1935.

AUSTRALIA

I. RURAL REHABILITATION

FOR five years, save a short interlude in the case of wool, Australian primary producers have watched with growing concern the ebb tide of world prices for their products. As no turn is yet visible, it is recognised not only that our rural industries must accommodate themselves to price levels different from those of pre-depression years, but also that far-reaching legislative action is needed to assist the process. Rural rehabilitation therefore presents a complex of problems, with markets and debt adjustment in the immediate forefront. Ironically enough, some of the marketing difficulties can be traced to the divergent policies of two British Ministers. For if Australian Governments enthusiastically associated themselves with the wide-visioned plans that Mr. Amery sketched in his Empire Settlement Act of 1922 for the mass settlement of ex-soldiers and migrants in the Dominions, they are now reluctantly realising that Mr. Elliot's rediscovery of the British farmer deals a mortal blow to much that those plans envisaged. Recent experience has revealed how illusory were some of the assumptions of those plans, and although at first circumstances disguised the position, statesmen like Mr. Bruce never lost an opportunity to impress upon people, both here and in England, the derangements that would occur if settlement were divorced from markets.

Since 1929, the stimulus of low prices, combined with a run of good seasons, and strengthened by government encouragement to produce more and better primary pro-

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ducts, has resulted in a substantial increase in the total volume of rural production, and consequently in the volume of the exportable surplus. Professor Giblin estimates* that the production of wool increased by 10 per cent. between 1928-29 and 1932-33, of wheat by 40 per cent., of butter by 50 per cent., and farm production as a whole by 16 per cent. During the same period prices for farm products fell by 40 per cent., and although the early depreciation of the Australian pound tempered the effect of the fall, the export price over the last three years, with a stable sterling-Australian exchange, has fluctuated about an average of some 35 per cent. below pre-depression figures.

The attempt to counter the price loss by an increased exportable volume, however, has been challenged by changes in trade policy throughout the world. The ever-extending application of the principle of economic nationalism has closed or curtailed some foreign markets to Australian produce, and this has transformed the United Kingdom from our major into almost our only important overseas market. Hence Mr. Elliot's reversal of Mr. Amery's policy, and his threatened restrictions upon Australian produce in the British market, raise problems of the first magnitude. Ottawa offered possibilities of resolving conflicting loyalties, but if it did not succeed in doing this it did reveal to the Dominions the inconsistencies between many of their demands upon Great Britain and their own domestic policies. If they gained some substantial though temporary benefits, and are able, for the time, to record a considerable increase in the volume of some of their exports, they have also had to accept a situation that promises them for the future, not the almost unrestricted market of pre-depression days, but one hedged in with quotas and bounties to British farmers, and with extra-Empire trade agreements, the whole being buttressed with mounting tariff walls.

* See his "Farm Production and the Depression." *Supplement to the Economic Record*, March, 1935, p. 40.

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The Relief of Debtors

If markets constitute the background of the problem of rural rehabilitation, the foreground is occupied by a confused medley of features which may be identified as the Australian rural debt structure. This part of the problem has its roots in the immediate post-war period, when all governments embarked upon expensive settlement schemes financed by large public loans bearing high interest rates. Money was advanced to settlers on new irrigation areas, on group settlements and on marginal wheat lands, although much was also expended on closer settlement in safer districts. Superimposed upon, and stimulated by, government settlement of ex-soldiers, migrants and local civilians, was a not inconsiderable volume of private farm sales based upon the high prices that ruled for wool, wheat and butter. Some of these projects, both governmental and private, were ill-considered, and were justified, if at all, only upon the assumption that the favourable conditions under which they were attempted would continue indefinitely. When the depression arrived many of the settlers were peculiarly vulnerable. There had been scant time (even had there been the inclination) for many of them to build up reserves, and when prices fell they found themselves encumbered with liabilities quite disproportionate to their earning capacity.

The immediate concern of the several governments was to maintain the volume of exports that was essential if public and private external debt obligations were to be met, and this effort marched with an anxiety to avoid the social and political difficulties associated with any wholesale abandonment of or evictions from farms. The latter possibility was met in the several States partly by general Moratorium Acts and partly by specific measures.

In the case of governmental settlers only the magnitude of the relief afforded them was novel in the chequered history of Australian land settlement. Settlers had the capital values of their holdings from the Crown re-appraised,

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their rents of Crown leases reduced, their instalments of capital and payments of interest suspended, and their rates of interest reduced, while necessitous farmers secured fresh advances to purchase seed, stock or equipment. Sometimes these concessions were general; sometimes they were confined to groups such as farmers on irrigation areas or closer settlement farms*; in other cases, they depended upon the showing of specific cause.

Further, for all settlers, governmental as well as private, an effort was made to bridge the gap that had opened between costs and prices by reducing transport and terminal charges, by adjusting rent and interest in conformity with the Premiers' Plan, by paying bounties, by organising marketing schemes, and by fixing home consumption prices. But there still remained the problem of dealing with debts due to private creditors, and this required the breaking of fresh ground.

South Australia, whose economy is essentially rural, and whose primary producers had suffered severely from droughts during the years from 1926 to 1929, led the way with a special Debt Adjustment Act, passed towards the end of 1929. Notwithstanding its title, the Act did not provide for the writing down of liabilities. It merely protected farmers and graziers from actions by creditors to recover debts owing, and opened the door to voluntary compositions. Subsequent measures extended this principle,† and later, following investigation into their working,

* In Victoria, for example, the Closer Settlement Act of 1932 brought all the settlers' liabilities to the Crown for land purchase, advances, and interest into one account, and for five years from June 30, 1932, fixed a maximum instalment in payment of debt and interest. At the end of June, 1937, the Closer Settlement Commission is required to re-appraise the land and improvements, in the light of current conditions, and if the new value is less than the liabilities of the settler the difference is to be written off. The Commission has reported that "the majority of the settlers are in an insolvent position, and until the revaluation of 1937 . . . their position cannot be rectified."

† The Farmers' Relief Act, 1932, the Financial Emergency Act, 1931, which reduced rent and interest charges, the Mortgagors' Relief Act, 1931, the Farmers' Relief Extension Act, 1931, and the Farmers' Relief Act, 1932.

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and into the desirability of taking special action for debt adjustment*, a Farmers' Relief Board, constituted under the Farmers' Assistance Act, 1933, was empowered to assist farmers to carry on, and to hear their applications for a reduction of liabilities. Such applications might be entertained only if the Board was satisfied as to their reasonableness and if creditors consented.

In all the States that undertook specific legislation for protecting farmers the development was similar.† First, moratorium measures suspended the rights of mortgagees and creditors to take action for recovery of debts. The next stage was the setting up of authorities empowered to supervise the affairs of farmers to whom protection had been given, and to assist them to put their financial affairs in order. The third stage was an attempt to prevent farmers from abandoning their farms in despair, and provided machinery, which debtors, creditors, or Relief Boards could use, for dealing with applications for debt reduction. The latest development has been the provision of funds by the Commonwealth Government to be used to induce creditors to accept compositions, and thus enable farmers to make a fresh start.

The application of these principles may be understood by describing the procedure under a specific Act. The New South Wales Farmers' Relief Act, 1932, is perhaps the most comprehensive of the measures enacted, and its provisions may be taken as indicative of the objectives sought.

A Farmers' Relief Board has been established to which a farmer wishing to secure the benefits of the Act must apply.

* Report of the Committee to investigate the question of Debt Adjustment in respect of the Agricultural and Pastoral Industries (the Paine Report), March 1933. (S.A.) Legislative Council Paper No. 51.

† *Western Australia*: Farmers' Debt Adjustment Acts, 1930-33; *Victoria*: Unemployed Occupiers' and Farmers' Relief Act, 1931, Farmers' Relief Act, 1932 (creating a Farmers' Relief Board), Farmers' Relief Act, 1933 (empowering creditors as well as debtors to apply for debt reduction), Closer Settlement Act, 1932. *New South Wales*: the Moratorium Act, 1930 (which also eliminated the "personal covenant"), the Moratorium Amendment Act, 1931, the Moratorium Act, 1932 (which re-introduced the "personal covenant" with safeguards), the Farmers' Relief Acts, 1932-34

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If his prospects of rehabilitation are deemed reasonable, a "stay order" is issued. This prevents the taking of any proceedings, judicial or otherwise, against a defaulting or embarrassed farmer during the currency of the "stay order." Thereupon an approved "supervisor" is appointed by the Board to assume the management of the finances and business operations of the farmer, but not to interfere with the internal working of the farm or the marketing of its produce, unless so directed by the Board. The supervisor investigates the assets and liabilities of the farmer, revalues his assets in terms of current figures, and, if there are excess liabilities, places this excess in suspense, without the right to earn interest. He handles all the receipts and expenditure of the farm, including proceeds of produce sold, and makes disbursements to the farmer, the creditors, and the supervisor in the order of priority prescribed by the Act. If the proceeds are insufficient to meet the year's expenses, amounts unpaid are a charge against future receipts, subject to the observance of definite conditions.

During the continuance of a "stay order" the Board may make advances for the maintenance of a farmer and his family, or to enable him to carry on the farm, or it may guarantee his purchases, or assist in purchasing supplies, such as fertilisers, cornsacks, and stock. Any advance for these purposes is secured on the income of the farmer. In addition the supervisor must pay to the farmer, for his own private use, 7½ per cent. of the proceeds of produce marketed, up to a maximum of £75 per annum.

The relief afforded by this Act is therefore limited. It does not provide for the writing-off of a farmer's liabilities, and its benefits are restricted to those who have a chance to recover. If it takes a farmer's financial affairs out of his hands, the Act does afford positive financial assistance to enable him to continue production. If the farm is poor, or its earning capacity markedly below the load of its liabilities, or the applicant personally undeserving, the

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Board considers it better to allow liquidation than to throw good money after bad. Where recovery is anticipated, the Board's first aim, after the financial position of the farm has been determined, is to raise it to full earning capacity; for many farmers have been compelled to allow plant and equipment to depreciate, or their stock to fall below full carrying capacity. During this process of adjustment, creditors are protected against action by any one of them to the prejudice of all, and they have the satisfaction of knowing that under competent management and supervision they may obtain payment of debts that seemed irrecoverable.

In the absence of any lift in prices, the 1932 Act developed all the defects of ordinary moratorium measures. There is an obvious limit to the patience (and even the financial ability) of creditors to wait for payment, as well as to the willingness of debtors to work mainly for the benefit of creditors. Some creditors would have preferred to accept an immediate cash payment in composition of their debts, rather than drag on and hope for a full settlement in the future. If farmers could arrange private accommodation, the Board assisted them to secure compositions, but it had no funds of its own, nor was there legislative authority for making general adjustments.

The 1934 Act provided machinery to enable creditors to approach the Board to secure compositions, but this scarcely varied the former position until the Federal Government agreed to provide funds for the purpose. As this constitutes a fresh approach to the problem of rehabilitation, based upon concerted and uniform action throughout Australia, it demands special notice. First, however, mention must be made of another old-established method by which governments attempted to ameliorate the lot of farmers during the continuance of low export prices.

The Wheat Bounty

The principle of a home consumption price has long been applied in Australia to assist certain rural industries.

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Of our more important farming activities, the production of wool, wheat, meat, and fresh fruits had not required this form of assistance prior to the depression. For most of the others, more or less complicated marketing organisations had been brought into being, which maintained home consumption prices. When many wheat farmers became seriously embarrassed in 1930, recourse was had to bounties. Initiated by the Scullin Government, which gave a bounty of 4½d. a bushel on all wheat sold during the 1931-32 season, the principle was continued on modified lines by the Lyons Government for the 1932-33 season. It was hoped that the London international wheat agreement of June 1933 would stimulate prices, which indeed rose until September 1933; but when they then declined the bounty was continued for 1933-34, although it was paid only to those farmers who had no taxable income for the year 1932, unless special hardship could be shown. Even this bounty could not be provided from revenue, and the Government had recourse, amongst other things, to a flour tax of £4 5s. a ton to provide it.

The persistence of the demand for relief for one of the most important of our primary industries inevitably provoked the question, where a hand-to-mouth policy of assistance was going to lead. In order to clarify the situation, the Lyons Government, early in 1932, appointed a Royal Commission, with Sir Herbert Gepp as chairman, to inquire into the wheat and allied industries. The Commission made a preliminary report in July 1934,* strongly recommending the payment of a bounty of £4,000,000 for the 1934-35 season. Part of the sum needed was to be raised by an excise duty on flour consumed in Australia, and the duty was to vary as the price of flour altered in Melbourne. The Government rejected the suggested method of raising the bounty, fearing that the

* Royal Commission Report on Wheat, Flour and Bread Industries, First Report, July 1934; Supplementary Report, November 1934; Second Report, February 1935. See THE ROUND TABLE, No. 97, December 1934, pp. 174-176, and No. 98, March 1935, pp. 412-413.

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yield from a varying tax would be uncertain, and that the door would be opened to speculation in flour. Instead, it reimposed the unpopular flour tax at a reduced rate of £2 12s. 6d. a ton for the year 1935. It agreed to the Commission's method of distribution of the bounty, namely, partly on the basis of wheat marketed (which provided 3d. per bushel produced), partly on acreage sown (which worked out at 3s. per acre), while the balance still remaining was to be held in reserve for later distribution among growers who had experienced specially adverse conditions during the year.*

The Gepp Commission, in its first report, insisted that the solvency of wheat farmers generally was seriously threatened, and that comprehensive measures, which could only be applied over a term of years, were essential if recovery was to be attained. These fell into two broad classes—measures which would lower costs, and those which would increase net returns. Without waiting for the Commission's final conclusions, the Commonwealth Government attempted to implement the two principles indicated. It called a conference of State Ministers and organisations, which agreed to a scheme to facilitate debt adjustment, and to the establishment of an Australian Agricultural Council to provide for continuous consultation among Australian Governments on economic aspects of agriculture.†

The Adjustment of Debts

The scheme for debt adjustment entailed the provision by the Commonwealth Government of a sum of £12,000,000,

* The third method was confirmed by an Act passed in April 1935 by the Federal Parliament, entitled "The Wheat Growers Relief Act, 1935." As, however, the sum needed to provide the bounty of 3d. per bushel was less than had been expected because of a smaller crop, the Government added what was thus saved to the fund reserved, and it is estimated that the total to be distributed to special beneficiaries will be about £700,000.

† Conference of Commonwealth and State Ministers on Agricultural and Marketing Matters held at Canberra, December 3 and 4, 1934. Commonwealth parliamentary papers, 1934, No. 69.

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to be given to the States free of interest over a period of years for the purpose of thawing out the liabilities of farmers that had been frozen by the operation of rural Moratorium Acts. Investigations had shown that, apart from farmers whose position was still financially sound and those whose finances were, either for personal or for other reasons, beyond repair, there were large numbers who, if they could deal with the accumulated load of suspended liabilities, might reasonably expect to be able to carry on in future without assistance from public funds. Out of about 250,000 farmers in the Commonwealth, the Acting Prime Minister, Dr. Earle Page, intimated that about 30,000 would need assistance.

The Commonwealth Loan (Farmers' Debt Adjustment) Act, passed in April 1935, ratified the agreement for debt adjustment but contained a provision that no grant should be made to any State until it had set up an authority with power to suspend farmers' debts in whole or in part.* "Farmer" is defined as anyone engaged in "farming, agricultural, horticultural, pastoral or grazing operations."

The remaining principles of the Act are (a) that State agencies are to be used to administer the funds provided, (b) that the funds are to be used for the adjustment of farmers' debts, and not for making advances for plant or improvements on existing farms, or for tiding farmers over the period of readjustment, (c) that the funds are to be used to assist individual farmers, and not to relieve State budgets (Western Australia wished to use part of the funds for general assistance to farmers, but the Act precludes this), (d) that the funds must not be used for wiping out debts due by farmers to State Governments, and (e) that the funds must be used only to assist those farmers who have a reasonable prospect of carrying on after compositions have been made. Subject to the observance of those

* New South Wales and South Australia have already passed the necessary measures; Western Australia will need to amend in certain details its existing law, while the other States have yet to take action.

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principles, each State is free to develop its own methods of debt adjustment. It may lend money to farmers, and require repayment, and these repayments are intended to create a revolving fund. In general, the plan of the New South Wales Farmers' Relief Act, 1932, already described, is being adopted.

The funds to be allocated to each State have been decided in terms of an elaborate formula. £1,500,000 has already been provided for the period ending June 30, 1935, and further sums have been named for later distribution. Out of the total grant of £12,000,000 a sum of £2,000,000 is to be held in reserve to correct any anomalies that may be found.

As to whether the amount provided is sufficient, there is considerable difference of opinion. Dr. Page estimated on the basis of an average of £400 for about 30,000 farmers, and he quoted typical cases of farmers with liabilities ranging from £4,000 to £11,000 where cash payments of from less than £300 to nearly £500 would restore a substantial equity in the respective properties at the current level of prices.* To those who contend that the amount is insufficient, it is pointed out that, although the New South Wales Act has been in operation for three years, by May 1935 only 2,200 out of about 50,000 farmers had secured protection from the Farmers' Relief Board. Another objection advanced is that there is no provision for compelling creditors to accept reasonable schemes, although Relief Boards need not wait until all creditors have agreed before proceeding with compositions.

It has also been urged that creditors are quite unlikely to accept a composition of even ten shillings in the pound on debts that they feel they can ultimately collect in full, but if "ultimately" is interpreted to mean "within a reasonable time" Relief Boards will hardly ask them to do so. It is clear that administration holds the key to the success of debt adjustment, and a heavy responsibility is thrown upon officials to avoid wasting money upon creditors

* Federal Parliamentary Debates, March 21, 1935.

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who may seek to use the new measures to resuscitate debts they have already written off as irrecoverable, and upon substantially solvent debtors who may seek to evade liabilities they are quite able to meet without assistance.

Governments have also to meet the situation created by much of the rural legislation of recent years, the general effect of which has been to eliminate some of the criteria by which farmers judge the profitability of production. Where many past measures have been calculated to encourage expectations of regular assistance from public funds, and where some of the government settlers, especially returned soldiers, have not hesitated to make extravagant demands, the success of debt adjustment will be judged by the number of farmers able in future to rely upon their own efforts.

Long Range Policy

Although the general outlines of the scheme for debt adjustment had been settled before the Government received the second report of the Gepp Commission upon the matter in February 1935, it found that the report emphasised the belief that debt adjustment was unavoidable. The Commission stated that the aggregate of farmers' liabilities was of great magnitude, but inasmuch as the debts of the farmers were the assets of other individuals in the community it rejected such expedients as a general writing down of capital debts or interest rates, believing that every case must be considered on its merits, and that an adjustment to meet the present low level of prices would be unjust to creditors if circumstances altered and there was a general appreciation of values in the near future.

Its discussions were far too comprehensive to be condensed in a short paragraph, but its major conclusions were that the Commonwealth should legislate to deal directly with the farmers, should set up Commonwealth Debt Adjustment Courts, presided over in each State by a judge with two technical consultants, and should unify the

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whole administration by a Commonwealth-wide organisation. (The Commonwealth Government preferred to leave the matter for the several States to deal with, even if uniformity were sacrificed.) The Courts were to be empowered to afford protection to debtors (along lines similar to that already given by State authorities) for seven years, during which time voluntary or, in default, compulsory compositions were to be made. At the end of seven years each case was to be reviewed, and all debts then adjudged to have no value were to be cancelled, the value of the estate to the creditors being determined on the basis of the net earning capacity of the property. The Commission considered that some wheat farmers, especially those on small areas and in unreliable districts, were incapable of recovery, and it recommended the withdrawal of moratorium protection from them, so that the readjustment of areas, the replacement of inefficient farmers, and the gradual reorganisation of farm production should now be undertaken.

Turning to the question of increasing net returns, the Gepp Commission recommended a compulsory marketing scheme for Australian wheat, administered by Commonwealth and State marketing boards, with power to fix a home consumption price for wheat. The proposal met with considerable opposition because it rejected the idea of producer control, but the principle has been applied already to the production and marketing of other primary products. The Commonwealth Government is holding its hand until the return of the Australian ministerial delegation from London, but meanwhile it has launched the Australian Agricultural Council, which may prove to be an important step in the internal reorganisation of our primary industries.

A ministerial organisation like the Loan Council, it is in some respects far more ambitious; for, associated with Commonwealth and State Ministers, it has a standing executive committee of departmental and other experts, including the executive committee of the Council of Scien-

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tific and Industrial Research, which will systematically and scientifically examine and present to the Agricultural Council the problems that demand attention. The Council will provide a direct and continuous channel of communication between the several governments, and by reason of the association with it of the Commonwealth Ministry of Commerce it will be likely to secure concerted action when primary producers' interests are affected. Indeed, it is conceivable that it may prove to be even more important in the work of controlling primary production than the Loan Council has been in determining broad lines of financial policy.

The two developments just sketched are only stages in the larger problem of rural rehabilitation. The transfer of some groups of primary producers from non-economic production may prove within the capacity of the Agricultural Council to handle, and the extent to which this will be necessary will be clearer when debt adjustment has been effected, and when the scope of overseas markets has been defined. Meanwhile, it is difficult to escape the conclusion of Professor Allan Fisher* that the maintenance of the present level of primary production will only be possible if many of those engaged in it "are willing to accept an income level definitely lower than that of other comparable sections of the community." This willingness, however, is conditioned by political pulls, for as Professor Gibling† points out, "the farmer has been taught for so many generations that he is the backbone of the country and that his activities are more in the nature of pious devotions than of sordid commercial ventures, that it is hard for him to believe that his country will ever fail to maintain him in the production of increased quantities of wheat and butter, even if nobody wants them and they are produced only to be destroyed."

* "Crisis and Readjustment in Australia," *Journal of Political Economy*, December, 1934, p. 782.

† "Farm Production and the Depression." *Supplement to the Economic Record*, March 1935, p. 47.

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II. POLITICAL CHRONICLE

UNDISTURBED by the commotions that are affecting politics almost everywhere, parliamentarism in Australia is still running its natural and traditional course. The electorate, as the federal election showed last year and as the three state elections have shown this year, is minded to let things go on very much as they are. That, rather than the specific policies of the rival parties, was the real issue in each of the state elections.

In the last number of *THE ROUND TABLE*,* the result of the election in Victoria was recorded, together with the subsequent displacement of a United Australia party Ministry by its former Country party allies, and the formation, with Labour support, of a Country party Ministry under Mr. A. A. Dunstan, pledged to a more comprehensive policy of rural rehabilitation and of public works for unemployment relief.

The contest in New South Wales was watched with interest and anxiety throughout Australia. Since New South Wales is the wealthiest and most populous State, policies adopted in New South Wales have a very considerable influence upon Australian politics as a whole. The composite United Australia party-Country party Ministry could not have expected to retain the enormous majority of 42, in a house of 90, which it had won in 1932, following upon the dismissal of Mr. Lang by the Governor. But the result was a decisive victory for the Government, since Mr. Lang won only five seats, leaving Mr. Stevens with a strong majority of 32. This is the first time since the war that a Government in New South Wales has been returned for a second term.

Mr. Lang put forward a policy compact of the familiar elements. By increasing expenditure by £20 million a year,

* See *THE ROUND TABLE*, No. 99, June, 1935, p. 599, and p. 618.

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he would be able to give full-time employment for everyone at award rates, and restore public service salaries; he would raise the school-leaving age to 16, alter the Arbitration Act to secure higher wages and shorter hours, and bring in a new scheme of rural relief to ensure to farmers an income at least equal to the basic wage. These were magnificent promises. On his record, however, the electors did not believe that Mr. Lang would be able to fulfil them. They feared a repetition of the high taxation, financial chaos, and endless conflict with the Commonwealth and the Loan Council for which his previous régime was notorious. Not even the unemployed took the Labour promises this time at their face value. Mr. Stevens, on the other hand, naturally made the most of the general improvement in economic conditions during his term of office, and the electors preferred his record of tax remission and his promise of increased loan expenditure for public works. The vote has been regarded as showing that the Australian people have done with extremism, and that "Langism is finished." But it may be noted that the Federal Labour party, which is a "moderate" organisation, added only a few thousands to its poll of 1932, and did not win a single seat.

In Queensland, Mr. Forgan Smith now has the rare distinction of having come back from the polls much stronger than before. In the last Parliament the Labour Ministry had a majority of 4, in a house of 62, over its Country-Nationalist opponents. It now has a majority of 30, leaving the Opposition numerically weaker than it has ever been since Labour first came into office in 1915. The election caused little interest. The return of the Government was indeed expected, but no one had foreseen a veritable landslide in its favour. A recent alteration of electoral boundaries seems to have assisted Mr. Forgan Smith a good deal. He refused to make rosy promises, and took his stand mainly on his Government's record of moderate courses and improved conditions. The result

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has been a great triumph for him personally. Independent, tenacious, a hard-hitting humorous Scot, he is one of the outstanding figures in Australian politics.

When the Loan Council met in May, there were controversies all round—between the governments and the Commonwealth Bank, between the Commonwealth and the States, and between the States themselves. For public works, the loan programmes of the governments for the year 1935-6 totalled nearly £32 million, some £9 million more than the current year's figures. The Commonwealth wanted £5 million, mainly for rural rehabilitation. New South Wales, pursuant to Mr. Stevens' election policy and in general accord with his Government's policy in public finance throughout, claimed £10 million. Victoria asked for £5½ million, to implement Mr. Dunstan's policy of providing full-time work for the unemployed. In addition to the works programmes, there were State deficits for the current year to be met, amounting to £4½ million. Further, the Commonwealth Bank proposed that £5 million of the loans to be raised during 1935-6 should be used to fund existing treasury bills, by means of which deficits were financed during the worst years of the depression. The Bank was also reported as having indicated that it was not possible to borrow in all more than £23 million during the year. The Commonwealth, fearing that its programme of rural rehabilitation might be jeopardised, pressed the States to curtail their demands, so as to reduce the total to £30 million. Victoria fought doggedly for the full amount claimed, but other States were unsympathetic. They were inclined to regard Mr. Dunstan's demands as being based not so much on the financial position of the State as upon the political position of the Ministry. For a time it looked as though agreement was impossible. In such an event, the Financial Agreement provides that the total to be raised must be allotted to the governments in the ratio of their loan expenditure during the past five years. This formula would have worked out satisfactorily enough for

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New South Wales, whose recent loan expenditure has been high. But in Victoria, whose loan policy has been conservative, the formula would have allowed only £3.2 million. Finally, agreement was reached by increasing the total amount to be raised. Loans totalling £31 million were decided on—£5 million to cover deficits, and the remaining £26 million for works, the share of New South Wales being £8 million, and that of Victoria £4 million. Financial policy, like political, remains very much as before.

Australia,
July 1935.

SOUTH AFRICA

I. POLITICAL CHRONICLE

THE 1935 session of the Union Parliament marked a return to the normality of political party strife. Since coalition was brought about in the early months of 1933 the parliamentary sessions have lacked much of the interest that is derived from the clash of opposing parties. During the last two sessions, while the Nationalist and South African parties remained in existence as separate entities, General Smuts, though a member of the Government, was still regarded, for certain technical parliamentary purposes, as the leader of the Opposition. To-day, against the solid phalanx of the United South African National party—comprising almost four-fifths of the House—which supports the Government, there stands arrayed a recognised official Opposition under Dr. Malan, which clings to the name of the old Nationalist party, as well as two minor Oppositions—the Dominion party and the Labour party. Those who two years ago were elected as Independents have for all intents and purposes aligned themselves with one or other of the four recognised parties.

The resumption of party strife led to a good deal of unnecessary acerbity. This was confined almost entirely to the relations between the Nationalist Opposition—the purified Nationalists, as they call themselves—and those whom they regard as renegades, the ex-Nationalist members of the United party. Personal politics, so dear to the heart of the Afrikaans-speaking South African, have come into their own again; and as was in the old days the fight

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between Kruger and Joubert, or the fight between Hertzog and Botha, so is now the fight between Malan and Hertzog. The discussion in Committee of Supply on the Prime Minister's Vote, which is usually disposed of in three or four hours, dragged on this year to three days, and for the most part took the form of a verbal duel between these two former colleagues. It was a fight *à outrance*—no quarter given or asked for—and sometimes onlookers wondered why it is that South African politics, which are so often characterised by high statesmanship, tend hardly less frequently to descend to the pettiest of futilities.

As was anticipated in an earlier article,* written in the early days of the session, the attack on the Government was based almost entirely on sentimental matters. Is South Africa really free or is it more firmly tied than ever to the leading-strings of perfidious Albion? Would South Africa not inevitably be dragged into war if Great Britain were to be at war? Is it not anomalous that its citizens should have the dual nationality of British subjects and Union nationals? Is it not inconsistent with its sovereign independent status that it should stand committed by the Smuts-Churchill agreement of 1921 to the land defence of the Simonstown naval base? Should not appeals to the Privy Council be forthwith abolished? When is South Africa to have its own native-born Governor-General? These were the questions asked *ad nauseam* by Dr. Malan and his followers. And when their voices grew weary the same issues were raised, of course from the opposite angle, by Colonel Stallard and the Dominion party, whose main complaint proved to be that while the Government has declared that South Africa is within the Empire, and that it stands for the continuance of the present relationship of free association with the Commonwealth, it is not prepared to describe the Union as "an integral, indivisible part of the British Empire." For the most part the debate was all very academic, and

* See THE ROUND TABLE, No. 98, March 1935, p. 422.

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seemingly rather futile; yet it was designed to play its part in stimulating sentiment, British or anti-British, in the country outside, and it has not been without effect.

Despite these attacks the Government emerged from the session with a solid legislative achievement, not indeed so impressive as in the piping days when there was no real Opposition, but still substantially above the average annual output in quantity and quality. General Smuts himself piloted through Parliament a General Law Amendment Act, a most important and valuable measure, introducing radical changes more especially in criminal procedure, with a view to simplifying and speeding up the administration of justice. There was a good deal of legislation designed at once to relieve the present ills of agriculture, and to set it on a sounder basis for the future. The most important such measure was a Farmers Assistance Act, which creates a Farmers Assistance Board, with powers to effect a compromise between a farmer and his creditors and, where necessary, to acquire his assets and let or resell them, and also makes special provision for the winding-up, without having recourse to the ordinary insolvency procedure, of the affairs of embarrassed agriculturists. There was legislation dealing with the provinces, which will be referred to specially below. Valuable amendments to the Public Health Act were carried through. Provision was made for giving effect to the Government's policy in regard to the issue of milk and butter gratis or at reduced prices, as an alternative to oversea dumping. Finally there falls to be mentioned an Act creating a National Roads Fund, from which allocations are to be made for the construction of declared "national roads." The fund has been given an initial endowment of £500,000, and will receive the proceeds of a threepence per gallon duty on petrol. Its institution will make possible very great improvements in South Africa's highways, and apart from other advantages will add greatly to its amenities as a tourist-inviting country.

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If it be remembered that the budget, the main features of which were described in the June issue,* was a very satisfactory one, it would seem that the Government has ample reason to be content with the work of the session. And yet there is no gainsaying that its position in the country to-day is not as strong as it was, say, six months ago. It is true that the hand of death has removed an always, at least potentially, formidable opponent in the person of Mr. Tielman Roos, that most picturesque of all the figures in modern South African politics, who left the Appeal Court Bench to drive the Union off the gold standard, and then, as he staked his claim for the premiership, overcalled his hand, because he believed that Generals Hertzog and Smuts would never be able to sink their differences and that he himself would be regarded as the only man who could bring about a National Government. Most of Mr. Roos's followers, in obedience to his dying wish, have joined the United party, but probably the accessions that they represent are more than counter-balanced by defections.

The truth of the matter is that sentiment is still a mighty force in South African politics. For a time it seemed as if the people of South Africa had grown weary of the old party strife, as if the old sentimental issues had really become outworn. It was a great popular uprising, so it seemed, that forced coalition and fusion on the politicians. But the early ardours have cooled, and to-day, while the United party has still the backing of the great mass of the people, its cause, for all the excellence of its achievement, arouses little real enthusiasm. The enthusiasm is on the side of the sentimentalists—Nationalists and Dominionites—and Government supporters are on the defensive. The raising of sentimental issues has had its effect on both sides. Among a not inconsiderable part, though by no means a majority, of the English-speaking section of the population, there is an awakened consciousness of their "Britishism";

* See THE ROUND TABLE, No. 99, June 1935, p. 629.

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so, too, a very large minority of Afrikaans-speaking South Africans have had anti-British feelings stimulated, and are rallying to ultra-nationalistic party cries which seemed to have been forgotten.

The Dominion party, at a by-election at East London (North) in April, scored a considerable victory. True, it was, owing to local circumstances, a very favourable terrain to fight on. Even so, the victory has done much to brace the party to further activities. To-day it lays less emphasis publicly than it used to on the sentimental issues from which it drew its originating impulse, although these are still having their effect in men's minds. But it is finding one or two economic issues which make useful party propaganda. There is a general feeling in the towns that the Government is doing too much for the farmers, and on the Witwatersrand in particular the cry has been raised that the taxation of the mines is excessive. The Government, it is true, can point to such facts as that European employment on the mines has increased by 37 per cent. since the beginning of 1933, and that recently, in response to a request for £250,000 by a mining house, the public subscribed over £10,500,000 in cash; but the fact remains that the rising tendency of the share market, which prevailed for two years, has been checked and, of course, a reduction of taxation would make it rise again. And so the Government's stock has fallen along with other stocks.

It is, however, in the countryside that the main political activity is taking place to-day, and that the attack on the Government is being most vigorously pressed. With all the ardour of a holy war the Government's Nationalist opponents are rushing into the fray, and no efforts are being spared to set the countryside ablaze. One of the interesting developments in South African political affairs is the use to which the motor vehicle is being put. For every country meeting, fleets of cars and lorries are used to transport supporters of one side or the other, with a

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view to winning some minor tactical advantage in the form of a vote of confidence or no confidence. As a result, countryside meetings have become mere demonstrations and the speakers are just pawns in the game, exercising no influence on the opposing factions, whose minds have been definitely made up beforehand. A typical instance of the way it all works may be recounted. A United party member of Parliament went to address a meeting in an outlying village in his constituency. He found 1,000 people awaiting him, though the total population of the village, including children, does not exceed 500. At a preliminary skirmish over the election of a chairman the United party proved to be slightly in the majority. The meeting then proceeded in quite a normal way, but the member noticed that question-time seemed to be unduly protracted. At last it ended with the appearance of four motor lorries crammed with Opposition supporters. After the first vote the lorries had been sent off to fetch reinforcements in a town thirty miles away. With the help of these reinforcements a vote of no-confidence was duly passed.

Such is the spirit of the political struggle in South Africa to-day. For the moment, certainly, the tide seems to be flowing against the Government. It must not be forgotten, however, that its position is an exceedingly strong one. It has the support of the great mass of moderate opinion in the country. Its opponents largely cancel one another out. It is very doubtful if between them they will at the next election win enough seats to place the Government in danger—and even if they do, they can hardly be expected to co-operate very effectively. But there is always reason to be apprehensive in regard to sentimental reactions in South Africa, and while present tendencies may spend themselves before much harm is done, at the moment they still seem to be gathering rather than losing force.

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II. THE PROVINCIAL PROBLEM

IT is customary for states that have come into being as a result of the federation or union of smaller communities to find themselves embarrassed from time to time by the question of the relation between the parts and the whole. South Africa, with its recurring provincial problem, is no exception to the rule. When last that problem was dealt with in these pages* the political difficulties attaching to it were emphasised, and the policy of the Nationalist Government of that period indicated. That Government stood committed, it was explained, to a policy of abolishing the Provincial Councils, which represent the main concession to federalism in the Union's constitution, and developing the system of local self-government, but it was prepared to hasten slowly. Many things, it was added, might happen before the legislation that had been foreshadowed was introduced.

Many things have in fact happened. Once again it has been shown that often threatened institutions, like threatened men, live long. The Government's adoption of an abolition policy provoked violent opposition in Natal, and was one of the factors in the so-called devolution movement in that province, which at times declared as its aim the secession of Natal from the Union, while at other times the lesser objective of a constitutional reversion to federalism was advanced.† The South African party, which drew much of its support from Natal, also declared against abolition, and, through its leader General Smuts, expressed itself in favour of an extension of provincial powers. Within the Nationalist party an acute difference of opinion arose, and many loyal supporters of the Government refused to support its provincial policy. Not without considerable difficulty in securing members willing to serve, a Commission was appointed which was to devise, virtually on

* See THE ROUND TABLE, No. 85, December 1931, pp. 195-200.

† See THE ROUND TABLE, No. 88, September 1932, pp. 895-898.

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the assumption that the Provincial Councils were to disappear, an expanded system of local government to provide for the conduct of present provincial functions. But the Commission aroused no enthusiasm. In some parts of the Union it was virtually boycotted, and an element of farce came to attach to its proceedings. The upshot of it all was, that while five or six years earlier abolition had been a popular cry, resisted apparently only by the Nationalist Government, yet when that Government took over the cry it found no prospect of getting sufficient popular support to translate it into action. To General Hertzog, therefore, coalition provided a not altogether unwelcome way out of the *impasse*. One of the terms of the coalition agreement read as follows:—

The status of the Provinces will be maintained. This will involve an inquiry into the financial relations between the Union and the Provinces. In this connection favourable consideration will be given to the extension of provincial powers and functions within the framework of the South Africa Act.

At the same time it was affirmed that the unitary basis of the constitution would be maintained.

One of the first acts of the new Government was to relieve the functioning Commission of its task and to appoint a new Commission in the light of the coalition agreement, with terms of reference that implied the continuance of the Councils and a possible extension of their powers. This Commission submitted its report, after 18 months of investigation, at the end of last year, and this has provided the starting point for the Government's handling of the problem during the last session of Parliament.

The report was a somewhat disappointing document. Its value was impaired by a lack of unanimity, but apart from that many of its recommendations were obviously impracticable, and it contained little that gave evidence of real statesmanship. The new subsidy basis that it proposed stood condemned from the outset. Yet it undoubtedly served a most useful purpose. It provided a forum for

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the airing of grievances and the enunciation of views, it kept the main issue in suspense while the feelings aroused by the Natal devolutionist movement died down, and it at least stated clearly the problems with which the Government had to deal. The result of it all is that, though no one would claim that an absolutely final settlement of the question has been arrived at, important advances have been made in certain respects, and the immediate issues have been dealt with and removed from the political arena with a measure of general acceptance that is little short of amazing in view of the sharp divergences of opinion that prevailed in the still quite recent past.

The provincial problem in South Africa has three aspects—financial, constitutional and administrative. Of these the financial problem—with its twin questions of provincial taxing powers and of the basis and extent of the subsidies paid to the provinces by the central government—had been forced into prominence by the fiscal difficulties into which the depression had plunged the provinces, notably the Free State, a purely agricultural area with limited taxable resources. The new settlement has made only minor changes in the basis of subsidy, but it allows for increased special subsidies to the Free State and, to a lesser extent, to Natal. It removes also the limitations hitherto operative on provincial powers of taxing persons and incomes. These changes, together with the return of prosperity, have placed the provinces in a sound financial position, enabling most of them either to remit taxation or to repay debt. For some time at least their financial difficulties should be at an end.

The constitutional side of the problem has two facets—not entirely unrelated—the extent of provincial powers and functions and the anomalous position of the Executive Committees over against the Provincial Councils, to which they are not responsible. In regard to provincial powers it has been enacted that certain additional functions such as irrigation, land settlement, labour colonies, and afforestation may be assigned to a province at its request “to the extent

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and subject to the conditions to be defined by Parliament.” This is a concession to the devolutionists and the federalists of two years ago, but it is little more than a paper concession. No provision is made for financial assistance to a province in carrying out these functions, and it is accepted as most improbable that any province will in fact ever ask for them. In regard to the relation between the Executive Committees and the Councils no change has been made. To make the Executive Committees responsible to the Councils is regarded as a step towards federalism, and such a step the Government is loath to take. And in the last resort no province, not even Natal, seriously urged that it should be taken.

Finally there is the administrative aspect of the problem—the question of a demarcation of Union and provincial functions so as to avoid overlapping and to secure the adequate co-ordination of such activities. The present demarcation, in matters such as education, public health, and transportation, is very largely an attempt to divide the indivisible. Overlapping has led to inefficiency, and the centralising tendencies of certain Union departments have stimulated distrust among the provincial authorities. The new policy marks a reversal in this regard. The provinces have been made to feel that they will have the maximum of freedom in their own spheres, subject only to their willingness to co-operate with one another and with the Union Government on a voluntary basis; and to this end a permanent consultative committee, representing the four provinces and presided over by the Minister of the Interior, has been set up. Although this is to be a purely advisory body, it has already shown promise of becoming a most useful piece of machinery, and if it can succeed in eliminating overlapping and securing effective co-operation it may, by removing not the least of its weaknesses, play a big part in the maintenance of the provincial system.

South Africa.

July, 1935.

NEW ZEALAND: THEN AND NOW

A Retrospect from the Hundredth Number of THE ROUND TABLE to the First.

I. THE DANGER OF EMPTY SPACES

IN the first number of THE ROUND TABLE, and in the fourth number in 1911, the writer of the New Zealand article sketched "the peaceful invasion" by which the Japanese were becoming the predominant Power in several Pacific islands with great strategic possibilities. He went on to depict the danger to New Zealand, which, he contended, with its great and varied resources and genial climate, could maintain ten million white people in a high state of comfort, yet then possessed a population of scarcely a million. The article in the next number declared that New Zealand needed population more urgently than any other part of the Empire except Australia, and quoted a New Zealand writer as saying: "One may sympathise with efforts to keep races distinct and pure, to preserve New Zealand as a white man's country. But we fear that it is Mrs. Partington and her mop again." How does New Zealand stand to-day, almost a quarter of a century later, in respect to increasing her population, filling up her empty spaces, and providing herself with adequate means of defence?

To-day's prospect must be pronounced more gloomy than it was in 1911. On Empire Day, 1935, Air-Marshal Sir Robert Clark-Hall, president of the Canterbury branch of the Navy League, looking ahead for a century or so, and seeing the prospect of New Zealand faced with a diminishing

The Danger of Empty Spaces

population, while in the western Pacific and Asia—as her nearest neighbours—were "a number of nations with teeming millions, a rapidly increasing population, industrious, content with a low standard of living, and overcrowded in their own countries," found it "difficult to conceive that within a couple of centuries, or perhaps one or even less, these islands will be ruled or in the main part inhabited by Britishers, or by a white race, or by a Christian race." He thought it possible that a compulsory alteration to our immigration laws might be imposed upon New Zealand by some international body. Mr. A. E. Flower, the president of the Canterbury branch of the Royal Empire Society, followed in the same strain, declaring that:—

Before long there must be a rearrangement of colonies and mandated territories, and if the uneven world distribution of food and population is not remedied, man will come to the food, to the vast open spaces, thinly peopled, where food can be got. Our urgent problem is to populate those areas with the right type of people, and, in case of need, to defend them.

The prescription of the Air-Marshal for protecting our freedom and rights was "a united Empire of the British peoples, prepared for the threatening of such rights either by warlike or by peaceful political methods."

Unfortunately, the facts justify these pessimistic prognostications. The population of New Zealand proper to-day, including some 70,000 Maoris, is only just over a million and a half, and of that total 52,000 were on May 11, 1935, a charge on the Unemployment Fund. In the years ended March 31, 1932, 1933, 1934 and 1935, the "permanent" departures from New Zealand exceeded the "permanent" arrivals by 556, 1,456, 1,732 and 2,002 respectively. Except for the years 1888, 1890 and 1891 (also slump years), these are the only instances of an excess of departures over arrivals. This leakage of population is not counteracted by the natural increase, for the country is approaching the dangerously near stationary

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point where births just balance deaths. Our present margin over stagnation in population trend is a very slender one.

Mr. Thomas's remarks to the representatives of the overseas Dominions in London at the celebration of the King's Silver Jubilee, together with the warning given by Dr. G. C. Billing in his address to the Science Congress at Dunedin, on "Some Economic Effects of a Stationary Population," have led to a discussion of the problems of our population in the leading articles of the press. The danger is pointed out that a country sparsely populated may be a temptation to other nations; the overhead expenses of its development become out of proportion to the people served; while, as the birth-rate declines and the expectation of life increases, the proportions in the middle-age and old-age groups tend to increase, and this has an effect on the kind of goods in demand. All the writers agree upon the necessity of immigration to increase our population, but they fail to suggest any practical measures for immigration on a large scale, or how we are to solve the paradox of limiting our production and increasing our population at the same time. While some consider that our requirements are more suited to "infiltration" by the individual and the family than to planned group settlements established under expert supervision, others advocate a programme of planned immigration. It is generally agreed that a youth immigration policy should be encouraged, and that a revival of migration must be preceded by the removal of trade obstacles and an increase of Empire trade all round. The Christchurch *Sun* (April 24), however, sounds a different note when it says :

It is a curious fact that at a time of depression like this the experts tend to argue about economic principles and to forget the human element. Nothing is more certain than that the overseas Dominions would have had to wait a long time for development if these principles had been insisted on a hundred years ago. Men and women who came to New Zealand, for instance, did not worry their heads in the

New Zealand and Japan

least about a market. They were concerned about making a living, for themselves and not about selling produce, and it would do the Empire a world of good if both the people of the Mother Country and the Dominion Governments were to forget the problems of markets for a while, and indulge in a little heretical faith in human nature.

II. NEW ZEALAND AND JAPAN

SINCE 1911 New Zealanders have acquired a greater knowledge of the Japanese, a better appreciation of the difficulty of their problems, and a more sympathetic attitude towards the actions of Japan. Every year, too, they are making more and more friendly contacts with the Japanese, of whose unremitting courtesy and attention to tourists returned New Zealanders all speak in the highest terms. In the war Japan was our ally, and her warships escorted our main body of troops from our shores. During the war Japanese merchants had their opportunity, and their goods began to enter our markets, only to acquire a reputation calculated to kill Japanese trade. Lately, the influx of Japanese goods of improved quality at prices with which British goods cannot possibly compete has placed the New Zealander in a dilemma. He desires to "buy British," but Great Britain is restricting his market. He must look for new markets in the East, and if he is to sell to China and Japan, he must buy from those countries. While, however, they are anxious to sell to us, there seems no market at present in Japan for our meat and dairy products.

Our travellers, too, realise from their conversations with Japanese that the latter appreciate what they conceive to be the situation. "You British," says one, "are all for the League of Nations and the maintenance of the *status quo*. The *status quo*! All very fine for you, having got the best parts of the world, to support the *status quo*. We are in the position that you were in when you founded your

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Empire. We have earned our right to a place in the sun, too, and if you will not people your empty spaces, you must make way for Japan, which has the people, the civilisation and the power to acquire a great empire."

Another, with a twinkle in his eye, chaffs the New Zealand tourist about a farmer who owns a big farm and cultivates only a little part of it with a few men, while his crowded and starving neighbours just across the fence are shut out from the land that would support them. "What would you say of that farmer?" asks the Japanese. The New Zealander, hard put to it, counters with, "Oh, but the farmer is keeping the land for his sons when they grow up." His shrewd interlocutor, well acquainted with the falling birth-rate, asks: "But if he isn't raising sons to follow him?"

The New Zealander regards with concern Japan's pre-meditated action in Manchuria and the setting up of the Manchukuo puppet State, contrary to the Covenant of the League, her unprovoked attack upon Shanghai, her withdrawal from the League, and her demand for equality in naval armament and denunciation of the Washington Treaties, although the present ratio of 5:5:3 assures her safety in the Pacific. He has a strong suspicion that she has fortified her mandated islands contrary to her treaty undertakings; and he regards Japan's recent move in northern China as a part of a prearranged scheme to make herself mistress of China, to slam the Open Door, and to brook no interference of Occidentals, not even the friendly assistance of the League of Nations, in establishing the stability of China. Despite the assurances of our Japanese visitors—a naval squadron, a trade delegation, and the great Christian reformer, Dr. Kagawa, who has impressed us all not only by his sincerity, but also by his wide knowledge and practical outlook on our scientific, industrial, social and agricultural activities—that there is nothing to fear from Japan, whose intentions are strictly pacific, the New Zealander recalls Mr. Downie Stewart's warning at

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the Banff Conference of the Institute of Pacific Relations in 1933, that it looked as if we were approaching one of those crises in history at which the urge and pressure upon a particular nation compelled a conflict. We may console ourselves by the reflection that Japan has bitten off as much as or more than she can chew in Manchuria and China for some time to come; but Professor Toynbee, in *Pacific Affairs*,* harrows us by his declaration that the drama which we are witnessing in the Pacific is not a tragedy in one act and the completion of the Japanese conquest in Manchuria the end of the play, but that it seems more probable that there are further acts to follow and to be played out to their tragic conclusion on a larger stage. New Zealanders, then, desirous of increased friendship and trade with Japan, but determined to persevere in their policy of a white and, as far as possible, a British New Zealand, have the question of the defence of that policy ever before them.

III. DEFENCE AND PEACE POLICY

NOTHING is more striking in a perusal of the first 99 numbers of THE ROUND TABLE than to see how large a part of the New Zealand article is given up to defence, and particularly naval defence, a question of vital importance to us in consequence of our distant and isolated position, in contrast to that of Canada and South Africa, who are little troubled by the threat of external attack. In 1911 an increase of our naval subsidy is urged. Then we turn our attention to compulsory military training and a national training scheme. We are ready to play our part in the Great War, in which by the adoption of conscription and the despatch of regular reinforcements the New Zealand Division is kept up to full strength right until the armistice, the only division in the Allied armies in this proud position. In 1913 we envisage naval co-opera-

* March 1934.

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tion between Canada, South Africa, Australia and New Zealand for the defence of the Pacific, with battleships based on Colombo and Singapore, but the growing move for the independence of the Dominions results in the formation of separate Australian and New Zealand fleets, the latter in time of war automatically passing under the control of the British Admiralty. The war points to Germany and not Japan as the danger for the time being, and in 1919, before we get the mandate for Western Samoa, it is declared to be essential that Germany should not again be given a foothold in the Pacific. After the war the inevitable reaction sets in. Pacifism begins to coax with its persuasive tongue, bidding us "Hang up your ensigns, let your drums be still, For here we entertain a solemn peace," and the stringency of the depression leads to the break-up of our national training scheme. But the continued unquestioning loyalty of the people to the Mother Country is illustrated by the response to the call for volunteers when in 1923 the Chanak incident threatened to provoke war between Great Britain and Turkey, and in a couple of days 12,279 officers, nurses, and men volunteered for service. And all through the New Zealand articles we find the one note sounding: "The very existence of Empire depends upon the imperial navy," followed by the query, "But where is the imperial navy?" and by the assertion that the Dominions are neglecting one of the fundamental obligations of nationhood, namely, naval defence. New Zealand backs her opinion by a substantial annual contribution towards the Singapore base.

For a while the League of Nations with its plan for collective security affords us an illusory protection; but when Articles 10 and 16 are realised to be dead letters, and the League, like our early British Resident Busby, to be "a man of war without guns," when first of all Japan defies it in Manchuria, and China appeals in vain to the League for protection, when Germany, with her Aryan megalomania, disregards her covenants in Europe,

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and both secede, and when it is seen that all an aggressor need fear is a mild protest, the security of the League is felt to be "collective insecurity." During the last couple of years, the critical situation both in Europe and the Far East, communications from the Imperial Government, the conference of admirals at Singapore, and the visit of Sir Maurice Hankey, have forced our Government to take steps to make New Zealand less defenceless. The possibility of defence by air against naval attack has made the provision of suitable aerodromes, and the decisions of our Transport Board upon applications for air services, of the first importance.

In New Zealand, as elsewhere in the Empire, the problem of how to secure peace, to defend your own country, and at the same time to put a stop to the increasing race in armaments has been keenly discussed and a variety of opinions have been expressed. The different phases of thought are perhaps best exemplified in the proceedings of our Returned Soldiers' Association, whose members, while realising the necessity for adequate defence, know by bitter experience what a hell war is and desire to avoid another Armageddon. At the annual conference of the Association in June there was a division of opinion between those who relied upon the League of Nations as the instrument through which they should work, and those who, while supporting the League, believed that peace could best be maintained by a strong British Commonwealth of Nations.

The retiring president, Major-General Sir Andrew Russell, a prominent spokesman of the latter class, considered that the League of Nations had within itself all the reasons for failure, the chief being that there were represented at Geneva nations whose interests and policy were not, however disguised their utterances might be, wholly and solely for peace, and suggested that collective security could best be achieved by a strong league on the part of the British Commonwealth of Nations, divorcing

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itself from European entanglements. He proposed to the conference the following scheme for collective security translated into objective reality by the British Commonwealth :

(1) Declaring its policy to be that of peace, implemented by armed forces adequate to secure such policy in case of aggression.

(2) Inviting such nations as subscribe, in fact, to a policy of peace to join with the Commonwealth, therewith consenting to pool their resources and armed strength in defence of a policy of peace.

(3) Members of such pool withdrawing from all foreign entanglements, and announcing their intention to abandon all guarantees now in existence as they expire.

(4) Pledging themselves to submit any matters of internal dispute to a conference set up among members of the pool, and to abide by its decision.

(5) Granting to all members of the pool free access to raw materials of which one may have a superfluity and another deficiency.

(6) Maintaining neutrality in the event of war among non-members, unless such war should affect adversely the well-being of any member of the league.

(7) Continuing membership of the League of Nations, as an instrument for discussion of difficulties between themselves and nations outside the pool.

These resolutions, he asked, should be forwarded for consideration by the British Empire Service League, the conference merely giving publicity to certain views without definitely committing itself. The conference did not examine the practicability of the scheme in any way or consider how Great Britain could possibly free herself from European entanglements, but decided to send Sir Andrew's proposal on for consideration. Immediately afterwards it expressed its support of the League of Nations, and "while considering that under present circumstances the increase in armaments recently proposed by the British Government was necessary and unavoidable" recorded "its conviction that the safeguarding of world peace necessitated loyal support by public opinion to the principle of collective security against an aggressor."

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A minority endeavoured to prevent any comment upon or discussion of defence matters by the council until a plebiscite of financial members of the Association had been taken. The "remit" to which they raised objection called the attention of the Government to

(a) the inadequacy of the present defensive measures, (b) the vital necessity of bringing sea, land, and air forces to a state commensurate with our responsibilities both to New Zealand and the Empire, (c) the need for greater attention to the training of both commissioned and non-commissioned officers, (d) the necessity for the immediate preparation of a plan for conscripting the whole of the country's economic resources as well as its man-power in the event of war.

The majority, however, followed the lead of the new president, Hon. W. Perry, M.L.C., in holding that while the constitution of the Association was non-political, national defence was above party. The resolution was carried by a large majority.

IV. THE CONSTITUTION OF THE COMMONWEALTH

AS New Zealand has always been sea-minded and has realised that the Empire is a sea-empire and must be defended by adequate naval forces (and now aerial forces as well) to which the Dominions must contribute their fair share, if the Empire as a whole and they themselves as individual nations are to endure, so in constitutional matters her attitude has continued substantially the same from 1911 to 1935. From 1911 onwards there is always the same complaint, that our Governments do not give Parliament the opportunity of debating matters of great imperial import and educating the people with regard to our duties and responsibilities as a unit of the British Empire. A welcome change was made in this respect when Mr. Forbes on February 19 last made his statement in the House of Representatives upon the present inter-

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national position. On that occasion our Prime Minister showed that New Zealand's attitude in 1935 was as it had been in 1911, and as was indicated by New Zealand delegates at the Toronto Conference in 1933, namely : "There must be no blinking the fact that if Great Britain became involved in war New Zealand would also be involved in war."* While New Zealand has always favoured some scheme of organisation whereby the Dominions should have a voice in questions of foreign policy and common interest, so that they should not be committed to war or involved in expense without their consent, she has steadily resisted the gradual movement towards independence of the Dominions, whereby they acquire all the rights of nations but decline to recognise any obligations to the Mother Country or their fellow Dominions, and leave to the former the whole naval defence of the Empire.

Sir Joseph Ward's well-intentioned, but impossible and contradictory, proposals to the Imperial Conference of 1911, namely, a motion for the creation of a permanent advisory council representing the self-governing Dominions as well as the British Isles, and a scheme outlined in his speech for the creation of an Imperial Parliament with legislative power in imperial affairs and an executive not responsible to this parliament but to the electorates of the United Kingdom and of the Dominions, illustrate the fact that our Prime Ministers are so occupied with their own parochial problems that they have little or no time to study and really master the constitutional problems involved in the development of the British Commonwealth of Nations. New Zealand, moreover, makes few international contacts with foreign nations, but avails herself of the services of the British Foreign Office. Had Sir Joseph Ward's proposals been discussed by parliament or press before he made them, they would at all events have been put into such a form as would have given Mr. Asquith no oppor-

* See THE ROUND TABLE, No. 99, June 1935, p. 646.

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tunity for his crushing criticism, that authority in the conduct of foreign policy or the declaration of war cannot be shared between two or more executives. For the time being any serious consideration of a federal body for the Empire was scotched, although THE ROUND TABLE pointed out in August 1911 that

if the Empire is to continue, two changes will be necessary. The control of Imperial and foreign affairs will have to be divorced from the domestic party politics of the British Isles. And the Dominions, while gaining a real share in the control of Imperial and foreign policy, will have to throw in their lot unreservedly with the United Kingdom and with one another in defending and promoting those "common interests" which the Empire exists to serve.*

To that proposal New Zealand would have subscribed in 1911 and would still subscribe in 1935.

But the Great War came upon us and the part the Dominions played in it led to the rapid development of Dominion nationalism, a demand for complete independence, and a determination to merge no part of their individual sovereignty in an imperial organisation in which representatives of all units could formulate a common policy or common measures of defence. The recognition of the Dominions as separate nations at the Peace Conference, and the signature of the Treaty of Versailles by their separate representatives, raised no thrill in the hearts of thoughtful New Zealanders, but rather a feeling of apprehension concerning this "immense change" in the British constitution, "that may give rise to the greatest conflict between the different component parts of the Empire." These were the expressions used by Mr. Downie Stewart in the debate in the House of Representatives on the Treaties of Peace Bill, in the course of which, with his usual clear mind and foresight, he pointed out to the somewhat confused Mr. Massey that

instead of this being an act, as popularly supposed, to bring together more closely the component parts of the Empire, it may be that it

* See THE ROUND TABLE, No. 4, August 1911, p. 418.

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was really the first and most serious step towards obtaining our independence and treating ourselves as a sovereign power. If that is so, a most anomalous position arises, because you cannot have citizens in a Dominion like this owing duty and loyalty to two separate sovereign powers.*

In 1922 the New Zealand article again stressed the fact that the more the other Dominions have insisted on the glories of the new status (in the League of Nations) and the recognition that it implies of their emergence into independent nationhood, the more uneasy has been New Zealand's apprehension that it is really leading the Empire towards disintegration. The article regretted that the faith which recognises that the Dominions cannot both eat their cake and have it, and that an Empire with six different policies must end in chaos and disruption, had rarely made itself heard.

That great jurist, Sir John Salmond, declared that at the Washington Conference the significance of the presence of representatives of the Dominions was that they had now been given a voice in the management of the international relations of the British Empire as a single, undivided unity, relations which were formerly within the exclusive control of the Government of Great Britain. This was all that New Zealand has ever desired. In the discussion in the House of Representatives on the Conference report, Mr. Massey referred to his telegram to General Smuts declining to protest against the absence of invitations to the individual Dominions, and declaring it to be much more important that the Empire should speak with one voice and with no uncertain sound.

This apprehension concerning the effect of separate representation of the Dominions on the League of Nations doubtless accounted for a certain lukewarmness on the part of New Zealand's statesmen towards the League itself, as likely to be another factor in the disintegration of the Empire, which they, like Sir Andrew Russell, regard

* See THE ROUND TABLE, No., 38, March 1920, pp. 469-470.

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as the best nucleus for a real and not a sham collective security.

The same attitude is seen manifesting itself in the discussions at the 1926 Imperial Conference, on the Balfour formula, and in New Zealand's objection to the Statute of Westminster. Our Parliament passed the petition for the Statute in order not to stand in the way of the larger Dominions of Canada and South Africa, but it excepted New Zealand from the operations of the Statute. In New Zealand, as Mr. Forbes said in 1931, "we have not in any way been embarrassed by the terms of our association with His Majesty's Government in the United Kingdom, nor have we been restricted in the control of our affairs." And his opponent, Sir Francis Bell, himself a great constitutional lawyer, congratulated the Attorney-General upon advising, and the Prime Minister upon adopting, the provision

which has the effect of declaring that New Zealand is not one of the Dominions that seeks to hold power or right beyond her territorial limits, or to enter into relations with foreign Powers except through the ambassadors of His Majesty.

As in 1911, so in 1935, we are content with our status in the British Empire and do not desire to alter it; we view the steady disruption of the Empire with anxiety, and we are in accord with THE ROUND TABLE in its view that "the arguments for a collective Commonwealth defensive system are overwhelmingly strong."* To the question put by THE ROUND TABLE,

Whether the security of each unit of the Commonwealth will be better ensured by a policy of local defence and masterly inactivity in the wider world field, or by positive and united action both in the diplomacy of the collective system and in responsibility for enforcing its obligations,†

we are unanimous for the latter alternative. We agree with Mr. Forbes that "the wider the powers of the individual

* See THE ROUND TABLE, No. 96, September 1934, p. 713.

† See THE ROUND TABLE, No. 98, March 1935, p. 233.

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Governments (of the Commonwealth), the greater the need, and the greater the difficulty, of co-ordinating their activities into a common policy."

V. RESPONSIBILITY TO NATIVE RACES

NEW ZEALAND'S confidence in Great Britain's administration of native territories was indicated by the reluctance with which she accepted the mandate over Western Samoa. She regarded it as an unpleasant surprise, saddling the Dominion with an onerous and costly responsibility; and some of our journals at the time were of opinion (and still remain so) that the trust should have been given to Great Britain rather than to New Zealand, who possessed no officials trained in native administration. While it is true that the Samoan problem is one of "extreme delicacy and difficulty," and that the Samoans, with their long record of intrigue, their capacity for oratory rather than practical action, and their conflicting chiefs and factions, are an extremely difficult people to govern, our troubles have been aggravated by our Government's appointment of New Zealand administrators with a good military record but totally ignorant of the native language, customs and traditions, and, indeed, of the first principles of ethnology, when we could have obtained from the British Colonial Office experienced officials, successful in dealing with native problems. In fact, although New Zealand has now several native races under her control—the Maoris, Cook Islanders, Samoans, and inhabitants of other islands—she has not yet arranged for any system of special education or qualifying examination for the officials entrusted with the destinies of the natives. The late Professor Macmillan Brown, Chancellor of the University of New Zealand, who died at the beginning of the year, has left, subject to life interests, substantially the whole of his fortune, estimated at about £80,000, to Canterbury

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University College to found a school of Pacific studies; and among its objects are to be the education and training of officials dealing with the native races in New Zealand's territories. But in the ordinary course half a century will elapse before effect can be given to his intentions. In the meantime, in the absence of any ethnological knowledge on the part of our Government or administrators, a certain section in New Zealand not unnaturally attributes the unrest in Samoa to our failure to give the Samoans self-government; whereas a trained observer like Mr. F. M. Keesing, in his *Modern Samoa*, shows that the Samoans are quite incapable of governing themselves, a fact that makes the appointment of properly qualified administrators all the more necessary. Australia, on the other hand, after a similar experience in New Guinea, has made provision for the training of officials.

Lord Lugard submitted at Geneva that it is impossible to conduct such an administration with any chance of success by men who come for only two years, who know nothing of the people, who cannot stand the climate, and who are looking forward to going back to New Zealand; and he offered suggestions, in the form of questions, for the employment of New Zealanders or British officers who have had long experience in dealing with native races and who are acclimatised to the tropics, and for sending a trained anthropologist or psychologist to report on the situation from the viewpoint of the Samoan chiefs and people. His words are welcome as likely to carry weight with our Government, coming from so famous and experienced an administrator of native peoples, whereas similar local criticisms have always been disregarded. Lord Lugard's criticisms have received comparatively little publicity, and our lack of touch with Geneva is shown by the fact that when *Truth* (Wellington), which gave them prominence, called the attention of the Acting Prime Minister to them last April, Mr. Ransom said it was the first he had seen of the report of the Commission's discussion on the mandate.

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Now that the present administrator, General Hart, is retiring, we shall see whether the criticisms have any effect upon the present Government, or the Government which may take its place as the result of the coming election, or whether the appointments will continue to be military and political.

Apart from this vital defect, it is admitted by even the most severe critics of the Government that its policy and measures have been actuated by only one consideration, trusteeship for the natives to do the best for their welfare.

VI. INTERNATIONAL AFFAIRS

IN one of the early numbers of *THE ROUND TABLE* the people of New Zealand are described as taking little interest in imperial affairs, largely owing to the neglect of our Government to communicate to parliament and people the proceedings at conferences in London, or to give opportunity for discussing imperial affairs. There has been a great advance during the last quarter of a century in the New Zealander's knowledge of and interest in international affairs. He has begun to realise that happenings in the Far East may be of vital importance to him; he has seen democracies fall and dictators take their place, with the total suppression of freedom of thought, speech and religion; he has realised that, vulnerable as England was at the time of the Great War to the submarine menace, she has become still more vulnerable to attacks from the air. The formation of societies interested in world affairs and having an international outlook, such as the League of Nations Union, the Institute of Pacific Relations (probably the most potent factor for increasing international interest owing to the personal contacts made by the New Zealand delegates with representatives of the other peoples of the Pacific at the Institute's triennial conferences),

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the English Speaking Union, and more recently the New Zealand Institute of International Affairs, has done much to make the New Zealander more internationally minded. For some time the press regarded bodies like the I.P.R. as mere debating societies whose discussions had no practical value and provided little "copy." Recently, however, the press has realised the importance of the opinions expressed at such conferences as that of the I.P.R. at Banff and the British Commonwealth Relations Conference at Toronto in 1933, and has given full reports of the proceedings.

There is, too, a widespread desire on the part of all sorts of bodies to get addresses from the delegates on their return, so as to obtain first-hand information on the facts behind international disputes, and a background for understanding the news in the cables. This desire is as keen in the schools as anywhere, and delegates from the Shanghai Conference had large audiences of schoolboys and girls anxious to understand what was really going on in China and Japan and what prevented the Chinese from getting together, establishing sovereignty and stability in their own country, and offering an effective opposition to Japan's demands and encroachments upon their country. Last year the Y.M.C.A., with a view to enabling the youth under its care to contrast the various social systems that were in operation, arranged talks by competent speakers on communism, fascism, capitalism and British democracy. Many teachers are devoting more and more time to Pacific history and geography, and advocating that these subjects should be taught and our textbooks framed from the Pacific and not the Atlantic angle. Competent speakers "over the air" keep us informed upon world affairs.

The press, too, is giving its readers a good supply of world news. With all the defects that some critics attribute to a capitalistic and one-sided press, the New Zealander has only to go to America and read the papers there to realise what a wealth of information about the

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outer world is at his service in the daily newspapers here (with intelligent editorial comment), compared with the absence of news about external affairs and apparent indifference to them in all but a few of the American journals. The idea that because New Zealand is the most isolated country in the world therefore she is the least interested in world affairs is quite erroneous. The New Zealand press is distinguished by the excellent information that it gives to its readers on current events in every part of the globe, not only in its cable service, but also in its quotations from articles carefully selected from papers and journals of authority.

The hundredth number of THE ROUND TABLE, then, finds the New Zealander more internationally minded but with the same passionate loyalty to England and the Empire that he had when its first number appeared. England is still Home to him, despite all the jeers of Mr. Bernard Shaw. In the doldrums of the depression just now, he is perplexed by the adverse and baffling trade winds, uncertain whether a hurricane is coming from the northern Atlantic or from the Pacific, lying to for the moment, but, with British determination, ready, if his comrades in the good ship Commonwealth stand by him, to face and weather with them a gale from whatever quarter it may come, or however full a blast may "shake our battlements."

New Zealand.

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